

Revised Final Plan
Attachment 9.12

Meter Stations

August 2025

PUBLIC



Dampier Bunbury
Pipeline

1 Meter stations

The ERA excluded \$10.7 million of AA6 forecast capex for installation of new gas chromatographs and sulphur/moisture analysers at intake sites, which were requested by shippers as a solution to ongoing gas quality information issues. The ERA considers the provision of metering at inlet points is the responsibility of the shippers and it is not DBP's responsibility to provide gas chromatographs elsewhere in the gas network as part of provision of its services.¹

We accept this position and have removed the associated costs from our AA6 forecast. We will look to charge these works directly to shippers upon request.

The ERA raised several further issues that led to reductions in AA5 and AA6 meter stations capex and opex:

- 1. AA5 and AA6 works at post - 1995 meter stations** – The ERA has excluded \$0.84 million of historical capex, \$3.94 million of forecast capex, and \$2.9 million of forecast opex related to works at meter stations commissioned after 1 January 1995. The ERA has done this on the basis it now considers the Reference Service Terms and Conditions require these costs to be directly attributed to individual inlet and outlet point owners rather than socialised across all users, with the capital expenditure included in the DBP's regulated asset base (RAB).
- 2. Treatment of AA5 expenditure on access routes to meter stations as capex** – The ERA has excluded \$0.26 million of historical capex related to access routes to meter stations on the basis that it considers this expenditure should be categorised as routine operations and maintenance (O&M) works².
- 3. AA5 costs associated with retrofitting remote isolation valve actuator at Ngangetty Road** – The ERA has excluded \$0.36 million associated with overpressure works undertaken at the Ngangetty Road Meter Station during the AA5 period. This appears to be on the basis the ERA's consultant, EMCa, has misinterpreted that the title of the project which includes reference to FY15/16 relates to the commissioning date of that facility and has therefore treated the facility as a 'new station' (see issue 1 above).
- 4. AA5 costs associated with new gas analysers** – The ERA has excluded \$0.20 million of AA5 capex on the basis it assumes the project, undertaken in 2021, relates to the installation of new gas analysers at inlet points planned for AA6. The ERA assumed this because the AA5 costs were mapped against this project in our expenditure models. This mapping was an error on our part, as these costs are unrelated to the proposed AA6 installation of new gas analysers.

¹ Paragraph 367, Review of Proposed DBNGP Access Arrangement (AA6) 2026 – 2030, EMCa, June 2025

² Note that the ERA did not add this \$0.26 million to DBP's historical opex.

- 5. AA5 costs associated with new gas analysers at inlet points** – The ERA excluded \$0.16 million of AA5 meter stations capex from the opening RAB related to the project CP1700261 (analyser installation at intake sites). EMCa justified this exclusion on the same basis that it removed the AA6 costs for these gas analysers, as they were mapped the same line item in our estimation models. Again, this mapping was an error on our part as this expenditure is unrelated to the AA6 gas analyser investment.
- 6. Spare meters for calibration** – The ERA excluded \$0.73 million of AA6 forecast capex planned to allow the recalibration of our Coriolis and USM meter populations. The ERA justified this on the basis that Clause 15 of the Reference Service T&Cs requires shippers to provide metering equipment, including backup meters at sites with a design capacity over 5TJ/day.

DBP does not accept the ERA's position on these issues and proposes that these costs be reinstated in the relevant AA5 and AA6 forecasts. Each of these issues is discussed in the following sections.

1.1 AA5 and AA6 works at post-1995 meter stations

1.1.1 The ERA's position

The ERA has removed \$0.84 million from the opening RAB on the basis that this capex relates to works undertaken on meter stations constructed after 1 January 1995 (see following table).

