Revised Final Plan
Attachment 9.12

Pipeline and MLV

August 2025

PUBLIC

Dampier Bunbury Pipeline

1 Pipeline and MLV

1.1 The ERA's position

The ERA has accepted all the capex undertaken in relation to pipelines and MLV in AA5 as conforming capex and included it in the opening RAB.

The ERA has determined that $11.2 million of our $12.1 million proposed AA6 capex in relation to the Pipeline and MLV business case meets the requirements of NGR79 and 74 and is therefore conforming capex. This includes all projects related to the asset classes pipelines, SCADA, ECI and comms, and other depreciable assets to be prudent and reasonable.

However, EMCa made recommendations to cut 10% of our forecast in relation to cathodic/corrosion protection. EMCa's review states:

> *While we consider it likely on the evidence that DBP presents, that it will need to spend more than in AA5, the volume of work required is pending further investigation. We note, for example, that DBP found the need to spend only $0.4m on 'digging up un-piggable pipework at facilities' as against an allowance of $1.1m in AA5, yet it has again proposed an allowance of $1.1m for AA6.*[1]

The ERA has adopted this recommendation in its draft decision. DBP included ten projects in this business case under the cathodic/corrosion protection asset class totalling $7.5 million. The ERA has reduced this by $750,000 to $6.7 million.

EMCa has also recommended a reduction of 10% of the compression asset class expenditures on the basis that *many unit rates* [across the asset class] *are highly rounded. EMCa considers it likely that there was a tendency to round up the unit costs applied in developing DBP's AA6 forecast and proposes an across the board 10 per cent reduction in DBP's allowance for this asset class, to account for this over estimation.*[2]

Although EMCa's concerns on rounded unit rates appears to relate to estimates for sites and structure assets, this 10% reduction also impacts our pig barrel isolation valve replacement project, which is included in the Pipeline and MLV business case, but relates to a compression asset.

Despite the ERA stating that it has

> *reviewed the proposed pipeline and MLV AA6 expenditure and considers the capital expenditure to be justified.*[3]

It has still applied EMCa's suggested 10% generic reduction.

[1] Paragraph 315, Review of Proposed DBNGP Access Arrangement (AA6) 2026 – 2030, EMCa, June 2025.
[2] Paragraph 154-155, Draft decision on revisions to the access arrangement for the Dampier to Bunbury Natural Gas Pipeline (2026 to 2030) Attachment 4: Regulatory capital base, ERA, July 2025.
[3] Paragraph 142, ibid.

1.2 DBP's response

1.2.1 Cathodic/corrosion protection asset class reduction

EMCa and the ERA both state DBP has provided insufficient evidence that it will need an uplift in this program of work when compared to AA5.

EMCa use one specific program of works to underpin its view that DBP's proposed volume of works related to cathodic/corrosion protection works on pipeline and MLV assets as "conservatively high". The ERA states:

> *EMCa notes, for example, that DBP found the need to spend only $0.4 million on its "digging up un-piggable pipework at facilities" project in AA5 compared to an allowance of $1.1 million in AA5, yet it has again proposed an allowance of $1.1 million for AA6.*[4]

Our program of work is developed and continually revised to deliver the highest priority work within our overall regulatory allowance. For this reason, we consider it inappropriate to look at an underspend in one program in isolation of the remainder.

We highlight that in AA5 we spent an average of $1.83 million per annum on Pipeline and MLV assets. This is a conservative estimate as we have excluded the WAWP which would have displaced some BAU work in this category in 2022. In AA6 we proposed to spend $2.40 million on average per annum. This is an increase of $572,000 per annum.

Only four of our ten programs are new in AA6. The remainder are programs continuing from AA5 and prior periods. Four of these six programs we expect will require minor uplifts due to known issues and drive the increased costs for AA6:

- Annual digup program based on Runcom results (CP1700076) at $381,000 per annum to $451,000 per annum
- TRU replacement almost doubling from $121,000 per annum to $250,000 per annum
- DCVG and digup of unpiggable pipes at facilities at $78,000 per annum to $220,000 per annum

Despite the uplift being driven by three specific projects, a reduction of 10% across all cathodic/corrosion protection asset class projects has been proposed by the ERA for AA6. The rationale for this cut was on the basis of EMCa requiring "further investigation". In addition to the business case, we have also provided further information as part of EMCa's information request (IR EMCA13), which provided a significant amount of detail in relation to the programs EMCa investigated, including:

- The 47 sites requiring remediation under the DCVG and Dig Ups of Un-piggable Pipes at Facilities program
- The rationale for the polarisation cell replacement program

It appears that EMCa considered our forecasts required further justification in relation to the volume of work; either the need for, or deliverability of the program. However, no further questions were asked about the Pipeline and MLV business case, or the projects related to the cathodic/corrosion protection asset class within that business case.

[4] Paragraph 166, ibid.

While we disagree with both the need for a reduction and how the 10% was arrived at, we will work within the ERA's draft decision allowance. We will look to further optimise our DVCG and digup programs to achieve cost savings, or defer scope to AA7 if this is not possible, noting we are already undertaking our TRU replacement program over 20 years. Should we be unable to achieve efficiencies for any reason, and consider the resulting risks are becoming untenable, we will of course undertake the works as proposed in AA6.

On this basis we have accepted the ERA's alternate forecast of $6.71 million for our cathodic/corrosion protection asset class projects in the Pipeline and MLV business case.

1.2.2 Pig barrel isolation valve replacement

Both EMCa and the ERA have specifically reviewed our pig barrel isolation valve replacement and determined it is conforming capex.

EMCa found that:

DBP's proposal is reasonable

> *Based on condition information, we consider that DBP has provided adequate justification of the need to undertake the single project that it has proposed (Pig barrel isolation valve replacement) at a cost of $2.3m, and that this work needs to be undertaken in AA6.*[5]

The ERA also states it has:

> *reviewed the proposed pipeline and MLV AA6 expenditure and considers the capital expenditure to be justified.*

As both EMCa and the ERA have stated the forecast expenditure was justified, we assume the application of the general 10% reduction for rounding was mistakenly applied to these pig barrel works. We have therefore retained our initial forecast for this project in our revised final plan.

[5] Paragraph 294, Review of Proposed DBNGP Access Arrangement (AA6) 2026 – 2030, EMCa, June 2025.