

Five year plan for the Dampier Bunbury Natural Gas Pipeline



1 January 2026 - 31 December 2030

REVISED FINAL PLAN

August 2025

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Foreword from the CEO

I appreciate the opportunity to provide this revised Final Plan in response to the Draft Decision of the Economic Regulation Authority (ERA) outlining the proposed revisions to the Dampier to Bunbury Natural Gas Pipeline (DBNGP) Access Arrangement (AA) for the 2026 to 2030 (AA6) period.

Our response to the Draft Decision aims to provide the ERA with additional and updated information to reflect the circumstances we face. We have accepted some aspects of the Draft Decision, however our revised Final Plan proposes several important changes.

The DBNGP continues to provide a mix of reference and non-reference services. The ERA's Draft Decision proposes changes to the allocation of revenue to those services, and to the rebate portion of revenue from rebateable non-reference services. These changes will significantly alter our incentives to provide non-reference services to shippers. Our revised Final Plan adjusts these elements to better account for costs and incentives.

The approach to overrun charges is particularly important. The Draft Decision would limit the effect of overrun charges as a behavioural charge that incentivises appropriate use of contracted capacity which in turn enables efficient pipeline operations. In place of the ERA's Draft Decision, we instead propose changes to how overrun charges are applied in our terms and conditions.

Our revised Final Plan includes operating expenditure (opex) of \$622 million, \$87 million higher than the ERA's Draft Decision, but around \$30 million lower than our original Final Plan. The key drivers of the uplift from the Draft Decision are:

- Reinstatement of our 2024 updates to our internal labour charge out rates, which was rejected in the Draft Decision;
- Application of actual 2024 and 2025 opex outcomes to derive our AA6 forecast, instead of the of the Draft Decision's use of 2019 to 2023 as benchmark period for labour cost efficiency; and
- Changes to account for increased IT costs

Forecast AA6 capital expenditure (capex) in our revised Final Plan is \$262 million for AA6, \$42 million more than the ERA's Draft Decision but around \$26 million less than our original Final Plan. The uplift largely relates to our proposed Jandakot redevelopment, which redevelopment we provide additional detail as requested in the ERA's Draft Decision.

For actual capex incurred in the current AA5 period, we have largely reinstated the \$20 million excluded in the Draft Decision. This is on account of our Enterprise Resource Planning project, OneERP. The project was delivered in challenging market conditions impacted by COVID resulting in unforeseeable expenditure above regulatory allowances, but we maintain that the total expenditure incurred is efficient.

Overall, our revised Final Plan includes building block revenue of \$2,295 million required to operate, maintain and fund the pipeline through AA6—an increase of \$78 million relative to the Draft Decision but \$7 million lower than the original Final Plan. This delivers a price of \$2.35/GJ (Full Haul Equivalent), \$0.16/GJ higher than the Draft Decision of \$2.19/GJ, but \$0.10/GJ lower than the original Final Plan tariff of \$2.45/GJ.

Our revised Final Plan provides updated information to the ERA that ensures the Final Decision can reflect the long-term interests of our customers and the prevailing market conditions in Western Australia. We look forward to continued engagement with all of our stakeholders and the ERA leading into the Final Decision.

Craig de Laine

Chief Executive Officer

Australian Gas Infrastructure Group

Revised Final Plan 2026–2030

Delivering for Western Australia

Our revised Final Plan provides our response to the Economic Regulation Authority's Draft Decision. It outlines the activities and expenditure we propose to undertake from 2026 to 2030.



Our plan will ensure we continue to deliver a safe and reliable source of energy for our customers during the energy transition.



We remain committed to servicing our customers efficiently and playing a pivotal role in the Western Australian economy.



