Wesfarmers Chemicals, Energy & Fertilisers

Economic Regulation Authority
Level 4, Albert Facey House
469 Wellington Street
Perth
Western Australia 6000

18 September 2025

Re: Wesfarmers Chemicals, Energy & Fertilisers submission on the proposed Dampier to Bunbury Natural Gas Pipeline Access Arrangement 6 (2026-2030).

Dear Sir/Madam,

Wesfarmers Chemicals, Energy and Fertilisers ("WesCEF") is a division of Wesfarmers Limited. Its subsidiaries, Wesfarmers Energy (Gas Sales) Limited and CSBP Limited, purchase and transport natural gas (approximately 70TJ/d) for the manufacture of LPG, LNG and ammonia and for the on-sale to commercial, industrial, small-to-medium-enterprise and residential customers in WA. Its joint ventures, Australian Gold Reagents Pty Ltd and Covalent Lithium Pty Ltd, also purchase and transport over 10TJ/d of natural gas for their processing operations. WesCEF holds its transportation agreements with the Australian Gas Infrastructure Group ("AGIG") through the following entities:

- CSBP Limited;
- Wesfarmers Gas Limited; and
- Wesfarmers Energy (Gas Sales) Limited.

WesCEF appreciates the opportunity to comment on AGIG's revised Dampier to Bunbury Natural Gas Pipeline ("DBNGP") 2026-2030 Access Arrangement ("AA6"). This submission is WesCEF's second submission, following the first dated 31 March 2025.

Firstly, the point is made that Western Australian gas users, including WesCEF, are paying much more for gas now than ever before. The outlook for gas prices returning to reasonable levels seen before 2023 is less likely based on the GSOO forecast shortfalls. The proposed substantial increase in the full haul tariff by AGIG compounds this issue and jeopardises long term investment in sustaining capital and potential investments in expansions or new projects. This will ultimately lead to the decline in DBNGP contracted capacity and the burden of pipeline costs increasing for those that remain. In this situation, WesCEF encourages the ERA to maintain its rigorous approach and be extremely capital and opex cost focussed to ensure that users do not pay more than absolutely necessary.

Rebate

WesCEF believes that, in the absence of categorising Peaking and Ullage Services as reference services, ERA's proposed 90 per cent rebate of non-reference services is reasonable. AGIG has rejected that and instead proposes a 75 per cent rebate, justifying the lower rebate on the need to cover costs for providing the peaking service. AGIG provides no commentary on whether provision of the Ullage service which will make up a large part of non-reference service revenue, saves SUG. WesCEF would suggest that the 90 per cent rebate is reasonable or if not, the ERA could consider applying differing rates of rebate for different reference services based on the costs of providing those services.

Overrun

ERA's proposal to include Overrun charges to the non-reference cost allocation is appropriate as the use of this service has been increasing and is likely to continue to increase with more variable demand from increased renewable power generation. Understandably demand is increasingly difficult for peaking generators to forecast leading to higher use of Overrun. WesCEF's retail natural gas demand and LPG production is also increasingly difficult to forecast, the latter being driven by peaking gas generation south of our production facility in Kwinana. For that reason, WesCEF opposes AGIG's proposal to not include it in non-reference cost allocation and also opposes the proposed increases in the Overrun charges.

Should you wish to discuss any points raised in this submission please contact the undersigned.

Yours sincerely,

[redacted]

Nick Rea
Manager, Wholesale
Wesfarmers Chemicals, Energy and Fertilisers