



Notice

09 February 2024

Reference service proposal for the Dampier to Bunbury Natural Gas Pipeline

Invitation for public submissions

The Economic Regulation Authority is seeking public comment on the [reference service proposal](#) for the Dampier to Bunbury Natural Gas Pipeline (DBNGP) submitted by DBNGP (WA) Transmission Pty Ltd.

The DBNGP extends 1,600-kilometre from the township of Dampier to Bunbury, south of Perth. It connects the gas fields located in the state's northwest directly to mining, industrial and commercial customers. DBNGP is a regulated transmission pipeline that is required to have an access arrangement approved by the ERA.

On 8 December 2023, pipeline operator DBNGP (WA) Transmission Pty Ltd (DBP) submitted a reference service proposal for the DBNGP ahead of the forthcoming access arrangement review for the pipeline. DBP is part of the Australian Gas Infrastructure Group.

In its proposal, DBP has identified 10 pipeline services that it can reasonably provide on the DBNGP for the next access arrangement period (1 January 2026 to 31 December 2030, referred to as AA6). DBP has proposed to retain its current three reference services: T1 Full Haul, P1 Part Haul, and B1 Back Haul transport services.

A "reference service" is a pipeline service that has a reference tariff and other terms and conditions approved by the regulator under the access arrangement framework.

The ERA considers that DBP's reference service proposal does not comply with all of the requirements of rule 47A(1) the National Gas Rules. The ERA considers that DBP could reasonably provide other pipeline services on the DBNGP for AA6.

These services include:

- The storage service.
- Data services.
- Some ancillary services (seasonal service, metering and temperature service, and odourisation service).

These services were also listed as pipeline services under the current access arrangement.

While the ERA found DBP's reference service proposal as non-compliant, it has determined that it does not need to be resubmitted. The ERA is publishing DBP's reference service proposal to obtain stakeholder views. A list of questions is attached to this notice to assist stakeholders in providing

submissions. This list of questions is not exhaustive and the ERA welcomes submissions on other issues relevant to DBP's reference service proposal.

The National Gas Rules require the ERA to undertake its own consultation process in assessing DBP's proposal. The ERA has until 1 July 2024 to publish a reference service proposal decision.

The approved reference services will form part of DBP's access arrangement proposal for AA6, which DBP must submit to the ERA by 1 January 2025.

Background

The National Gas Rules require that a reference service proposal be submitted to the ERA for assessment prior to the submission of an access arrangement proposal.

The reference service proposal is focused on identifying the services that can be offered by the pipeline and determining which of these services should be specified as a reference service under the access arrangement. A "reference service" is a pipeline service that has a reference tariff and other terms and conditions approved by the regulator under the access arrangement framework. A "reference tariff" is the price that the pipeline operator can charge its customers. The reference service and reference tariff may form the basis for arbitration in the event of an access dispute.

An access arrangement proposal will set out the terms, conditions and prices for the approved reference services, along with proposed revisions to other access arrangement provisions.

Interested parties are encouraged to refer to the ERA [gas access arrangement guideline](#) to further their understanding of the access arrangement framework and the procedures involved in undertaking this assessment of DBP's reference service proposal.

Invitation for submissions

The ERA invites interested parties to make submissions on DBP's reference service proposal.

To assist the ERA in assessing aspects of DBP's proposal, interested parties are encouraged to consider specific matters identified in the attachment to this notice, in addition to any other issues which they may want to raise.

Submissions close Monday, 11 March 2024.

Submissions can be lodged online using the form on our [Current Consultation webpage](#).

Further information

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Attachment: Reference service proposal for the Dampier to Bunbury Natural Gas Pipeline

Matters identified by the ERA for consultation

The ERA is seeking submissions from interested parties on the following matters and related questions. Interested parties are encouraged to provide submissions on any other aspect of DBP's proposal that they consider is relevant.

Additional pipeline and reference services

The ERA seeks submissions from interested parties on whether there are any other pipeline services that DBP can reasonably provide on the DBNGP for the 2026-2030 access arrangement period (AA6).