Delivering for customers

100%

reliability of the DBNGP



A good employer

> 99%

transmission training compliance



Sustainably cost efficient

2%

spend above benchmark for controllable opex in AA5

0

loss of containment of an energy source

0

lost time injuries in 2024

7.16%

regulated rate of return (3.54 % in AA5) driving higher prices

>8 out of 10

customer satisfaction



Ageing accommodation upgraded for a more diverse workforce



Cost challenges met with prudent revisions to project deliveries



Enhanced in line and station inspection activity to ensure the smooth operation of DBNGP



Maintaining our strong safety performance with continued focus on achieving zero harm



More holistic approach to managing power assets at Compressor Stations and large facilities

Full Haul reference price of \$2.35 impacted by rate of return doubling from current period to the next period

Plan Updates

Background

DBP, the owner and operator of the DBNGP, is part of the Australian Gas Infrastructure Group (AGIG). AGIG is a proud owner of the DBNGP, which is one of the most important pieces of energy infrastructure in Western Australia.

Under the National Gas Law (NGL) and National Gas Rules (NGR), enacted in Western Australia in the *National Gas Access (WA) Act 2009*, we are required to propose revisions to the DBNGP Access Arrangement every five years. On 2 January 2025 we submitted our Final Plan to the Economic Regulation Authority (ERA).

The Final Plan outlined the key activities and expenditure that we intend to undertake and the prices that we propose to charge over the next (2026 to 2030) AA period (AA6). It also highlighted feedback that we received from our customers and stakeholders, including on our Draft Plan.¹

On 7 July 2025 the ERA released its Draft Decision on our Final Plan. This revised Final Plan is our response to the Draft Decision.

Our Response to the Draft Decision

Table 1 provides an overview of our response to each required amendment in the Draft Decision. It notes whether we accept, modify or reject the amendment in the revised Final Plan. The table also provides a reference to the relevant attachment which explains the reasons behind our approach. A more detailed overview of the ERA's required amendments and our response is included in Attachment 1.5.

As the table shows our key areas of concern relate to the ERA's operating expenditure and capital expenditure decisions, as well as the allocation of revenue to non-reference tariffs.

A document map is available in Attachment 1.3A. The Document Map outlines the structure of the original Final Plan, and highlights in green new attachments included in this revised Final Plan.

In some cases, a required amendment in the Draft Decision is the cumulative outcome of several elements of the Draft Decision. As a result, Table 1 and Attachment 1.5 often cross-reference multiple attachments.

¹ We released our Draft Plan for public consultation in July 2024

Table 1: Summary of our response to the ERA's Required Amendments

Final Plan Theme	ERA Amendment	DBP Response	Revised Final Plan Reference
Access Arrangement and Services	Amendment 1.1	Accept	Attachment 7.2
Demand	Amendment 2.1	N/A	Attachment 13.3
Revenue and Tariffs	Amendment 3.1	Modify	Attachment 14.2
	Amendment 3.2	Accept	Attachment 7.2
	Amendment 3.3	N/A	Attachment 7.2 and 14.2
	Amendment 3.4	Accept	Attachment 15.5A
	Amendment 3.5	Reject	Attachment 7.2
	Amendment 3.6	Accept	Attachment 14.2 and 15.5
Regulatory Capital Base and Capital Expenditure	Amendment 4.1	Modify	Attachment 9.11 and 9.12
	Amendment 4.2	Modify	Attachment 9.11 and 9.12
Operating Expenditure	Amendment 5.1	Modify	Attachment 8.1A, 8.4A, 8.6, 8.7 and 8.8
Depreciation	Amendment 6.1	Modify	Attachment 6.4
Return on capital, Taxation and Incentives	Amendment 7.1	Modify	Attachment 11.1
	Amendment 7.2	Modify	Attachment 11.1

Final Plan Theme	ERA Amendment	DBP Response	Revised Final Plan Reference
	Amendment 7.3	Modify	Attachment 12.2
	Amendment 7.4	Accept	Attachment 12.2
	Amendment 7.5	Accept	Attachment 12.2
	Amendment 7.6	Modify	Attachment 12.2
Other Access Arrangement Provision	Amendment 8.1	Modify	DBP Access Arrangement Document
	Amendment 8.2	Accept	DBP Access Arrangement Document
	Amendment 8.3	Accept	DBP Access Arrangement Document
Service Terms and Conditions	Amendment 9.1	Accept	DBP T1, P1 and B1 Reference Contracts
	Amendment 9.2	Accept	DBP Pipeline Description Document
	Amendment 9.3	Modify	DBP T1, P1 and B1 Reference Contracts

Note: In this 'traffic light' table, green shading represents the acceptance, orange represents a modification/modifications and red shading represents a rejection.

