



Economic Regulation Authority

# Final decision on revisions to the access arrangement for the Dampier to Bunbury Natural Gas Pipeline (2026 to 2030)

Attachment 3: Revenue and tariffs

18 December 2025

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## Note

This attachment forms part of the ERA's final decision on the proposed revisions to the access arrangement for the Dampier to Bunbury Natural Gas Pipeline. It should be read in conjunction with all other parts of the final decision, which is comprised of the following document and attachments:

- Final decision on revisions to the access arrangement for the Dampier to Bunbury Natural Gas Pipeline - Overview, 18 December 2025
  - Attachment 1: Access arrangement and services
  - Attachment 2: Demand
  - Attachment 3: Revenue and tariffs (this document)
  - Attachment 4: Regulatory capital base
  - Attachment 5: Operating expenditure
  - Attachment 6: Depreciation
  - Attachment 7: Return on capital, taxation, incentives
  - Attachment 8: Other access arrangement provisions
  - Attachment 9: Service terms and conditions

*Numerical amounts in tables throughout this document are generally shown to 1 decimal place. Total numerical amounts that are shown may not add exactly due to rounding. The tariff (revenue) model that was used for this decision should be used for accurate unrounded numerical amounts.*

## Attachment 3. Summary

The ERA must set tariffs for reference services and a mechanism to vary these tariffs over the access arrangement period. To calculate reference tariffs, the ERA must approve a total revenue amount to provide DBP with sufficient revenue to recover its efficient costs to operate its transmission pipeline. Total revenue is then allocated between reference services and other pipeline services (non-reference services) offered by DBP to calculate the reference tariffs.

For the sixth access arrangement period (AA6), DBP will offer three reference services: a full haul T1 Service, a part haul P1 Service and a back haul B1 Service. All other pipeline services that DBP can reasonably provide will be offered as non-reference services, of which the ERA has approved four to be specified as non-reference rebateable services. Not all non-reference services can be classified as “rebateable services”, which are characterised by substantial demand and/or revenue uncertainty. Given this uncertainty, it is difficult to allocate costs to these services as part of this decision and instead a portion of the actual revenue from the sale of these services will be rebated (refunded) back to reference service users via lower reference tariffs during the access arrangement period.

In response to the draft decision, DBP proposed a revised total revenue amount for AA6 of \$2,491.5 million (nominal). While this is \$52.2 million less than its initial proposal of \$2,543.7 million (nominal), it is still a material increase to its total revenue, increasing from an approved \$1,542.5 million (nominal) for AA5.

The ERA has approved a total revenue amount of \$2,464.2 million (nominal) in this final decision for AA6. This is approximately \$73 million more than the ERA’s draft decision of \$2,390.9 million (nominal), reflecting increases in the operating and capital expenditure allowances for AA6 following the consideration of additional information provided by DBP.<sup>1</sup>

For AA6, the ERA has made changes to the reference tariff structure to account for the revenue derived from overrun gas charges, which increased significantly over AA5 (2021 to 2024) and is expected to remain material during AA6. The reference tariff will now include three distinct tariff components: a capacity reservation tariff, a commodity tariff and an overrun tariff.

Overrun gas refers to gas received by a shipper on a gas day in excess of the shipper’s contractual entitlement. The rights and obligations relating to overrun gas is dealt with in contractual provisions that are attached to each of the reference services; hence, the ERA has determined that the net revenue from overrun gas charges should be accounted for in the revenue equalisation process under rule 92 of the National Gas Rules. Revenue equalisation requires that forecast tariff revenues are set to equal forecast total revenue that is determined from the building block components. The omission of overrun gas revenue in this equalisation process conflicts with the national gas objective and revenue and pricing principles because the tariffs set would be higher than necessary for DBP to recover its efficient costs of providing reference services. That is, had overrun gas revenue been accounted for in the revenue equalisation process, the tariffs set would have been lower and more reflective of the tariffs needed to recover the efficient costs required to operate the pipeline.

