Economic Regulation Authority

Draft decision on revisions to the access arrangement for the Dampier to Bunbury Natural Gas Pipeline (2026 to 2030)

Supplementary Information: Summary of stakeholder submissions

7 July 2025

D293492

Acknowledgement of Country

At the ERA we value our cultural diversity and respect the traditional custodians of the land and waters on which we live and work.

We acknowledge their continuing connection to culture and community, their traditions and stories. We commit to listening, continuously improving our performance and building a brighter future together.

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Note

This document summarises the matters raised by stakeholders as part of the ERA's review of the access arrangement for the Dampier to Bunbury Natural Gas Pipeline, and how the ERA has responded to those issues.

This document has been prepared for the convenience of stakeholders and does not form part of the ERA's draft decision.

However, it should be read in conjunction with all other parts of the draft decision, which is comprised of the following document and attachments:

Draft decision on revisions to the access arrangement for the Dampier to Bunbury Natural Gas Pipeline – Overview, 7 July 2025

- Attachment 1: Access arrangement and services
- Attachment 2: Demand
- Attachment 3: Revenue and tariffs
- Attachment 4: Regulatory capital base
- Attachment 5: Operating expenditure
- Attachment 6: Depreciation
- Attachment 7: Return on capital, taxation, incentives
- Attachment 8: Other access arrangement provisions
- Attachment 9: Service terms and conditions

Summary of submissions

The following tables set out the main issues raised by stakeholders in their submissions in response to Dampier Bunbury Pipeline's (DBP) access arrangement proposal and the ERA's issues paper.

The tables are grouped by topic areas (as set out in the issues paper) and detail how the ERA has responded to, or been informed by, the submissions, as well as the relevant section of the draft decision where interested parties can find more information.

Where possible, stakeholder submissions have been directly quoted, however, for brevity some have been paraphrased.

Submissions were received from the following parties:

- Alinta Energy (Alinta)
- Gas Trading Australia (Gas Trading)
- Horizon Power
- NewGen Power Kwinana (NewGen)
- Wesfarmers Chemicals, Energy and Fertilisers (WesCEF)

All submissions are available to view on the ERA website.

Liability for out of specification (off-spec) gas

Issue raised by stakeholder	ERA response	More Information
Horizon Power		
Shippers should not be liable for damages caused by out-of-specification gas on the DBNGP, as they have no control over the gas flow into the pipeline, unlike DBP, which manages the flow. Horizon Power is willing to pay the potential imbalance charge associated with not receiving out of specification gas rather than being liable for damages caused by out of specification gas. DBP's automation of its notification process for gas specification has not mitigated the risk for shippers. For example, Horizon Power does not have a 24/7 gas trading desk and often receives notifications too late to act. Disagrees with DBP's stance on adopting clause D.23.5 of the Goldfields Gas Pipeline terms and conditions; and suggests it should allow shippers to provide a standing rejection notice. Also believes a clause like D.23.6 from the Goldfields Gas Pipeline access arrangement terms and conditions would better address liability concerns and protect shippers better.	**Rejecting off-spec gas at inlet point**: The ERA considers it impractical for individual shippers to reject off-spec gas at the inlet point due to the operational nature of the DBNGP and potential impacts to other users of the pipeline. The ERA strongly encourages shippers to mitigate their own liability at their facility outlet points and through their producers when contracting Gas Sales Agreements. Subsequently, Clause D.23.6 from the Goldfields Gas Pipeline is inapplicable to the DBNGP as the pipelines are significantly different in build structure, users, and liability risks. **Notification of off-spec gas**: Following clause 7.5, the ERA expects both DBP and the shipper to notify the other party, as soon as reasonably practical, if and when off-spec gas is detected. Although DBP's automated off-spec gas notifications have resulted in more alerts outside of business hours, it ensures that shippers receive sufficient notice and information to make informed decisions about accepting off-spec gas at their outlet point. The ERA will not require DBP to make material changes to Clause 7 (Operating Specification). The ERA will require DBP to introduce a new heading, 7.9A, to clarify the operator's corresponding liability regarding off-spec gas.	Attachment 9
Gas Trading		
Shippers should not assume full liability if they do not have the authority to prevent off-spec gas from entering the pipeline. Would like amendments to Clause 7.6(a) and 7.7 of the terms and conditions to provide the following:	**Rejecting off-spec gas at inlet point:** See above response.	Attachment 9