Table 1.1: AA5 capex exclusions, Draft Decision, \$ million real at 31 December 2024

Activity	Final Plan	ERA DD	\$ reduction	% reduction	Revised Plan
AA5 Upgrade of Odorant Facilities at Meter Stations and Kingtool filling facilities	1.69	1.35	-0.34	-20%	1.69
AA5 Turbine meter refurbishment & replacement	1.11	1.00	-0.11	-10%	1.11
AA5 Burrup Fertiliser MS Flow Meter Replacement	0.19	-	-0.19	-100%	0.19
AA5 Cape Preston Gas Chromatograph	0.21	-	-0.21	-100%	0.21
AA5 Retrofit Remote Isolation Valve Actuator	0.36	-	0.36	-100%	0.36
Overall AA5 'Existing Stations' reduction	3.55	2.35	-1.20		3.55

The ERA has not made any adjustment to our historical opex.

The ERA has reduced AA6 forecast capex by \$3.94 million on the same basis (see following table).

Table 1.2: AA6 capex exclusions, Draft Decision, \$ million real at 31 December 2024

Activity	Final Plan	ERA DD	\$ reduction	% reduction	Revised Plan
Meter recertification	1.26	0.49	-0.77	-61%	1.26
Refurbishment of below ground pipework, earthing replacement, painting of facilities	3.95	1.54	-2.41	-61%	3.95
Annual USM meter replacement	0.76	-	-0.76	-100%	0.76
Overall AA5 'Existing Stations' reduction	5.97	2.03	-3.94		5.97

The ERA has also reduced our forecast meter stations inspections opex by \$2.9 million. This forecast was developed on a bottom-up basis.

In forming this view, the ERA has relied on EMCa's report which states that (para 186 and 187):

Criteria for defining what constitutes conforming capex by reference to Existing Stations

Clause 6.12(b) of the T1 Reference Service Contract states:

"The Operator is not entitled to impose any charges under clauses 6.6, 6.8 or 6.11 or otherwise under this Contract in respect of Existing Stations, except in relation to the incremental costs of the design, installation, maintenance and operation of a modification of an Existing Station which occurred, or occurs, after 1 January 1995".

This is because all new inlet and outlet points installed after 1 January 1995 were fully funded, including operations and maintenance, alterations and enhancements, by shippers using the relevant point.

1.1.2 DBP's response to the Draft Decision

There are a number of problems with EMCa's assertion that all capital and forecast operating expenditure related to meter stations and associated facilities constructed after 1995 be excluded from regulated revenue and instead recovered directly from shippers:

- This is an unjustified and material change in charging approach, changing an accepted precedent established in all prior access arrangement periods
- While the Reference Service Contract provides an entitlement to recover costs directly from the shipper, it does not provide a legal obligation to do so
- There is nothing in NGR 79 – which is the test for conforming capex – that states or implies that costs that could otherwise be recovered directly from shippers (causers) are automatically non-conforming
- The proposed change would be inconsistent with the National Gas Objective and National Gas Rules

These matters are discussed further below.

1.1.2.1 Unjustified and material change in charging approach

The shared costs included in our regulated revenue proposals represent only a portion of the overall cost of constructing, maintaining, operating refurbishing, upgrading, replacing and decommissioning a meter station. While all costs related to maintaining meter stations installed before 1995 (Existing Stations) are recovered via regulated tariffs, for post-1995 meter stations, there are three broad categories of expenditure we incur:

1. Works requested by the offtaker/shipper
2. Operating & maintenance (O&M) costs under O&M agreements
3. Stay in business (SIB) projects

The first two categories are recovered directly from shippers/offtakers, the third is socialised across all users and recovered via regulated tariffs. This allocation of costs ensures there is no double counting with regards to customer funded works and SIB works.

Table 1.3 provides further detail on these categories and form of cost recovery.