The ERA acknowledges that for previous access arrangements, overrun gas revenue has not been accounted for as part of the revenue equalisation process. Through the issuance of the Regulatory Information Notices in AA5, the ERA has become aware of the increasing materiality of overrun gas usage. For this and the other reasons set out in this decision, the

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<sup>1</sup> The ERA’s consideration of capital and operating expenditure is set out in Final Decision Attachments 4 and 5, respectively.

ERA has decided to address the revenue derived from overrun gas charges via changes to the reference tariff to ensure the reference tariffs that are payable by shippers are cost reflective and promote economic efficiency.

In setting the reference tariffs (T1/P1/B1 Tariffs) to apply from 1 January 2026 to 31 December 2026, the ERA must make an adjustment to rebate 70 per cent of rebateable services revenue earned by DBP during the period 1 October 2024 to 30 September 2025. This adjustment is made in accordance with the tariff variation mechanism that was approved for AA5.

The ERA's final decision rebated T1 Tariff for 1 January 2026 is \$1.818828 (nominal) per gigajoule per day.

The rebated P1 Tariff and B1 Tariff for 1 January 2026 is \$0.001300 (nominal) per gigajoule per day per kilometre; determined using the full haul tariff but on a per kilometre basis. That is, part haul and back haul service users are charged based on the number of kilometres from their inlet point to their outlet point.

The T1/P1/B1 Tariffs for 2027 to 2030 will be determined in accordance with the tariff variation mechanism approved for AA6, which the ERA has amended to include two new mechanisms to adjust the tariffs to account for the revenue derived from overrun gas charges and significant variances in demand.

While the ERA is satisfied that its final decision demand forecast for AA6 has been arrived at on a reasonable basis and represents the best possible forecast in the circumstances, there is a higher than normal forecasting risk given the uncertainty associated with the energy transition away from coal.<sup>2</sup> The ERA considers that potential future demand for gas-powered generation poses significant forecasting risks. For this reason, and in response to submissions received since the draft decision, the ERA has decided to introduce a tariff variation mechanism for AA6 to adjust the reference tariff for significant variances between actual and forecast demand. Demand is a critical element in the tariff setting process as it directly impacts the tariff payable – higher demand will lower tariffs while lower demand will increase tariffs.

Further to these changes, the ERA has also increased the rebateable portion for rebateable services from 70 to 80 per cent. That is, for AA6, DBP will return 80 per cent of the revenue generated from the sale of rebateable services to reference service users via a reduction to the reference tariff. This differs from the draft decision, where the rebateable portion was increased from 70 to 90 per cent. The ERA's change results from further information provided by DBP on its incremental costs. While not agreeing with the methodology used by DBP to calculate incremental costs for the provision of rebateable non-reference services, the ERA considers that providing DBP 20 per cent of rebateable services revenue to cover the incremental costs of providing these services is reasonable.

### **Summary of required amendments:**

#### **Required amendment 3.1**

The values for total revenue (in real terms) must be amended to reflect the values set out in Table 3.8 of Final Decision Attachment 3. The total revenue values must be set out in the access arrangement information.

#### **Required amendment 3.2**

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<sup>2</sup> The ERA's consideration of demand is set out in Final Decision Attachment 2.

The access arrangement must apply a cost allocation ratio of 98:2 to allocate total revenue (and costs) between reference and non-reference services.

### **Required amendment 3.3**

The haulage component of reference tariffs (T1 Tariff, P1 Tariff, B1 Tariff) set out in clauses 3.3, 3.4 and 3.5 of access arrangement for AA6 must be amended to reflect the rebated haulage component of reference tariffs set out in Table 3.13 of Final Decision Attachment 3. These tariffs will apply for the period 1 January 2026 to 31 December 2026.

### **Required amendment 3.4**

The access arrangement must be amended to incorporate a new overrun tariff component. The required amendments are summarised in paragraph 80 and set out in Appendix 2 of Final Decision Attachment 3.

### **Required amendment 3.5**

The administrative drafting amendments set out in Table 3.14 of Final Decision Attachment 3 must be made to Annexure A of the access arrangement.

### **Required amendment 3.6**

Annexure A of the access arrangement must be amended to include new part "A7 Adjustments for Net Overrun Revenue". The required wording for Annexure A7 is set out in Appendix 2 of Final Decision Attachment 3.