Our Revised Final Plan

Our revised Final Plan modifies the ERA's Draft Decision in several important areas. In other areas we have largely accepted the Draft Decision. A brief summary of key areas is outlined below. The Attachments listed here and in the Document Map (Attachment 1.3A) should be reviewed to understand our detailed reasoning. All modifications have been included in the proposed revisions to the Access Arrangement.

- On **opex**, the revised Final Plan forecast for AA6 is \$622 million, which is around \$87 million higher than the ERA's Draft Decision.

A significant aspect of the ERA's Draft Decision concerned our proposed increase in wages and salaries expenses in the base year due to an update to our internal labour charge out rates, which the ERA did not accept. Our revised Final Plan demonstrates the prudence of our market-driven update to our labour cost rates.

We also present evidence why 2019 to 2023 is not a reasonable benchmark period for labour cost efficiency given the significantly more difficult market conditions that are currently in play, and, given ongoing wage pressures we continue to manage in the business, we have sought an additional \$2 million sought in the Final Plan as base year uplifts.

However, when considered in conjunction with our proposal to include a portion of the impact of the labour cost rate in the calculation of the E Factor, our proposal on salaries reduces our revenue in AA6 directly by \$21.6 million, which works to incentivise the efficient outcome by reducing allowed revenue and prices. When combined with the operating expenditure efficiency scheme outcome, forecast AA6 operating expenditure performance is \$18 million, or 3% higher than current AA5.

On IT sustaining infrastructure **opex**, we acknowledge the need for savings in our IT investments. However, many of our costs are due to higher licence costs where direct efficiencies cannot be achieved. Overall, we maintain that a large share of the change for IT Sustaining Applications proposed in the Draft Plan constitutes prudent and efficient expenditure. We have revised our proposed change to \$ 2.0 million from \$2.6 million on account of more savings being realised, consistent with the ERA's Draft Decision.

See Attachments 8.1A and 8.6

- In our revised **capex** proposal, we propose to invest \$262 million in AA6, \$26 million less than our Final Plan AA6 capex and \$42 million more than the ERA's Draft Decision for AA6 capex—we provide updated cost information in respect of specific projects and a differing view on the prudence of the projects disallowed by the ERA and its consultants.

Regarding AA5 capex, the Draft Decision did not accept \$20 million of capex already incurred in AA5, most notably related to IT sustaining applications which incurred significant cost overruns. Our revised Final Plan notes the ERA's recent decision to approve similar IT capex expenditure, and demonstrates that the final project cost is at or below the costs achieved by other businesses. Additionally, our response to unavoidable implementation challenges during COVID represented the most prudent decisions possible with the information available. The revised Final Plan reinstates this expenditure as conforming expenditure.

Of note in our AA6 capex forecast, the ERA accepted the need to redevelop the Jandakot facility but reduced the forecast expenditure by \$23 million. Our revised proposal includes additional and updated information on the Jandakot redevelopment to demonstrate that our proposal is consistent with costs for projects of a similar scale and will achieve costs savings as part of the workforce transition to the new facility.

See Attachments 9.6A, 9.11, 9.12 and Access Arrangement Document

- In considering the **future of gas** and **depreciation** we have largely accepted the ERA's draft decision particularly the view expressed that the 2063 asset life cap is robust enough to handle a variety of scenarios with very different gas demand. Our revised Final Plan presents some modifications on depreciation that relate to the treatment of capex in the Draft Decision (specifically the value for economic lives for the cost of raising equity and the depreciation amounts presented in Table 6.8 of the Draft Decision).