Table 1.3: Categories of meter station works and method of allocation

Category	Examples of scope	Cost recovery method
1. Works requested by the offtaker / shipper	<ul style="list-style-type: none"> Construction of a new meter station from 1 January 1995 A request for an increase in capacity resulting in, for example, new pressure regulator units, meters or increased size of pipework³ A request for a new delivered pressure outside of the capabilities of the existing equipment Installation of an additional pressure control run for reliability of service or an additional outlet 	<p>Direct charge to shipper / offtaker.</p> <p>Causar can be directly and accurately charged for works.</p> <p>Usually recovered through Outlet Station Works Agreement or similar.</p>
2. O&M for all stations commissioned after 1 January 1995	<ul style="list-style-type: none"> Functional check and maintenance of operational assets (delivery pressures, regulator functionality, safety devices, filters etc) Changing of minor assets such as gaskets/seals/filter meshes/small components Replenishment of odorant (where there is odorant injection), general housekeeping at site 	<p>Direct charge to shipper / offtaker.</p> <p>Causar can be directly and accurately charged for works.</p> <p>Usually recovered through O&M Agreement.</p>
3. SIB projects	<ul style="list-style-type: none"> Larger and asset class performance and safety driven projects across multiple sites that ensure metering site safety, compliance and alignment to industry practice Not generally location specific driven projects, such as pressure vessel inspections, piping integrity inspections, replacement or recertification of meters, repainting, hazardous area inspections and rectification, control valve overhauls/replacement and dig-up inspections Maintenance, operation, refurbishment, replacement and/or decommissioning of meter stations commissioned prior to 1 January 1995 Works driven by DBP to provide pipeline services in accordance with our obligations under the NGR and for the purposes of meeting the NGR and NGL 	<p>Through RAB via Reference Service Tariffs.</p> <p>DBP-driven for the benefit of all pipeline users, cannot be directly attributed to individual shippers / offtakers</p>

³ Where these are to meter stations with multiple shippers at an individual outlet point, we require the requesting shipper to negotiate the allocation of these costs between those shippers. We ensure the full cost of the customer-driven upgrade is recovered via one or more shipper.

Category	Examples of scope	Cost recovery method
	<ul style="list-style-type: none"> Where any costs are incurred that cannot be identified as being caused by one or more shippers, or cannot practicably be allocated equitably between relevant shippers 	

We have historically allocated all SIB costs across all shippers as part of reference service tariffs. This approach has been applied and approved by the ERA since the very first access arrangement in 2000-2004. Since then, there have been four access arrangement review processes. To the best of our knowledge, at no point has this inclusion of SIB costs in the RAB for all post-1995 meter stations and associated assets been questioned either by the ERA or shippers.

It is not clear what has led EMCa to recommend a new approach for AA6.

We consider that, if the ERA considered a change as material as this was warranted, it should have consulted on the matter as part of the Reference Service Proposal determination⁴ in early 2024. Such a fundamental change to the costs covered by DBP's reference services is not a matter that should be first raised in a regulatory draft decision.

If the ERA had considered at the beginning of the regulatory process that more extensive meter station charges should be provided, we would likely have proposed a different mix of services, and may, for example, have proposed a metering service. While we appreciate NGR 48(1) and (2) allow for a different reference service (or set of reference services) in the access arrangement determination process, these rules only allow such changes if there has been a material change in circumstances since the ERA's reference service proposal decision. We do not consider there has been a material change in circumstances since our Reference Service Proposal, or the ERA's determination.

1.1.2.1.1 Problems associated with a change in approach

The move to recover all costs directly from individual shippers aligns with the well understood causer-pays economic principle. While we do not have a problem with this in theory, we do not consider the benefits outweigh the risks and potential costs associated with this change. For example:

- **The introduction of this proposed change in AA6 introduces inequity in cost over time:** The retrospective application of direct charging after 30 years raises perhaps a bigger question of whether shippers at new stations have already borne the costs associated with existing sites and are now also bearing the costs of their own individual works. This would have the effect of these shippers being double charged
- **There could be a question over equity and fairness (perceived or real)** – Shippers in areas with older or more complex infrastructure may face higher costs, even though they did not design the system or have any influence over the way the pipeline is managed. In addition, the Existing Meter Stations (pre 1995) have different designs that are more costly to operate and maintain compared to the post 1995 designs
- **It adds complexity and uncertainty to the recovery of costs** – While often costs can be pinpointed to specific shippers and specific inlet and outlet points, often they are not. Many of our costs (whether incurred for existing or new stations) would still be

⁴ Available at: <https://www.erawa.com.au/cproot/24155/2/DBNGP-DBP-AA6-Decision-Reference-service-proposal.PDF>

socialised. This would add further complexity to the calculation of changes and subsequently tariffs, estimation and reconciliation of charges between shippers and billing periods, and potentially require additional resources in relation to dispute resolution over invoices. Further, some meter stations are used by multiple shippers