### **Required amendment 3.7**

Annexure A5 of the access arrangement must be amended to:

- Reference "80%" as the rebateable portion in clauses 18.19 and 18.20.
- Insert a new clause 18.20(d) to clarify the rebateable portion that applies in the previous access arrangement period and the services to which this rebateable portion applies. The wording for new clause 18.20(d) is set out in paragraph 128 of Final Decision Attachment 3.
- Correct an error in clause 18.20(a); the table in this clause must be amended to correct the end date in Column A for the Period "AA6, 6" from 31 December 2031 to 31 December 2030 to reflect the end date of the access arrangement period.

### **Required amendment 3.8**

Clause 11.3 and Annexure A1 of the access arrangement must be amended to refer to the provisions in Annexure A6 (Adjustments for Safeguard Mechanism) of the access arrangement. The required amended wording is set out in paragraph 133 of Final Decision Attachment 3 and includes some further administrative amendments to clarify that existing Annexures A3 and A4 are both relevant to the trailing average approach used to estimate the debt risk premium used to determine the reference tariff.

## Regulatory requirements

1. The *National Gas Access (WA) Act 2009* implements a modified version of the National Gas Law (NGL) and National Gas Rules (NGR) in Western Australia. The rules referenced in this decision are those that apply in Western Australia.<sup>3</sup>
2. Section 24 of the NGL sets out revenue and pricing principles to guide the construction of reference tariffs.<sup>4</sup> This primarily involves determining a total revenue amount to provide the service provider with a reasonable opportunity to recover the efficient costs incurred in operating the pipeline. Once total revenue for the pipeline is determined, reference tariffs can be determined to recover this revenue (that is, the reference tariffs are set to recover the service provider's efficient costs).
3. The NGR sets out specific provisions relating to the determination of each of the respective "building blocks" that together determine total revenue.<sup>5</sup> In addition to these provisions, rule 93 requires total revenue to be allocated between reference services and other pipeline services in the ratio in which costs are allocated between these services:
  - Costs that are directly attributed to reference services must be allocated to those services.
  - Costs that are directly attributed to other pipeline services (that are not reference services) must be allocated to those services.
  - Other costs (that are not directly attributed to a reference or other pipeline service) must be allocated between reference and other pipeline services on a basis determined or approved by the regulator. The basis on which this occurs must be consistent with the revenue and pricing principles.
  - Costs for the provision of rebateable services may be allocated to reference services if there is a rebate mechanism to apply an appropriate portion of the revenue from the sale of rebateable services to reduce the reference tariff.<sup>6</sup>
4. Each reference service must have a reference tariff. There must also be a mechanism to vary the reference tariff over the course of the access arrangement period. The NGR sets out the following provisions for the calculation of reference tariffs and the development of a tariff variation mechanism:
  - Provisions for revenue equalisation (rule 92):
    - The reference tariff variation mechanism must be designed to equalise (in terms of present values) forecast revenue from reference services for the

<sup>3</sup> The current rules that apply in Western Australia are available from the Australian Energy Market Commission: AEMC, 'National Gas Rules (Western Australia)' ([online](#)) (accessed December 2025). At the time of this decision, *National Gas Rules – Western Australia version 12 (1 February 2024)* was in effect.

<sup>4</sup> The NGL as implemented in Western Australia is set out as a note in the *National Gas Access (WA) Act 2009*. See: Western Australian Legislation ([online](#)) (accessed December 2025). At the time of this decision, *National Gas Access (WA) Act 2009, 25 January 2024* was in effect.

<sup>5</sup> The specific provisions relating to each of the building block components are discussed in the relevant attachments to the ERA's decision.

<sup>6</sup> A rebateable service is a service that is not a reference service and substantial uncertainty exists concerning the extent of the demand for the service or of the revenue to be generated from the service (NGR, rule 93).

access arrangement period and the portion of total revenue allocated to reference services for the access arrangement period.