Issue raised by stakeholder	ERA response	More Information
1. Grant shippers the right to reject off-spec gas at the inlet point to manage exposure; or 2. Require DBP to assume full liability for any off-spec gas that enters the pipeline. The installation of new gas chromatographs at older inlet points means DBP will have better knowledge of when off-spec gas enters the pipeline but there is little benefit for shippers. May prefer paying imbalance charges (consequence of shutting in a facility) rather than be exposed to off-spec liability. Shippers lack control over the injection of gas at the inlet point and do not have gas chromatography facilities, relying on DBP to monitor gas flows at the title transfer points. It's unfair that DBP is the only party that can detect, blend and mitigate off-spec gas, but the Shipper will assume liability for any damages once the title is transferred, despite not having control over the gas. Proposes that DBP use technology to detect off-spec gas and prevent it from entering the pipeline at the title transfer point, thus limiting or eliminating downstream liability.		
NewGen		
Shippers should not be liable for damages caused by off-spec gas as they are not responsible for its production and have no control over its entry into the pipeline. Liability should sit with either the producer for producing it or DBP for knowingly transporting it into the pipeline.	The ERA strongly encourages shippers to mitigate their own liability at their facility outlet points and through their producers when contracting Gas Sales Agreements.	Attachment 9

Reference tariffs

Issue raised by stakeholder	ERA response	More Information
Reference tariffs and tariff variation		
Horizon Power		
Considers DBP's change to the capacity to commodity ratio is not material and will provide DBP with more certainty of revenue income. However, only supportive of the change if DBP accommodates Horizon Power's proposed changes to address out of specification gas. DBP's tariff increase will result in a material increase in Horizon Power's cost to supply, which will ultimately be passed on to Horizon Power customers. With the already high cost of living pressures, higher energy prices will put more pressure on customers.	**Capacity to commodity ratio:** The ERA has retained the two part (capacity to commodity) tariff structure, finding it consistent with the requirements of the NGR. However, the ERA has not approved DBP's proposal to change the ratio to 95:5 and has applied a 94:6 ratio. That is, 94 per cent of the reference service tariff will cover the capacity (fixed) charge and 6 per cent of the reference service tariff will cover the commodity (variable) charge. **Tariff increase:** The ERA's draft decision results in a more moderate tariff increase than proposed by DBP. This is a result of reductions to DBP's proposed operating and capital expenditure and an increase in the demand forecast for AA6; along with a decrease to the allocation of costs to reference services from 99.5 per cent to 95 per cent.	Attachment 3
WesCEF		
Notes DBP's proposed change to the capacity to commodity ratio and reason for it (that is, system use gas costs increasing at a faster rate than non-system use costs, which are the only costs recovered from the commodity charge). Considers there are other costs (other than system use gas costs) which are variable costs, and which should therefore be recovered through the commodity charge. DBP's assertion should be tested, including whether (or not) there are rotating equipment costs, both capital expenditure and operating expenditure, that are determined as a function of the throughput in the pipeline.	**Capacity to commodity ratio:** As part of its considerations on the tariff structure (capacity to commodity ratio), the ERA has decided to include expenditure for turbine and gas engine alternator overhauls as a variable cost, in addition to the cost of system use gas.	Attachment 3