- **It would result in excessive administrative costs that are likely to outweigh any benefits of direct charging** – Charging individual users requires detailed tracking of the costs associated with asset performance, maintenance needs and condition. Each meter station would effectively require its own asset base and expenditure profile, with information sufficiently detailed to convince the shipper of the need to invest and value for money for the services provided. This would be extremely time consuming and make the AA process superfluous
- **It may result in inconsistent asset treatment at each site** – One of the benefits of charging SIB work to all customers is that it promotes consistency in the timing and method in which assets are replaced/upgraded. Under the current framework, where DBP identifies an asset risk, it can undertake the works as required with the confidence that costs will be conforming and recovered via the RAB. If we change this approach and require individual shippers to authorise and pay for all works, it will likely result in a mix of risk treatments being applied at the discretion of the shipper. This gives rise to the potential for gas quality and measurement issues, as well as bringing unnecessary complexity to the asset management approach. Standardisation is vital to efficient asset management. Making non-standardised and ad-hoc investments based on an individual shipper's willingness to pay, will lead to inefficiencies and potentially safety risks.
- **It would result in UAFG inaccuracies** – The accurate measurement of gas inputs and outputs is a key principle of gas accounting on transmission assets. If we loosen control of our outlet metering stations, this will lead to inaccuracies in flow measurement and a reduced ability to reconcile for ins and outs and manage UAFG.

While we understand EMCa's suggestion from a pure economics perspective, we consider the difficulties presented by implementing this change make it imprudent and inefficient. It would take several years and comprehensive and consultative management of change with shippers to avoid an ongoing parade of disputed costs and internal system changes to accommodate new allocation methodologies, work practices and financial reporting.

1.1.2.2 An entitlement to charge does not equate to an obligation to charge

As EMCa and the ERA highlight, under our service contract, we are entitled to directly charge for a broad range of services including in relation to maintaining, operating refurbishing, upgrading, replacing and decommissioning meter stations constructed after 1 January 1995.

Costs are recovered via a maintenance charge, which is defined at clause 6.11:

- (a) *Maintenance Charge means, with respect to a particular Inlet Station or Outlet Station a charge determined by the Operator (acting as a Reasonable and Prudent Person) as being sufficient to allow the Operator (across all shippers who use or have Contracted Capacity at the Inlet Point Associated with that Inlet Station or at the Outlet Point Associated with that Outlet Station (as the case may be) and pay a charge for substantially the same purpose in respect of the Inlet Station or Outlet Station) to amortise, over the life of the Inlet Station or Outlet Station (as the case may be), so much of the Relevant Construction Costs which are not already paid by any shipper*

under clauses 6.6, or 6.8(a)(i) (or the material equivalent in any other contract) or ultimately borne by another third party excluding the Operator, and the costs of:

- (i) maintaining;*
- (ii) operating;*
- (iii) refurbishing;*
- (iv) upgrading;*
- (v) replacing; and*
- (vi) decommissioning,*

the Inlet Station or Outlet Station, plus a reasonable premium calculated to recognise the value of the Operator's management time, allowing for the charge to amortise those costs over the life of the Inlet Station or Outlet Station.

This clause entitles DBP to recover costs directly from the shipper, but the wording (and inference) of the clause gives DBP discretion on the amount to charge or indeed whether to charge at all. If an organisation is entitled to charge for costs, it does not mean it is required to charge those costs. The entitlement simply means the organisation has the right to do so, but it retains discretion over whether or not to exercise that right.

Put simply, entitlement to charge does not equate to an obligation to charge.

Moreover, we submit DBP is correct to recover stay in business costs from all customers, as this better meets the requirements of NGR 79 and the National Gas Objective. This is discussed below.

1.1.2.3 Expenditure not recovered directly from shippers is not automatically non-conforming

The ERA and EMCa appear to assume that, where for any reason we are entitled to recover costs directly from shippers, but cannot, or choose not to do this for practical reasons, expenditure is non-conforming. It is not clear why this would be the default position.