- Where there is an interval of delay between the revision commencement date for an access arrangement and the date on which revisions to the access arrangement commence, reference tariffs in force at the end of the previous access arrangement period must continue without variation for the interval of delay. When fixing the reference tariff for the new access arrangement period there may be an adjustment for any under/over recovery that resulted from the continuation of reference tariffs from the previous access arrangement period during the interval of delay.
- Provisions for transmission pipeline tariffs (rule 95).
  - A reference service tariff must be designed to generate the portion of total revenue referable to that reference service and, as far as reasonably practicable, generate from the user or class of users to which the reference service is provided, the portion of total revenue referable to providing the reference service to that user or class of users.
  - The portion of total revenue referable to a reference service must be determined as follows:
    - Costs directly attributable to each reference service must be allocated to that service.
    - Other costs attributable to reference services must be allocated on a basis determined or approved by the regulator (and must be consistent with the revenue and pricing principles).
  - The portion of total revenue referable to providing a reference service to a user or class of users must be determined as follows:
    - Costs directly attributable to supplying the user or class of users must be allocated to the relevant user or class.
    - Other costs are to be allocated between the users or class of users and other users or classes of users on a basis determined or approved by the regulator (and must be consistent with the revenue and pricing principles).
- Provisions for prudent discounts (rule 96):
  - Despite other tariff provisions, the regulator may approve a discount for a particular user or prospective user, or a particular class of users or prospective users.
  - To approve a discount, the regulator must be satisfied that the discount is necessary to respond to competition from other pipeline service providers or other sources of energy, or to maintain efficient use of the pipeline. It must also be satisfied that the provision of a discount is likely to result in tariffs that are lower than they would have otherwise been.

- Where a discount is approved, the regulator may also approve the allocation of the cost (or part of the cost) of providing the discount to the costs of providing a service in one or more future access arrangement periods.
  - Provisions for reference tariff variation (rule 97):
    - The reference tariff variation mechanism may provide for variation of a reference tariff in a variety of forms, including one or more of the following: a schedule of fixed tariffs, a formula in the access arrangement, a cost pass through for a defined event, or application of a portion of revenue from the sale of rebateable services (as contemplated under rule 93).
    - When deciding whether the reference service tariff variation mechanism is appropriate, the regulator must consider the need for efficient tariff structures, the possible effects of the mechanism on administrative costs, any existing regulatory arrangements in place before operation of the mechanism, the desirability of consistency between regulatory arrangements within and beyond the relevant jurisdiction, the risk-sharing arrangements in the access arrangement, and any other factor considered to be relevant.
    - The reference tariff variation mechanism must give the regulator adequate oversight or powers of approval over the variation of the reference tariff.
    - Except as provided by the reference tariff variation mechanism, a reference tariff cannot vary during an access arrangement period.
5. The NGR requires the following revenue and tariff information to be included in the service provider's Access Arrangement Information (AAI):<sup>7</sup>
- Information on the proposed approach to set the reference tariffs, including the suggested basis for the reference tariffs (including the method used to allocate costs and a demonstration of the relationship between costs and tariffs), and a description of any pricing principles employed (rule 72(1)(j)).
  - The service provider's rationale for any proposed reference tariff variation mechanism (rule 72(1)(k)).
  - The total revenue to be derived from pipeline services for each year of the access arrangement period (rule 72(1)(m)).
6. In addition, the AAI must state the basis on which financial information is provided. Under the NGR, financial information must be provided on a nominal or real basis, or some other recognised basis for dealing with the effects of inflation (rule 73).

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<sup>7</sup> AAI is information that is reasonably necessary for users (including prospective users) to understand the background to the access arrangement; and the basis and derivation of the various elements of the access arrangement.

## ERA draft decision

7. DBP proposed a material increase to its total revenue for AA6, increasing from an approved \$1,542.5 million for AA5 to \$2,543.7 million in AA6. The ERA's draft decision reduced DBP's proposed increase in revenue to \$2,390.9 million, reflecting reductions in proposed operating and capital expenditure and an increase in demand for AA6 (Table 3.1).
8. The draft decision also decreased the allocation of total revenue to reference services from 99.5 per cent (as proposed by DBP) to 95 per cent (Table 3.2). While the ERA's allocation ratio was consistent with DBP's method, the ERA treated the Pilbara Service as a non-reference (non-rebateable) service and included the revenue generated from overrun gas charges in its allocation process (i.e. overrun revenue for the period 2021 to 2024 was treated and included as non-reference service revenue).