Issue raised by stakeholder	ERA response	More Information
NewGen		
Considers that all variable costs should be included in determining DBP's capacity and commodity charge ratio. The AA6 forecast fixed and variable cost split assumes that system use gas is the only variable cost. The ERA should satisfy itself that there are no additional variable costs to be applied in calculating the capacity and commodity charge ratio. Considers a net present value smoothed price path starting from the final year of the AA5 would leave DBP no worse off but would mitigate the sharp price increase in year 1 of AA6. Strongly of the view that only DBP's incremental incurred costs that demonstrably arise from it achieving compliance with the Safeguard Mechanism and that have been verified by the ERA should be subject to the reference tariff variation mechanism.	**Capacity to commodity ratio:** See above responses. **Tariff path:** The ERA has applied a step change in 2026, followed by no real price increase for the years 2027 to 2030. While a smoothed tariff price path would result in lower nominal tariffs at the start of the regulatory period, a smoothed approach would lead to higher nominal tariffs at the end of the regulatory period. **Tariff variation mechanism:** The ERA has not approved DBP's proposal to the tariff variation mechanism to address Safeguard Mechanism costs. The ERA requires DBP to amend the proposed provisions to make clear that only incremental incurred (actual) costs that are directly attributable to DBP's compliance with the Safeguard Mechanism are recoverable, in addition to some other drafting changes.	Attachment 3
Rebateable non-reference services		
Horizon Power		
Supportive of DBP's proposal to retain the 70 per cent rebateable portion for rebateable services. Also supportive of the Pilbara Service becoming a rebateable non-reference service.	**Rebateable portion:** The ERA's draft decision requires DBP to increase the rebateable portion for rebateable services revenue from 70 per cent to 90 per cent. **Pilbara service:** The ERA's draft decision retains the Pilbara Service as a non-reference (non-rebateable) service for AA6.	Attachment 1 Attachment 3

Issue raised by stakeholder	ERA response	More Information
WesCEF		
Considers two existing rebateable non-reference services – the Ullage Service and Peaker Service – should be reference services. Further comments are provided under the topic 'pipeline services' below (page 20). Further considers there is not enough information to substantiate DBP's proposal for the allocation of costs to provide these services and is of the view that there should be more costs allocated to these services than proposed by DBP. Further comments are provided under the topic 'revenue and cost allocation' below (page 14). If the Ullage and Peaker Services remain as rebateable non-reference services, considers the portion of revenue from the sale of these services to be retained by DBP (the "non-rebateable portion") warrants a thorough review. Considers there may be a case for having different rebateable portions for each rebateable service. This is particularly relevant for the Ullage Service as it substantially reduces operational costs and as such there is a case for a much lower non-rebateable portion.	**Reference services:** After reconsidering the Ullage and Peaker services against the reference service factors, the ERA has determined that its July 2024 reference service proposal decision for the Ullage and Peaker services is still valid. Hence, these services will continue to be non-reference rebateable services for AA6. **Rebateable portion:** See response above.	Attachment 1 Attachment 3
Alinta		
In the context of supporting the Pilbara Service to be classified as a rebateable non-reference service, acknowledges the 70 per cent rebateable portion reduces the risk to forecast error causing over-recovery. Further comments are provided under the topic 'pipeline services' below (page 20).	**Rebateable portion:** See above response. **Pilbara Service:** See above response.	Attachment 1 Attachment 3
NewGen		
Considers rebateable portion for rebateable services needs to be revisited. The 30 per cent retention of rebateable revenue is unnecessarily generous to DBP. If there is a need to incentivise the service provider to provide rebateable service, the incentive should not be more than is necessary.	**Rebateable portion:** See above response.	Attachment 3

Issue raised by stakeholder	ERA response	More Information
The concept of rebateable services is a risk protection tool for service providers (that is, the service provider is protected against the uncertainty of demand). Given this, it is reasonable that 100 per cent of the rebateable service revenue be rebated (net of a share of the common costs of the rebateable service). Consideration should be given to reducing the rebate sharing ratio from 70:30 to 90:10 (after allowing for a share of DBP's common costs).		
Rate of return and inflation		
Alinta		
The rate of return calculations appears consistent with guideline and other recent access arrangement decisions.	The ERA has calculated an indicative rate of return for AA6 consistent with the gas rate of return instrument.	Attachment 7
NewGen		
Recognises that there is a proposed increase in the reference tariffs in AA6 compared to AA5, including due to a higher WACC.	Changing economic and financial conditions are important factors in determining DBP's cost of capital and inflation of the capital base and drive a large increase in the proposed revenue and tariff. The ERA's gas rate of return instrument is binding for gas networks. As a binding instrument, the gas rate of return instrument uses market information to estimate the prevailing returns that compensate investors for holding assets with a similar risk of return as the regulated asset.	Attachment 7