See Attachments 6.4 and 10.1

- On **demand**, our revised Final Plan provides the ERA with updated information as requested including additional demand we have become aware of as well as an analysis of delay risks in renewable energy/storage projects, the role of gas-powered generation firming and the potential impacts for demand in AA6.

See Attachment 13.3

- On **services** and **total revenue allocation**, the Draft Decision proposed a new ratio (90/10) for the rebate of revenue from Rebateable Non-Reference Services. Our revised Final Plan presents additional evidence to contend that this new ratio: does not cover all variable costs associated with the provision of non-reference services as claimed in the Draft Decision; and inappropriately gives zero weight to incentives. Based on this additional information our revised Final Plan puts forward a ratio of 75/25 for the rebate of revenue from Rebateable Non-Reference Services.

Similarly, our revised Final Plan rejects the Draft Decision's approach to allocation of revenue between reference and non-reference services (95/5), particularly the implications of considering overrun charges in determining the allocation. The ERA's proposed approach raises several unforeseen problems and we argue that changing the overrun charge itself would be more effective as a genuine behavioural charge. Our revised Final Plan includes changes to the Overrun Rate and the Unavailable Overrun Charge of the Terms and Conditions.

Our revised Final Plan does however accept the ERA's Draft Decision to include the Pilbara Service in the cost allocation calculation. Our proposed approach therefore gives rise to a cost allocation between reference and non-reference services of 98/2, rather than 95/5 in the Draft Decision or 99.5/0.5 in our Final Plan.

See Attachment 7.2

What we will Deliver

Table 1 and Figure 1 below summarise the regulatory building blocks, demand and price in our revised Final Plan relative to our initial Final Plan and the Draft Decision.

The revised Final Plan results in a proposed price of \$2.35 per GJ on a full haul equivalent basis (see Table 2), which is higher than the ERA's Draft Decision of \$2.19 per GJ but lower than our original Final Plan of \$2.45 per GJ. This proposed price is based on the best available forecasts of operating expenditure, capital expenditure and demand, and reflects the long-term interests of our customers while promoting efficient investment in the pipeline.

Figure 1: Summary of regulatory building blocks, demand and price in AA6 (\$ Dec 2024)

