

NOTICE

Dampier to Bunbury Natural Gas Pipeline Stage 5 Expansion

DBNGP (WA) Transmission Pty Limited (DBP) is seeking the Economic Regulation Authority's approval that its forecast capital cost of undertaking the Stage 5 expansion of the Dampier to Bunbury Natural Gas Pipeline (DBNGP) will meet certain requirements of the National Third Party Access Code for Natural Gas Pipeline Systems (Code).

The agreement of the Authority is sought under section 8.21 of the Code. The effect of the Authority's agreement would be to bind the Regulator's decision which would see the agreed new facilities investment rolled into the capital base for the DBNGP to the extent that the expenditure is incurred up to the maximum agreed level. DBP had sought the Authority's approval in respect of its Stage 5 expansion by early June 2006.

The Draft Decision of the Authority on 27 April 2006 was to agree that the forecast New Facilities Investment by DBP for its proposed Stage 5 expansion of the DBNGP, meets the requirements of section 8.16(a) of the Code up to a maximum capital cost of \$1,521 million (dollars at 31 December 2005) subject to four conditions. This approval was on the basis of providing an additional full haul capacity on the pipeline of 310 terajoules per day, 76 TJ/day of Pilbara part haul and 35 TJ/day of Mid West part haul.

On 23 May 2006, DBP issued a press release outlining a change in the way in which it planned to develop its Stage 5 expansion of the DBNGP. The press release stated that DBP had decided that Stage 5 should be developed on a staged basis. The press release outlined three stages of development for the Stage 5 expansion consisting of stages 5A, 5B and 5C. The timetable provided in the press release for these stages was as follows:

- Commencement in early 2007 for Stage 5A, consisting of 110TJ/day full haul capacity and 80 TJ/day part haul capacity.
- Expectation of a decision to proceed with Stage 5B, to consist of approximately 100TJ/day full haul capacity, before the end of 2006.
- No timeframe provided for Stage 5C which is expected to consist of approximately 100TJ/day full haul capacity. The press release noted that the industrial developments requiring the additional capacity under the Stage 5C expansion are being progressed for approval during 2007.

DBP is expected to provide the Authority with a submission shortly in response to the Authority's Draft Decision. The Authority will determine the manner in which DBP's section 8.21 application should be progressed dependant upon the content of this submission.

Documentation Available

DBP's application, public submissions and DBP's press release of 23 May 2006 can be downloaded from the Authority's website (www.era.wa.gov.au). Printed copies of this documentation are available directly from the Authority for \$25.00 per set.

For further information contact:

General Inquiries

Russell Dumas

Director Gas & Rail Access

Ph: +61 8 9213 1900

Fax: +61 8 9213 1999

Media Inquiries

Mr Paul Byrne

Byrne & Byrne Corporate Communications

Ph: +61 8 9385 9941

Mb: 0417 922 452

LYNDON ROWE

CHAIRMAN

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