Deferred depreciation

Issue raised by stakeholder	ERA response	More Information
WesCEF		
The ERA should consider how the depreciation schedule can be used to reduce price shocks from one AA period to another, especially the deferred depreciation that is proposed for the first year of AA6. Suggested that deferred depreciation is weighted towards the end of the AA6 period, if not further spread across several AA periods.	Consistent with the AA5 final decision and concern regarding tariff impacts, the ERA's AA6 draft decision on deferred depreciation moderates tariff increases by deferring the full recovery of depreciation for "out of service assets". Instead of recovering these costs entirely in the first year of the access arrangement period, they will be recovered over five years with depreciation being provided using the straight-line method. Additionally, the amounts of deferred depreciation have been identified and will be provided during AA6, AA7 and AA8.	Attachment 6
Alinta		
Opposes changes to the "depreciation glide path" on the basis that the path was agreed to in previous access arrangements to provide certainty, which would be undermined if it was to be changed now.	The ERA did not set a glide path in the AA5 Final Decision, only determining that the remaining amount would be deferred into future access arrangements. **Deferred depreciation:** See above response.	Attachment 6
NewGen		
The recovery of deferred depreciation in the first year should be rejected as this materially contributes to the one-off price shocks, is avoidable and the recovery over one or two access arrangement periods is reasonable and balances the interests of DBP and users. Sharp increases in prices are not consistent with maintaining demand and are not in the long-term interests of consumers.	The ERA's draft decision does not allow for the deferred depreciation of "out of service assets" to be realised in the first year of the AA6 period. **Deferred depreciation:** See above response.	Attachment 6

Future of gas

Issue raised by stakeholder	ERA response	More Information
Horizon Power		
The 2063 end of life year may have to be revisited considering the impact American energy policy may have on global energy transition. An energy transition slowdown may delay a reduction in cost of renewable energy solutions which will prolong the future of gas.	The potential impact of changes in US policies on global and Australian technology and policy trends remains uncertain. This uncertainty is partially addressed through the scenario analysis, in DBP's modelling, which includes scenarios of slower energy transition speed and continued gas usage. Moreover, the ERA's analysis is grounded in the known current, legislated government policies and emissions reduction targets.	Attachment 6
WesCEF		
AGIG has not followed the AER's approach in its information paper and should assess aspects of its proposal to make it consistent with asset stranding risk in terms of operating expenditure and capital expenditure. The ERA should look at whether the increase in reference tariffs undermines DBP's future of gas approach. Noted that modelling scenarios does not include large scale development of carbon capture and storage. There was no demonstration that the shortened economic lives result in reference tariffs being set at a level that promotes efficient growth in the market for pipeline services. The ERA should consider: • A mechanism where some of the funds from earlier capital recovery are retained for future operations, repairs, maintenance and capital expenditure where a service provider may not be incentivised to provide that funding. • Capping depreciation that does not give rise to an unacceptable price shock.	DBP is not required to follow the AER's information paper as this does not apply in Western Australia. **Future of gas:** Figure 6.1 of DBP's proposal demonstrates declining prices under different depreciation pathway, however, WesCEF appears to have interpreted this figure differently from its intended purpose. **Economic lives:** As detailed in the AA5 final decision, the NGR allows for the adjustment of economic lives of assets to reflect changes in their useful lives. **Deferred capital mechanism:** Regarding the proposed mechanism, it should be noted that the depreciation building block is intended to recover previously approved efficient capital expenditure, rather than to serve as a source of funding for future expenditure. It is currently unclear whether such mechanisms are allowed for under the existing regulatory framework. **Deferred depreciation**: Unacceptable price shocks have been managed by not allowing for the recovery of deferred depreciation in the first year of an access arrangement.	Attachment 6

Issue raised by stakeholder	ERA response	More Information
Alinta		
Implicitly supports the 2063 economic life as the agreed upon depreciation profile to support certainty.	The ERA has agreed with the continuation of the pipeline 2063 economic life approach.	Attachment 6
NewGen		
Supports the pipeline 2063 economic end of life as reasonable. Noted that the forecasting of the energy transition is a “fraught exercise”. Under current technologies it appears that gas will be required to support renewables for a significant period of time, with some industries being harder to abate which supports gas usage. However, new technology options may reduce the need for natural gas.	The ERA has agreed with the continuation of the pipeline 2063 economic life approach.	Attachment 6