EMCa describes Clause 6.12(b) of the T1 Reference Service Contract as the *Criteria for defining what constitutes conforming capex by reference to Existing Stations*.⁵

We disagree, as this is not the sole criteria. The relevant criteria for conforming capex is provided in NGR 79. Moreover, neither EMCa nor the ERA provide a reasonable justification why SIB capex on post-1995 meter stations, which have been deemed conforming in every access arrangement for the past 25 years, are now considered to no longer satisfy the criteria under NGR 79.

⁵ Page 36, Review of Proposed DBNGP Access Arrangement (AA6) 2026 – 2030, EMCa, June 2025.

We submit that:

- Just because we are entitled to recover costs directly, doesn't mean we have an obligation to, or should be, as in practice there are often procedural barriers and limitations under relevant shipper contracts to recover costs including the ability of shippers to dispute any costs under clause 6.11(c) which can lead to increased administration expenses and unacceptable delays in implementing high priority safety related works which could impact compliance with the DBP safety case
- There is nothing in NGR 79 that states or implies that costs that could otherwise be recovered directly from shippers (causers) are non-conforming
- There is no double count unless we charge(d) shippers individually and then recover costs through tariffs as well (this would be non-conforming if it was the case, but we submit we have not)
- Our historical and forecast treatment of SIB costs satisfies the test under NGR 79 and 74 as the costs are prudent, efficient and determined on a reasonable basis. This is the relevant consideration and allows the capex to be determined as conforming
- Timely and standardised investment in meter stations to ensure the gas exits the pipeline safely, is measured on a consistent basis, and is of a consistent quality, benefits all pipeline users. Socialising costs that result in a shared benefit, irrespective of whether assets were built pre or post 1995, promotes the efficient investment in, and efficient operation and use of natural gas services for the long-term interests of consumers of natural gas with respect to:
 - Price
 - Quality
 - Safety
 - Reliability
 - Security of supply

We consider our recovery of SIB costs via regulated tariffs is consistent with the NGO.

1.1.2.4 The proposed change would be inconsistent with the National Gas Objective and National Gas Rules

Our historical approach to allocating costs associated with SIB projects is necessary to ensure we are able to best meet obligations for the prudent and efficient delivery of pipeline services, consistent with achieving the lowest sustainable cost of providing those services.

The provision of ongoing asset performance, maintenance and replacement works must be led and coordinated by DBP. This approach enables:

- Centralised planning and prioritisation, which promotes more efficient and cost-effective practices for project delivery and long-term asset management as DBP can leverage economies of scale and scope

- DBP to control the scope and timing of pipeline works such that it can undertake necessary works without the need for endorsement and agreement from individual or multiple shippers
- A single view on the prudence of safety and performance projects, with a balanced view on the trade-off between risk (safety, service, quality, reliability etc) and cost
- Avoided costs related to DBP's enforcement of standards in relation to the need for, and scope and timing of works
- Consistency in the quality of assets installed, and the type and frequency of maintenance, avoiding any shipper-driven delays based on a willingness or ability to pay
- A lower likelihood of disputes in relation to cost allocation and recovery, and the associated avoided (inefficient) opex
- Lower (inefficient) opex in the form of avoided insurance premiums, and reactive maintenance

The current approach is therefore consistent with the NGO.

We reiterate that the move to directly charging shippers all costs associated with meter stations commissioned after 1995 is impractical and would likely result in suboptimal asset management, inconsistent services, increased risk and inefficient costs.

1.1.3 Specific AA5 project justification

EMCa and the ERA excluded capex on several projects conducted during the AA5 period, on the basis that the meter stations to which the investments relate were commissioned after 1 January 1995. We do not accept these exclusions and provide the following information:

- **Upgrade of Odorant Facilities at Meter Stations and Kingtool filling facilities – Carnarvon meter station**

EMCa and the ERA consider the \$0.34 million works undertaken to upgrade the odorant facilities at Carnarvon Meter Station is not conforming capex as the facility was commissioned after 1 January 1995.

