Revised Final Plan
Attachment 9.12

Vehicles - Fleet and Civil Equipment

August 2025

PUBLIC

Dampier Bunbury Pipeline

1 Vehicles – Fleet and Civil Equipment

The vehicles and fleet business case were predominantly determined as conforming by the ERA, with the exception of fleet vehicles, which has had a 10% reduction applied. This 10% reduction is based on EMCa's assumption that DBP will find opportunities for further life extension strategies within the fleet.

57% of vehicles in DBP's current fleet have travelled more 150,000 km, which is our threshold for replacing fleet. This percentage urgently needs to be reduced to an acceptable level in order to manage DBP's highest risk, which is driving. DBP had initially reduced its replacement plan from 80 vehicles over 5 years, down to 60 vehicles, which will still leave DBP with 28 vehicles over 150,000 km that are being maintained through life extension strategies. However, the ERA has cut this replacement plan even further.

1.1 The ERA's position

The ERA's position is outlined in paragraphs 354 and 355 below:

> *The ERA considers that achieving 60 vehicles in that timeframe, with the required modifications, could also be ambitious for that timeframe. DBP also has a policy of seeking to extend the life of vehicles based on an assessment of the vehicle condition. DBP notes that it maintains its vehicles in line with manufacturers' requirements by a selected fleet maintenance provider which has helped to experience good reliability and durability of the fleet.*
>
> *As a result, the ERA considers that while option 2 is the most prudent of the proposed options, there is the ability to make additional savings in this area and has determined a reduction of 10 per cent ($0.9 million) on DBP's proposed AA6 capital expenditure to a prudent and efficient amount of $8.2 million.*[1]

This assessment is based on the EMCa report, which is more specific in citing life extension strategies through condition-based assessment. This is outlined in paragraphs 481 and 482 of EMCa report below:

> *DBP's fleet vehicle forecast is overstated; other components are reasonable*
>
> *While we consider that it is prudent for DBP to replace higher-km vehicles as it proposes, we consider that under its condition-based replacement policy for individual vehicles it will find that it can extend the life of some, such that its overall replacement program will be less than it has proposed. We consider that a reasonable allowance is 10% less than DBP has proposed.*
>
> *We consider that the other components of DBP's proposed vehicles and civil equipment replacement proposal are reasonable.*[2]

[1] Paragraph 354-355, 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.

[2] Paragraph 481 - 482, Review of Proposed DBNGP Access Arrangement (AA6) 2026 – 2030, EMCa, June 2025

1.2 DBP's response to the Draft Decision

In an ideal scenario, DBP would replace 80 vehicles such that we would keep the entire fleet under the 150,000 km threshold, aligned with our vehicle safety and replacement policies. While replacing 80 vehicles over five years is achievable, we are conscious of delivery constraints and achieving the lowest sustainable cost of replacement. As such, we have already determined that replacing 60 vehicles is more realistic and achieves an acceptable balance between cost and risk. Under this proposed replacement rate, we will still be left with 28 vehicles over the 150,000 km threshold, which we will need to proactively manage through life extension strategies.

To clarify, under our preferred option, we will already be applying life extension strategies to approximately 26% of our total fleet.

A further 10%, or $900,000, reduction in our fleet expenditure allowance would mean that only 54 vehicles are replaced, with 34 vehicles remaining over the 150,000 km threshold. This is almost a third of our fleet.

Although the 10% reduction seems like a small difference, in reality, this sees DBP's risk profile shift from a fleet with one quarter of the fleet remaining over 150,000 kms, to a position where one third of the fleet do not fall within our tolerance range. Reducing the replacement rate below what we have already determined is a prudent and sustainable level would unnecessarily increase the risk associated with what is already the riskiest activity our staff undertake; long-distance vehicular travel.

While we appreciate EMCa's role is to identify where it believes the expenditure forecast is overstated, we are unclear as to how the 10% reduction was arrived at and how it has been validated. The unit costs we put forward in the Final Plan were based on vendor advice and were the best estimate available at the time. They remain our best estimate.

Though we will, of course, seek to deliver individual fleet replacements for a lower cost where practicable, there is no evidence to suggest we can deliver the proposed 60 replacements for 10% less than we originally forecast. On this basis we believe our original capex forecast is reasonable and is conforming capex, meeting NGR 79 and 74.

The ERA's assumption that replacing 60 vehicles *could be ambitious*, suggests that its 10% reduction is based on deliverability risk, which was already challenged and addressed in the original business case when we cut the forecast from 80 to 60 vehicles. The ERA and EMCa's consideration that DBP might only be able to replace six fewer cars over five years appears arbitrary and does not render the original forecast non-conforming.

To reiterate, DBP had already considered replacing 80 vehicles as a viable option and have moved from this position to 60. A further reduction that will only provide for DBP to replace 54 vehicles serves only to extend the already high risk profile across our fleet.

For reference here is an extract from Business Case DBP 17:

Table 1.3 shows the profile of our current fleet and their forecast kms by 2030. The options we have considered for the light vehicle fleet portfolio are:

- Do not replace
- Replace vehicles that are over 150,000 kms in 2025

- Replace all vehicles currently at 150,000 kms, and those that reach 150,000 kms during AA6Co

Table 2.1: Current and forecast distance travelled by light vehicle fleet

000's kms	Vehicles in 2025	Number of vehicles in 2030 based on strategy		
Strategy		**Do not replace**	**Replace 2025 >150,000 km**	**Replace all as they reach 150,000 km**
>250	26	61	5	0
>200 < 250	18	9	9	0
>150 < 200	16	10	14	0
>100 < 150	10	7	21	21
>50 < 100	14	4	27	37
> 0 < 50	22	25	20	48
Vehicles replaced	**NA**	**0**	**60**	**80**
Vehicles over threshold	**60**	**80**	**28**	**0**
Total vehicles	**106**	**106**	**106**	**106**

As shown in the table above, replacing 60 light vehicles during the period will still result in some high mileage vehicles.

During the AA7 period we will be in a position to return to a more balanced replacement schedule. Replacing 80 vehicles over the AA6 period would be the most effective risk reduction strategy, however, DBP recognises that a longer-term approach is required so as not to put upward pressure on the regulated tariffs.

We therefore maintain our original forecast of replacing 60 vehicles at an estimated capital cost of $9.1 million.