Demand forecasts

Issue raised by stakeholder	ERA response	More Information
Horizon Power		
DBP should include potential uncontracted capacity (that DBP is reasonably certain of materialising) that may occur during AA6 in its demand forecast.	The ERA's draft decision has determined that it is not sufficient to only forecast the existing committed and known intended contracted capacity as in DBP's initial proposal. Where new shippers or projects are highly likely to connect during AA6, the ERA requires DBP to incorporate a reasonable capacity forecast in its revised proposal. This will enhance the robustness of the demand forecast. The ERA also incorporated some additional contracted capacity for existing contracts based on additional information provided by DBP in response to information requests in this draft decision. The ERA considers the exclusion of certain uncontracted capacity from the AA6 forecast to be appropriate, based on the project timing and investment status.	Attachment 2
WesCEF		
The public version of DBP's proposal makes it difficult for stakeholders to assess whether the demand forecast meets the requirements of the NGR. Suggested that DBP should make its confidential submission regarding the reconciliation of the throughput forecast with AEMO's Gas Statement of Opportunities (GSOO) public, as AEMO's GSOO is already a public document. Also suggested that, in developing the demand forecast, DBP should use a variety of data sets and apply a transparent methodology. Additionally, DBP should consider the impact of the recent policy developments, such as the commonwealth government future of gas strategy and the state government's domestic gas policy.	DBP's demand forecasts are based on existing committed contracted capacity, and in addition, known intended contracted capacity with contracts expected to be finalised during the AA6 access arrangement period. These forecasts rely on commercially sensitive information, including shippers' contracts and strategic positions, which are subject to confidentiality requirements. To support its reference service demand forecast, DBP has submitted confidential documents to the ERA. These documents include detailed information about individual shipper demand and commercial strategies, and if disclosed could cause undue harm. As such, this information been assessed under NGR rule 43(2), which prescribes how sensitive information is to be handled.	Attachment 2

Issue raised by stakeholder	ERA response	More Information
	The ERA has used these confidential submissions along with a range of inputs, to assess the reasonableness of DBP's demand forecast in the draft decision. DBP's is not required to publish its confidential submissions regarding AEMO's GSOO. **Future of gas strategy:** The ERA has reviewed the potential impact of non-reference services, such as Peaker services and Ullage services, which may be affected by the changes in the September 2024 state domestic gas policy, and the transition of gas-powered generation to battery storage and renewables. The ERA requires DBP to comprehensively address in its revised proposal: • The risks associated with the potential delays in the commissioning of these renewable energy and energy storage projects. • The role of gas-powered generation in supporting system reliability by supplementing renewable energy sources	
Alinta		
Incorporating uncontracted demand is likely overstating overall demand, and that the throughput forecast can be significantly influenced by commercial decisions made by a small number of large users. Alinta also noted that AEMO's GSOO gas demand forecast incorporated a range of variables, not limited to the DBNGP.	**Uncontracted capacity:** DBP has assessed potential uncontracted demand related to new mining and industrial projects in AEMO's 2024 GSOO. However, DBP did not include demand forecasts for some of these projects due to a lack of detail on gas transportation requirements, uncertainties in the commodity market, and the likelihood that shippers may utilise non-reference services. **AEMO GSOO:** DBP applied historical load factor to forecast throughput demand. In its confidential submission, DBP compared its throughput forecast with AEMO's 2024 GSOO, taking into account estimated demand from non-reference services, demand uncertainty associated with some of the new projects, and estimated gas demand that is not transported on the DBNGP. The ERA considers it reasonable to adopt DBP's approach of basing the throughput forecast on historical load factors and	Attachment 2

Issue raised by stakeholder	ERA response	More Information
	established trends. DBP's approach of explaining variances from AEMO's gas usage forecast is reasonable. However, the ERA's draft decision has determined that it is not sufficient to only forecast the existing committed and known intended contracted capacity as in DBP's initial proposal. Where new shippers or projects are highly likely to connect during AA6, the ERA requires DBP to incorporate a reasonable capacity forecast in its revised proposal. This will enhance the robustness of the demand forecast. The ERA also incorporated some additional contracted capacity for existing contracts based on additional information provided by DBP in response to information requests in this draft decision.	
NewGen		
A demand forecast based on firm contracts is conservative, and represents a floor for the overall demand forecast. Suggested that using firm contracts is an appropriate first step in developing the demand forecast, it is not clear that DBP's demand forecast represents "the best forecast or estimate" possible, as required by the NGR. NewGen noted that the demand forecast should include contracted demand plus a reasonable estimate of uncontracted demand.	**Uncontracted capacity:** See above responses.	Attachment 2