**Table 3.1: ERA draft decision total revenue building blocks for AA6 (\$ million, nominal)**

Building block	2026	2027	2028	2029	2030	Total
Return on capital base	248.68	245.79	242.50	238.33	233.98	1,209.28
Regulatory depreciation						
Depreciation	157.46	168.14	172.26	175.51	181.15	854.52
Inflationary gain	(66.33)	(65.56)	(64.68)	(63.57)	(62.41)	(322.55)
Operating expenditure	109.82	117.31	117.37	113.72	118.64	576.86
Regulatory corporate income tax						
Corporate income tax	33.22	41.52	42.68	53.45	54.17	225.04
Imputation credits	(16.61)	(20.76)	(21.34)	(26.72)	(27.09)	(112.52)
Incentive mechanism adjustment (E factor)	(3.70)	(11.86)	(13.98)	(10.15)	0.00	(39.69)
<b>Total revenue (unsmoothed)</b>	<b>462.54</b>	<b>474.58</b>	<b>474.81</b>	<b>480.57</b>	<b>498.44</b>	<b>2,390.94</b>

Source: ERA, Draft decision on revisions to the access arrangement for the Dampier to Bunbury Natural Gas Pipeline (2026 to 2030) - Attachment 3: Revenue and tariffs, 7 July 2025, Table 3.5.

**Table 3.2: ERA allocation of total revenue between reference and other (non-reference) services for AA6 (\$ million, nominal)**

	2026	2027	2028	2029	2030	Total
<b>Total revenue</b>	<b>462.54</b>	<b>474.58</b>	<b>474.81</b>	<b>480.57</b>	<b>498.44</b>	<b>2,390.94</b>
Allocation to reference services	440.59	452.93	452.10	457.49	474.53	2,276.64
Allocation to other (non-reference) services	21.95	22.65	22.71	23.08	23.91	114.30

Source: ERA, Draft decision on revisions to the access arrangement for the Dampier to Bunbury Natural Gas Pipeline (2026 to 2030) - Attachment 3: Revenue and tariffs, 7 July 2025, Table 3.7.

9. For AA5, reference tariffs are comprised of a capacity (fixed) charge and a commodity (variable) charge. While DBP proposed no changes to the two-part tariff structure for AA6, it did propose to change the capacity to commodity ratio from 94:6 to 95:5. While the ERA agreed to retain the two-part tariff structure, it did not agree with DBP's proposed change to the capacity to commodity ratio. The ERA's draft decision retained the ratio of 94:6 to reflect a higher proportion of variable costs to fixed costs than proposed by DBP.
10. The ERA's draft decision indicative full haul T1 Tariff for 1 January 2026 was \$2.19/GJ/day, being 10.7 per cent lower than DBP's proposed T1 Tariff (Table 3.3). The part haul P1 Tariff and back haul B1 Tariff for 1 January 2026 were \$0.001562/GJ/km/day; determined using the full haul tariff but on a per kilometre basis.

**Table 3.3: Comparison of DBP proposed and ERA draft decision reference tariffs for 1 January 2026 (\$, nominal) – indicative only**

Tariff component	DBP proposed 2026 tariff	ERA draft decision 2026 tariff	Change (%)
<b>Full haul "T1" service</b>			
Capacity (reservation) charge (\$/GJ/day)	2.323912	2.054124	(11.6)
Commodity (throughput) charge (\$/GJ/day)	0.123728	0.131888	6.6
<b>T1 Tariff</b>	<b>2.447640</b>	<b>2.186012</b>	<b>(10.7)</b>
<b>Part haul "P1" service</b>			
Capacity (reservation) charge (\$/GJ/km/day)	0.001661	0.001468	(11.6)
Commodity (throughput) charge (\$/GJ/km/day)	0.000088	0.000094	6.8
<b>P1 Tariff</b>	<b>0.001749</b>	<b>0.001562</b>	<b>(10.7)</b>
<b>Back haul "B1" service</b>			
Capacity (reservation) charge (\$/GJ/km/day)	0.001661	0.001468	(11.6)
Commodity (throughput) charge (\$/GJ/km/day)	0.000088	0.000094	6.8
<b>B1 Tariff</b>	<b>0.001749</b>	<b>0.001562</b>	<b>(10.7)</b>

Source: ERA, Draft decision on revisions to the access arrangement for the Dampier to Bunbury Natural Gas Pipeline (2026 to 2030) - Attachment 3: Revenue and tariffs, 7 July 2025, Table 3.8.