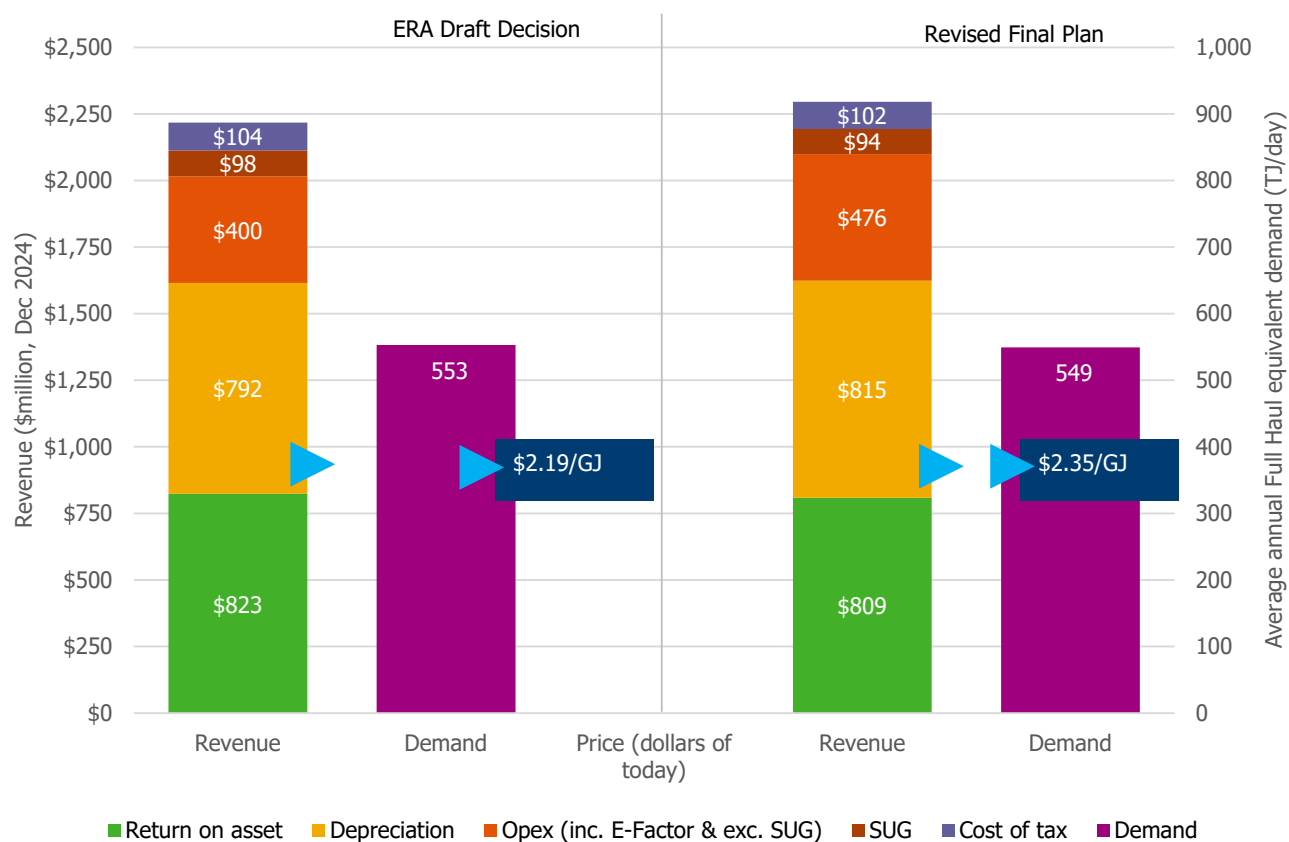


Table 1: Summary of regulatory building blocks, demand and price in AA6 (\$ Dec 2024)

	2026	2027	2028	2029	2030
Return on capital	172.0	166.7	161.9	156.8	151.2
Return of capital (depreciation)	161.3	163.2	164.0	161.9	164.5
Operating costs	118.1	129.6	127.5	122.1	125.0
E-Factor	- 7.4	- 15.0	- 16.8	- 13.1	-
Estimated cost of corporate income tax (net)	16.7	18.7	19.4	23.6	23.6
Correction for over-depreciation (no longer applied after AA3)	0.0	0.0	0.0	0.0	0.0
Building block total revenue	460.7	463.2	456.1	451.2	464.3
Smoothed tariff revenue	461.3	448.5	453.5	440.3	446.1

Table 2: Revised Final Plan proposed tariffs (\$ Dec 2024)

	T1 service (\$/GJ)	P1 & B1 services (\$/GJ/km)
Capacity reservation charge	2.218738	0.001586
Commodity charge	0.132586	0.000095
Total tariff	2.351323	

Next Steps

We will continue to engage with customers on an ongoing basis, including during the remaining review process leading into the ERA's Final Decision. The ERA will also seek customer feedback during its own review process, including following submission of our revised Final Plan. The key dates for the review of our Revised Final Plan are below:

- *17 September 2025* – the ERA seeks public submissions on the ERA Draft Decision and our revised Final Plan; and
- *End 2025* – the ERA releases its Final Decision.

We would also welcome receiving any additional feedback on our revised Final Plan directly from our stakeholders at any point in the future. You can provide your feedback online at gasmatters.agig.com.au/.

Structure of this Revised Final Plan

The structure of our revised Final Plan is outlined in Attachment 1.3A. It has been structured to include the following:

- all of the documents provided to the ERA in the January 2025 Final Plan, which is referred to as our Final Plan (for the purposes of brevity and clarity, these documents are not attached to this Revised Final Plan as they have already been provided to the ERA); and
- further documents which provide additional information, or modify the Final Plan, all of which are attachments to our Final Plan.