Revenue and cost allocation

Issue raised by stakeholder	ERA response	More Information
WesCEF		
Information from DBP does not demonstrate that its proposed allocation of costs for the provision of the Ullage and Peaker Services is compliant with the NGR 93(2). Considers that there should be more costs allocated to the provision of these services (whether the services are reference or rebateable non-reference services). ERA should investigate, with assistance from its expert consultants, the extent to which forecast expenditure for AA6 (as identified by WesCEF) should be allocated directly to these services.	**Cost allocation:** Rule 93 of the NGR sets out the requirements for the allocation of costs. The ERA has assessed DBP's proposed allocation and has decided to decrease the allocation of costs to reference services from DBP's proposed 99.5 per cent to 95 per cent. The allocation of costs to non-reference services has therefore increased from DBP's proposed 0.5 per cent to 5 per cent.	Attachment 3
NewGen		
Considers DBP's allocation of costs between reference and non-reference services, which is based on historic revenues, is not consistent with the application of rule 93 of the NGR. Rule 93 does not allow revenue allocation based on past revenue splits. Given the different nature of some of the non-reference services, a separate allocation is required for each of them so that they are cost reflective.	**Cost Allocation:** See above response. Additionally, based on the draft decision to increase the rebateable portion from, 70 per cent to 90 per cent, the ERA has decided not to separately allocate costs to rebateable services when allocating costs under rule 93 of the NGR.	Attachment 3

Operating expenditure

Issue raised by stakeholder	ERA response	More Information
Horizon Power		
Notes that one of the reason's DBP has provided for the 20 per cent increase in operating expenditure is the tight labour market. The Australian labour market has shown signs of easing especially on the backdrop of weaker iron ore prices over the past 12 months. Horizon Power requests ERA to review DBPs operating expenditure forecast assumptions for the AA6 and ensure they are justified and reasonable.	The ERA and its technical consultant EMCa have reviewed DBP's operating expenditure and its underlying assumptions. The ERA considers that DBP's proposed real labour cost escalation of 0.67 per cent per year is reasonable. DBP's proposed AA6 operating expenditure has been reduced by about 18 per cent in this draft decision. Further details are available in the draft decision documents.	Attachment 5
NewGen		
The 20 per cent increase in forecast operating expenditure is substantial and the ERA must investigate in detail all cost categories to determine whether the proposed increases are appropriate. NewGen categorises their comments into the cost categories and a summary is provided below: **Base year and base year adjustments**: NewGen considers that the detailed breakdown of DBP's "controllable" operating expenditure over the period including explanations for the increases and an explanation of variances between the AA5 forecast and AA5 actuals would help determine if 2024 is an appropriate base year. Further on the base year adjustments, NewGen suggests that ERA confirm whether some of these should be considered as step changes or base year adjustments. On IT and Insurance, NewGen suggests a check for any double counting between the base year and the base year adjustments. **IT step changes**: On the IT related step changes, NewGen suggests a check to test that operating expenditure/capital expenditure trade-offs are demonstrated and that net benefits were demonstrated for the expenditure incurred.	The ERA has reviewed DBP's proposal and has determined an operating expenditure which is prudent and reasonable. DBP's operating expenditure has been reduced by 18 per cent and is close (in real terms) to DBP's actual operating expenditure in AA5. **Base year and base year adjustment:** DBP provided unaudited 2024 actual operating expenditure to the ERA in April 2025, which has been used to inform our assessment. The ERA has accepted DBP's proposal for the selection of 2024 as the base year. **IT step change:** The ERA has reduced the proposed IT base and step changes. DBP has not provided justification for an increase beyond the 2024 actual and has also not provided the cost benefit analysis to justify the step increase over a significant base IT. **Bottom up/Non-recurrent:** The three bottom-up categories of system use gas (SUG), gas engine alternator and turbine overhauls, and inspections and other asset management have all reduced due to reasoning detailed in the draft decision. The overall reduction of the bottom-up category compared to DBP's proposal is approximately 14 per cent.	Attachment 5

Issue raised by stakeholder	ERA response	More Information
Bottom-up/Non recurrent: While in general NewGen considers these categories as reasonable, they suggest checks by comparing the AA5 and AA6 costs.		