11. The draft decision confirmed that reference tariffs for 2027 onwards would be determined in accordance with the tariff variation mechanism. The tariff variation mechanism is comprised of an annual scheduled variation (to adjust tariffs for inflation, the cost of debt and a proportion of revenue from rebateable services), and variations for tax changes and cost pass through events. For AA6, DBP proposed an amendment to the tariff variation formula to address the Commonwealth Government's Safeguard Mechanism for greenhouse gas emissions.
12. The ERA considered the tariff variation mechanism to apply for AA6 and identified some general drafting amendments that were required to correct administrative errors. In addition, the ERA required an increase to the rebateable portion for rebateable services

revenue to rebate 90 per cent of revenue back to reference service users (instead of 70 per cent); and approved DBP's proposed amendments to cover the Safeguard Mechanism, subject to DBP making some further amendments to better clarify certain provisions.

13. The ERA also decided against introducing a tariff variation mechanism to address demand forecasting uncertainty as was suggested in a submission to the ERA.<sup>8</sup> Demand forecasts, like other forecasts, are inherently uncertain and that the regulatory framework acknowledges this uncertainty with explicit provisions for forecasting. Given this, the ERA considered that the focus should remain on assessing DBP's forecasting and estimating methods to ensure these methods produce demand forecasts that are arrived at on a reasonable basis and represent the best forecast possible.
14. Based on the above considerations, the ERA set out the following draft decision required amendments:

**Draft Decision Required Amendment 3.1**

DBP must amend the values for total revenue (nominal) to reflect the values as set out in Table 3.5 Draft Decision Attachment 3 [Table 3.1 of this document].

**Draft Decision Required Amendment 3.2**

DBP must amend clause 18.19 of the proposed access arrangement to remove the reference to the Pilbara Service being a rebateable non-reference service.

**Draft Decision Required Amendment 3.3**

The reference tariffs set out in the proposed access arrangement must be amended to reflect the tariffs set out in Table 3.8 of Draft Decision Attachment 3 [Table 3.3 of this document].

**Draft Decision Required Amendment 3.4**

DBP must address the administrative errors identified in Annexure A (tariff variation mechanism) of the proposed access arrangement to reflect the amendments set out in Table 3.9 of Draft Decision Attachment 3.

**Draft Decision Required Amendment 3.5**

DBP must amend clause 18.20 of the proposed access arrangement as follows:

- Amend the "Rebateable Amount" for rebateable services revenue to ninety per cent (90%).
- Amend the table in subclause (a) to include Periods 5 and 6 from the previous access arrangement period (AA5) and update Period 6 for the current access arrangement (AA6) to reflect the end date of the access arrangement period as set out in paragraph 68 of Draft Decision Attachment 3.

**Draft Decision Required Amendment 3.6**

DBP must amend the provisions of Annexure A6 (Adjustments for Safeguard Mechanism) in the proposed access arrangement to:

- Make it explicit that only incremental incurred (actual) costs that are directly attributable to DBP's compliance with the Safeguard Mechanism are recoverable.
- Clarify that the allocation ratio of shared costs applies to costs incurred complying with the Safeguard Mechanism.
- Make the adjustment mechanism symmetrical in its operation, to recover costs from users and return revenue to users.

<sup>8</sup> Submission from Wesfarmers Chemicals, Energy & Fertilisers.

- Ensure no duplication of the recovery of costs under the existing carbon cost pass through event provisions and any proposed Safeguard Mechanism tariff variation adjustment.

## DBP response to draft decision

15. DBP addressed the ERA's draft decision required amendments in its responses on pipeline services, revenue and pricing, and access arrangement provisions.<sup>9</sup> A summary of DBP's responses relevant to the required amendments is set out below.