Further, the ERA seeks feedback on whether there are additional pipeline services that should be specified as reference services for AA6.

The National Gas Rules require a service provider's reference service proposal to list and describe all the pipeline services that it can reasonably provide on the pipeline. From this list of services, the service provider must identify at least one service that it proposes to specify as a reference service in the access arrangement. When making this decision, the service provider must consider the reference service factors set out in the Rules which establish the criteria that can be used to determine whether a pipeline service should be specified as a reference service.

DBP set out 10 pipeline services that it considers it can reasonably provide on the DBNGP in Table 3 of its reference service proposal, down from 15 in the current access arrangement period (AA5). Some of the pipeline services approved by the ERA for AA5 (for example, the data service and the storage service) are not included in the proposed services for AA6. DBP stated that this is due to changes in operational dynamics on the DBNGP, availability of alternatives, or very low demand for the service. In addition, DBP did not include some ancillary services (seasonal service, metering and temperature service, and odourisation service) in the list of pipeline services because these services form part of DBP's standard contractual terms rather than stand-alone services and that no additional revenue was generated in the previous access arrangement periods.

Questions

1. Do you consider that DBP can no longer reasonably provide some pipeline services (storage services and data services) approved in the current access arrangement period in the suite of pipeline services that will be offered on the DBNGP for AA6? Similarly, do you agree that some ancillary services (seasonal service, metering and temperature service, and odourisation service) should be excluded in the list of pipeline services for AA6?
2. Are there any other pipeline services that you think DBP can reasonably provide on the DBNGP for AA6?

From the 10 pipeline services, DBP proposed to retain three reference services for AA6: (1) T1 Full Haul, (2) P1 Part Haul, (3) B1 Back Haul. DBP submitted that T1, P1 and B1 services satisfied the reference service factors since these services:

- are in high demand;
- cannot be substituted with other services (meaning there is no other way shippers can obtain the service);
- form the foundation of [DBP's] pipeline demand forecasts and cost allocation;
- provide prospective users with an aid for use in access negotiations; and
- minimise the cost and regulatory burden.¹

In comparison, DBP considered that the other pipeline services that can reasonably be provided on the DBNGP did not, on balance, satisfy the reference service factors.

The ERA notes that stakeholder submissions during the review for AA5 and feedback on the draft reference proposal for AA6 indicated that there is a basis for classifying other pipeline services as reference services (for instance, the Pilbara service, peaking service, spot capacity service, or Ullage service). While the ERA determined those services as non-reference services for AA5, it noted that circumstances may change in the future that may warrant a change in classification of these services.

Questions

3. Do you agree with DBP's assessment of pipeline services against the reference service factors? In particular, is there current and future demand for some of the pipeline services that were not proposed as reference services?
4. Are there any pipeline services that should be specified as reference services for AA6 and how would you assess these services against the reference service factors?

DBP's consultation process

The ERA seeks submissions from interested parties on DBP's engagement activities and whether the feedback provided during these activities was adequately considered and addressed in the reference service proposal submitted to the ERA.

If the service provider has engaged with pipeline and end users in developing its reference service proposal, the National Gas Rules require the service provider to describe any feedback received from those users about which pipeline services should be specified as reference services.

DBP set out the engagement process that it undertook to develop its reference service proposal in Sections 1.6 and 1.7 of the proposal. DBP engaged with its pipeline customers by holding a roundtable discussion and one-on-one meetings. DBP shared its proposed reference and non-reference services at the roundtable and published its draft reference proposal for feedback.

DBP received one written submission on its draft proposal. A summary of the issues raised and DBP's responses is provided in Table 2 of the reference service proposal.

¹ DBP, *Reference Service Proposal for the Dampier Bunbury Natural Gas Pipeline January 2026 – December 2030*, p. 9.

Questions

5. Do you think you were given sufficient opportunity to provide your views on the draft reference service proposal?
6. Was your feedback adequately considered and addressed in the reference service proposal?