Capital expenditure

Issue raised by stakeholder	ERA response	More Information
Horizon Power		
Requests the ERA to do everything in its power to ensure DBP's proposed AA6 capital spend, and forecasts/assumptions are absolutely necessary, justified and reasonable.	The ERA's draft decision capital expenditure has considered information provided by DBP, public submissions and findings from the ERA's technical consultant (EMCa) to determine the amount of capital expenditure that meets the requirements of the NGR. The ERA's draft decision is to approve a capital expenditure that is lower than DBP's proposal for the AA6 period.	Attachment 6
WesCEF		
The 35 per cent increase in forecast capital expenditure is significant and is being proposed where there is increased uncertainty as to the future of gas. WesCEF encourages the ERA to do due diligence and ensure no discretionary type items of capital expenditure are being proposed and that all effort has been made to defer capital expenditure items until later periods.	**Capital expenditure:** See above response. **Deferred capital expenditure:** DBP's business cases provide evidence of need in most cases, however, not all projects are adequately justified and that, as it did in AA5, DBP will find opportunities to defer or otherwise not proceed with some projects. The ERA considers that DBP's proposed capital expenditure for compressor stations is overstated and has reduced DBP's proposed capital expenditure by 20 per cent for likely prudent deferrals resulting in a reduction of $3.4 million over AA6.	Attachment 6
NewGen		
Notes the 36 per cent increase in forecast capital expenditure and suggests that DBP's capital expenditure should be scrutinised, especially when the technical life of assets exceeds their economic life, ensuring the assets provide a net benefit to users. DBP's cost estimation methods align with industry best practices; however, the ERA should verify the appropriate application of these methods. The categorisation of capital expenditure into business-as-usual or expansion is deemed sound. Additionally, the ERA should thoroughly review DBP's business cases for capital expenditure to	See above response.	Attachment 6

Issue raised by stakeholder	ERA response	More Information
confirm the necessity of the expenditure, consideration of all options, a quantified cost-benefit analysis, and reasonable cost forecasts, while also evaluating operating expenditure-capital expenditure trade-offs and potential operating expenditure reductions.		

Incentive scheme

Issue raised by stakeholder	ERA response	More Information
NewGen		
Does not agree that the 'inspections and other asset management' expenditure category should be excluded from the E Factor scheme. Does not accept DBP's argument that this expenditure is generally non-recurrent and outside its control – inspections and asset management are fundamental pipeline owner responsibilities over which DBP can exert significant control. Considers the other proposed revisions to the E Factor scheme appear to be sensible drafting simplifications and notes a typographical error in clause 15.2(c) of the access arrangement document.	**E-Factor exclusions:** DBP proposed to add "inspections and other asset management" expenditure as a specific cost exclusion when determining the E Factor benchmarks. The ERA has not approved this exclusion on the basis that these costs are of a routine and recurrent nature and are largely within DBP's control. The ERA has reviewed DBP's other proposed amendments to the E Factor scheme and requires further drafting changes to enhance transparency of the scheme.	Attachment 5 Attachment 7