Notwithstanding the fact we disagree with EMCa's application of the conforming capex criteria, we also highlight that the Carnarvon Meter Station commissioning date is incorrect. The Carnarvon Meter station was built in 1988 and commissioned well before the disaggregation of the State Energy Commission of WA (SECWA) on 1 January 1995.

- **Turbine meter refurbishment & replacement – Mondarra Meter Station**

The ERA has reduced our AA5 turbine meter refurbishment and replacement capex by \$0.11 million (10%) on the basis that work was done at 10 sites over the period, and one of those (Mondarra) was commissioned after 1 January 1995 and therefore non-conforming.

In addition to the above discussion on pre- and post-1995 meter stations, we can confirm this is SIB capex. We did not invest in these new assets at the request of a shipper, and they do not benefit only one shipper.

The number of shippers that use the Mondarra facility, and the variability in its use, makes the user of a causer-pays method of charging impractical. If we were to allocate costs based on cause, we would need to adopt a notional allocation between shippers. There is unlikely to be a material benefit associated with this alternative cost allocation method, and the administrative costs to calculate and charge for these costs individually is likely to outweigh any minor benefit.

On this basis we consider it prudent to allocate all costs associated with the Mondarra meter station as shared costs via the access arrangement.

- **Burrup flow meter replacement and Cape Preston chromatograph**

The ERA excluded \$0.39 million of historical capex associated with the replacement of the Burrup flow meter and installation of a new chromatograph at the Cape Preston meter station on the basis that these sites were commissioned after 1995.

We confirm this is SIB capex. We did not invest in these new assets at the request of a shipper, and they do not benefit only one shipper.

The replacement of the Burrup flow meter was driven by DBP. The accuracy of information at this meter station is critical to the operation of the pipeline, understanding pipeline hydraulics, and calculating linepack. The degradation of operation, or the failure of this flow meter would affect all pipeline users, and was therefore replaced proactively in AA5.

Similarly, the gas chromatograph installed at Cape Preston was required to provide more information on pipeline flows, and in particular the Pilbara. As supply and demand changes, so do the flows on the pipeline. As with all networks, we need to understand the impact of these changes on the operation of our network. This often involves installing new assets such as we did at Cape Preston to provide that information. This information is crucial to operations and benefits all pipeline users.

As these projects benefit all users (despite being at certain meter stations), there is unlikely to be a material benefit associated with an alternative cost allocation method than via the access arrangement, and the administrative costs to calculate and charge for these costs individually is likely to outweigh any minor benefit.

On this basis, for both these projects we consider the allocation of costs between all shippers via the access arrangement is the most efficient method.

1.2 AA5 access routes to meter stations

The ERA has excluded \$0.26 million of historical AA5 capex related to access routes to meter stations.

Paragraph 193 from the EMCa report states:

Project 2024-New9 would appear to be a routine maintenance activity required to ensure that access roads into meter stations are always safe for use by light vehicles. This would appear to be more appropriately treated as an expensed routine maintenance activity and not capex.

EMCa and the ERA do not dispute the need for the works or the associated costs, only that they should not be capitalised.

Neither EMCa nor the ERA requested information about the scope of works for this project.

DBP can confirm this project was established to modify our access routes at the Harvey and Russell Road meter stations (both commissioned prior to 1995). This project saw us relocate and increase the capacity of our vehicle access roads at these two sites. The project was required as the existing routes at both sites were identified as inadequate for the increase in traffic we have experienced over recent years.

While we routinely perform minor maintenance on access routes as part of our opex program, this project was capital in nature, as it saw the decommissioning of existing roads, and installation of new roads. This project should therefore be treated as capex and added to the opening RAB.

1.3 AA5 remote isolation valves

The ERA removed \$0.36 million of AA5 costs associated with the installation of remote isolation valve actuators at the Ngangetty Road meter station from the opening RAB. EMCa and the ERA do not dispute the need for the works or the associated costs. The exclusion of these costs was justified on the basis that (paragraph 52 of the ERA's Draft Decision):

EMCa identified another project which occurs at a meter station constructed in 2015/16 making it a new station and non-conforming capital expenditure.