More specifically, the structure of this revised Final Plan consists of:

- revised preliminaries to the revised Final Plan (this document), which includes a revised Foreword from the CEO, an overview of key areas, and a list of new attachments;
 - the Document Map (Attachment 1.3A) reflects our original submission with the addition of new attachments developed as part of this revised Final Plan (these new documents are highlighted in green);
- attachments to our revised Final Plan:
 - responses to the ERA Draft Decision are set out in attachments to the revised Final Plan and prefaced with the words 'Response to Draft Decision' in the title;
 - all information contained in these attachments supersedes information previously provided in our Final Plan to the extent that there is any conflict; and
- a Revised AA Document (including the Terms and Conditions) dated August 2025.

Unless otherwise stated, information presented in our revised Final Plan is in dollars of December 2024.

Glossary

Glossary			
AA	Access Arrangement	GEA	Gas Engine Alternator
AA4	DBNGP Fourth Access Arrangement (for the period 2016-2020)	GJ	Gigajoule/s
AA5	DBNGP Fifth Access Arrangement (for the period 2021-2025)	NGL	National Gas Law
AER	Australian Energy Regulator	NGR	National Gas Rules
AGIG	Australian Gas Infrastructure Group	opex	Operating Expenditure
capex	Capital Expenditure	PJ	Petajoule/s
DBNGP	Dampier to Bunbury Natural Gas Pipeline (used in reference to the pipeline)	revised Final Plan	This document and its attachments, comprising our response to the ERA's Draft Decision
DBP	Dampier to Bunbury Pipeline (used in reference to the companies which own and operate the pipeline)	SUG	System Use Gas
Draft Decision	The ERA's <i>Draft Decision on proposed revisions to the Dampier Bunbury Pipeline Access Arrangement 2021 to 2026</i>	SWIS	South West Interconnected System
ERA	Economic Regulation Authority	TJ	Terajoule/s
Final Plan	DBP's proposed AA revision for the 2021 to 2026, submitted to the ERA in January 2020		

List of Attachments

- 1.3A Revised Final Plan Document Map
- 1.4A Response to Draft Decision: Confidentiality Claims
- 1.5 Summary of responses to Required Amendments
- 6.4 Response to Draft Decision: Future of Gas and depreciation
- 7.2 Response to Draft Decision: Pipeline Services (CI)
- 8.1A Response to Draft Decision: Opex Forecast Model
- 8.4A DBP Forecast Insurance Costs for AA6 (DC)
- 8.6 Response to Draft Decision: Opex
- 8.7 Additional Information on Forecast Salary Expenses (DC)
- 8.8 Electricity Cost (DC)
- 9.6A Response to Draft Decision: Capex Forecast Model (CI)
- 9.11 Summary of Response to Draft Decision: Capex
- 9.12 Response to Draft Decision: Capex (CI)
- 10.1 Response to Draft Decision: Capital Base
- 11.1 Response to Draft Decision: Financing Costs
- 12.1A Response to Draft Decision: Proposed Opex Incentive Scheme Calculation Model
- 12.2 Response to Draft Decision: Incentives
- 13.3 Response to Draft Decision: Capacity and throughput forecasts (CI)
- 14.1A Response to Draft Decision: Tariff Model (DC)
- 14.2 - Response on Revenue and Prices (includes Safeguard Mechanism)
- 15.1A Revised Final Plan: Proposed Changes to Reference Service Terms and Conditions - Further Information
- 15.2A Response to Draft Decision: Reference Service Terms and Conditions - Markup T1 Full Haul
- 15.3A Response to Draft Decision: Reference Service Terms and Conditions - Markup P1
- 15.4A Response to Draft Decision: Reference Service Terms and Conditions - Markup B1 Back Haul
- 15.5A Response to Draft Decision: Submission on AA6 changes

CI – Indicates the document contains confidential information, DC – Indicates the entire document is confidential