Pipeline services

Issue raised by stakeholder	ERA response	More Information
Horizon Power		
Supports the reclassification of the Pilbara Service as a rebateable non-reference service. Such services provide additional flexible options to shippers, and it is important to provide a reasonable incentive for continued service provision.	**Pilbara service:** The ERA's draft decision retains the Pilbara Service as a non-reference (non-rebateable) service for AA6.	Attachment 1
Alinta Energy		
Supports DBP's proposal to classify the Pilbara Service as a rebateable non-reference service, considering that the use of this interruptible service is difficult to forecast.	**Pilbara Service:** See above response.	Attachment 1
WesCEF		
Considers there has been a material change in circumstances since the ERA's reference service proposal decision and hence the ERA is obliged to reassess the reference services to be offered for AA6. The change in circumstances being: • The WA Government's announcement on 19 September 2024 confirming changes to the Domestic Gas Reservation Policy to allow, up until 31 December 2030, new onshore gas projects to export up to 20 per cent of gas production to markets other than the local WA gas market. • Forecast demand (based on WesCEF's modelling) for both the Ullage Service and Peaking Service is likely to be high for the duration of AA6, and for the Ullage Service, demand is likely to be increasing significantly during AA6. The above changes provide a strong case for the Ullage and Peaker Services to be reference services (as opposed to being rebateable non-reference services).	After reconsidering these services against the reference service factors, the ERA has decided to maintain its July 2024 reference service proposal decision for the Ullage and Peaker services to be offered as non-reference rebateable services. While the State Government's updated Domestic Gas Policy announcement constitutes a material change in circumstances since the ERA's July 2024 reference service proposal, the lifting of export bans for onshore gas has not resulted in a material change to the pipeline services offered by means of the DBNGP. There has been no material change to the demand for the Peaker Service or the Ullage Service since the ERA's 2024 reference service proposal decision. Information from DBP confirms that while there have been some changes to the profiles of demand for existing users of the Peaker Service, demand overall is not materially different. Additionally, given delays with the Waitsia Gas Project, actual demand for the Ullage Service has been lower than originally expected.	Attachment 1

Issue raised by stakeholder	ERA response	More Information
NewGen		
Notes that while DBP claims that there is sufficient evidence that demand for the Pilbara Service is sufficiently uncertain to make it rebateable, the access arrangement information (DBP's Final Plan) provides no supporting evidence. The ERA must require DBP to provide such evidence and make it publicly available.	**Pilbara Service:** See above response. The ERA has assessed confidential information for the Peaker Service. The provision of this information to the wider public would disclose and/or impact commercial contract arrangements.	Attachment 1

Other access arrangement provisions

Issue raised by stakeholder	ERA response	More Information
NewGen		
Did not identify anything in the other required access arrangement provisions (clauses 5.4, 6, 7 and 8) that, from a users' perspective, is materially problematic. Notes a minor matter for consideration is that clause 5.4(h) does not include delivery by email for access requests. Did not identify any amendments to the access arrangement that are problematic, apart from the proposed changes to recover Safeguard Mechanism costs through the tariff variation mechanism. Refer to comments provided under the topic 'reference tariffs and tariff variation' above (page 4).	The ERA's draft decision requires DBP to amend the requirements for queueing to clarify that delivery by mail includes electronic mail (email).	Attachment 8

Additional matters raised in submissions

Issue raised by stakeholder	ERA response	More Information
Mechanism to address demand uncertainty		
WesCEF		
Given the uncertainty associated with demand forecasting and the impact that this has on the reference tariffs payable by consumers, the ERA should consider including: • A trigger event mechanism to the extent that actual demand in any year of AA6 is above the approved forecasts (by say 10 per cent). • A tariff variation mechanism that requires DBP to revisit its demand forecasts for reference services each year, and to the extent that the updated demand forecasts are above the approved AA6 forecast for the relevant year (by say 10 per cent), amend the reference tariff. These mechanisms would only need to be asymmetrical in nature because if the actual (or revised) forecast demand is lower than the approved forecast, DBP can voluntarily submit a revised access arrangement during the period and should be financially incentivised to submit a revised access arrangement given the price cap form of regulation.	**Trigger event mechanism:** The ERA has decided against introducing a trigger event mechanism into the access arrangement for demand forecasting uncertainty based on high regulatory costs and the likelihood of a trigger event occurring later in the period, which diminishes the benefits of reopening the access arrangement. **Trigger variation mechanism:** The ERA also considered the inclusion of a tariff variation mechanism to address demand forecasting uncertainty and has decided against such a mechanism. Given the provisions in the National Gas Rules for forecasts and estimates, the ERA considers that focus should remain on assessing demand forecasting methods and techniques that provide the best forecast/estimate possible in the circumstances. Introducing a tariff variation mechanism for demand would likely increase regulatory complexity and weaken the incentives for accurate forecasting.	Attachment 8 Attachment 3