Neither EMCa nor the ERA requested information about the scope of works for this project.

We can confirm that the name of this project relates to the year in which the works commenced, not the year in which the meter station was commissioned. The Ngangetty Road meter station was built in 1985 and commissioned before 1 January 1995.

On this basis we maintain our original position that these costs meet the requirements of NGR 74 and 79, and therefore should be included in the opening RAB.

1.4 Incorrectly allocated AA5 costs

1.4.1 AA5 spend on 'new gas analysers' program

The ERA has excluded \$0.20 million of AA5 capex incurred in 2021 and allocated to the 'new gas analysers' project in the meter stations capex business case. The ERA excluded these costs as it believed the expenditure related to pre-works ahead of the AA6 new gas chromatograph at inlet points, which EMCa deems non-conforming.

DBP can confirm the \$0.20 million spent on 'new gas analysers' (CP1700471) in AA5 was not pre-works for the installation of moisture or sulphur analysers. These costs relate to the relocation of the existing gas chromatograph sample point at MLV7.

On this basis we maintain our original position that these costs meet the requirements of NGR 79, and therefore should be included in the opening RAB, albeit in the pipeline and MLV asset category.

1.4.2 AA5 spend on 'Meter stations – other projects'

The ERA excluded \$0.16 million of AA5 meter stations capex from the opening RAB related to the project CP1700261 (GC installation at producer inlets and at CS1 & CS2). EMCa justified this on the same basis that it removed the forecast AA6 costs as they were included in the same line item in our estimation models.

As part of our review of the ERA's assessment we have considered the scope of works associated with this project and provide the following advice to clarify the correct treatment of AA5 capex attributed to this line item.

We can confirm that the costs incurred in AA5 were incorrectly attributed project CP1700261. The costs incurred in AA5 were associated with the replacement of the end of life and out of support gas analyser at MLV011, not at a meter station. The replacement of the analyser was required to ensure we maintain the ability to accurately monitor and measure flows across the pipeline (for hydraulics and linepack). It is also critical to ensure we can monitor and manage heating values for accurate billing.

On this basis we maintain our original position that these costs meet the requirements of NGR 79, and therefore should be included in the opening RAB.

1.5 Spare meters for calibration

The ERA has excluded \$0.73 million of AA6 forecast capex associated with the provision of shared Coriolis and ultrasonic meters for temporary installation during primary meter calibration. This was on the basis that, under clause 15 of the Terms and Conditions, shippers must provide alternative metering equipment at all locations with a design capacity greater than 5TJ/day.

We acknowledge the need for shippers with facilities with a design capacity of more than 5TJ/day to provide alternative metering equipment. However, we have a range of shippers on the DBNGP with lower capacities for which this condition does not apply.

Calibration is required for all meters, regardless of size and capacity. This ensures the assets meet our reporting accuracy requirements under a variety of legislative and regulatory

frameworks, including but not limited to the National Gas Measurement Act, Gas Specification Act, Gas Services Information Act and wholesale billing obligations.

We do not consider the requirement for each shipper to have a spare meter to be a cost-effective, or efficient way of managing our metering assets to meet these obligations. This would result in over-investment in meters, and increased costs for all shippers. We therefore have a stock of spare meters that we can install temporarily while we calibrate these smaller-use meters.

Our stock of spare meters needs to be refreshed and updated occasionally. This usually happens when there is a new type of asset installed on the network, or when our spare meters become obsolete. Over the AA6 period, we anticipate we will need seven different meters and have included a historical annual average replacement allowance for two small or one large diameter spare meter replacement during the period as required. Our forecast AA6 program is shown in Table 1.4.

Table 1.4: Forecast cost build-up for spare meters

Type	Size	# new	Average cost
Coriolis	1"	1	\$27,000
	3"	1	\$52,000
	4"	1	\$74,000
Ultrasonic	4"	1	\$115,000
	6"	1	\$128,000
	8"	1	\$155,000
	10"	1	\$187,000
Various replacement based on historical average			\$27,400 per annum
Total average			\$144,000 per annum