### Total revenue and tariffs

16. DBP's revised total revenue for AA6 is set out in Table 3.4, and its revised (indicative) tariffs for 2026 set out in Table 3.5. The revised total revenue and tariffs reflect the values determined as part of DBP's revised proposal. That is, the revised values reflect DBP's response and position on the allocation of total revenue between reference and non-reference services, and the responses and positions on each of the individual building block components.

**Table 3.4: DBP revised total revenue building blocks for AA6 (\$ million, nominal)**

Building block	2026	2027	2028	2029	2030	Total
Return on capital base	251.6	248.8	246.7	243.7	239.9	1,230.8
Regulatory depreciation						
Depreciation	168.1	173.5	178.0	179.3	185.9	884.7
Inflationary gain	(72.4)	(71.6)	(71.0)	(70.2)	(69.1)	(354.3)
Operating expenditure	123.0	137.8	138.3	125.2	141.3	675.6
Regulatory corporate income tax						
Corporate income tax	34.8	39.7	42.1	52.2	53.2	222.1
Imputation credits	(17.4)	(19.8)	(21.1)	(26.1)	(26.6)	(111.0)
Incentive mechanism adjustment (E factor)	(7.7)	(15.9)	(18.2)	(14.5)	(0.00)	(56.4)
<b>Total revenue (unsmoothed)</b>	<b>479.9</b>	<b>492.4</b>	<b>494.8</b>	<b>499.6</b>	<b>524.7</b>	<b>2,491.5</b>

Source: DBP, Revised Final Plan 2026-2030, Attachment 14.2: Response on Revenue and Prices, August 2025, Table 1-3, p. 4.

<sup>9</sup> DBP, Revised Final Plan 2026-2030, Attachment 7.2: Response on Pipeline Services, August 2025.  
 DBP, Revised Final Plan 2026-2030, Attachment 14.2: Response on Revenue and Prices, August 2025.  
 DBP, Revised Final Plan 2026-2030, Attachment 15.5A: Response on Access Arrangement, August 2025.

**Table 3.5: DBP revised reference service tariffs for 1 January 2026 (\$, nominal)  
– indicative only**

Tariff component	DBP revised 2026 tariff
<b>Full haul “T1” service</b>	
Capacity (reservation) charge (\$/GJ/day)	2.218738
Commodity (throughput) charge (\$/GJ/day)	0.132586
<b>T1 Tariff</b>	<b>2.351323</b>
<b>Part haul “P1” service</b>	
Capacity (reservation) charge (\$/GJ/km/day)	0.001586
Commodity (throughput) charge (\$/GJ/km/day)	0.000095
<b>P1 Tariff</b>	<b>0.001681</b>
<b>Back haul “B1” service</b>	
Capacity (reservation) charge (\$/GJ/km/day)	0.001586
Commodity (throughput) charge (\$/GJ/km/day)	0.000095
<b>B1 Tariff</b>	<b>0.001681</b>

Source: DBP, *Revised Final Plan 2026-2030, Attachment 14.2: Response on Revenue and Prices, August 2025, Table 1-4, p. 5.*

### Allocation of total revenue

17. DBP rejected the ERA’s draft decision to include revenue generated from overrun gas charges to determine the allocation of total revenue between reference and non-reference services. DBP does not consider that overrun gas charges (and the associated revenue) should be part of the cost allocation process as overrun gas is not a “service” nor a “non-reference service”.<sup>10</sup>
18. Consistent with its position on overrun gas charges and its agreement to keep the Pilbara Service as a non-rebateable non-reference service,<sup>11</sup> DBP has revised the allocation ratio between reference and non-reference services to be 98:2 (compared to the ERA’s draft decision allocation ratio of 95:5).
19. To address the increase in revenue from overrun gas charges, DBP proposed to materially increase the charges for overrun gas in the reference service terms and conditions, so that:
  - The Overrun Charge is calculated using a rate that is the greater of 200% (instead of 115%) of the reference tariff and the spot price.

<sup>10</sup> DBP, *Revised Final Plan 2026-2030, Attachment 7.2: Response on Pipeline Services, August 2025, pp. 14-21.*

<sup>11</sup> DBP, *Revised Final Plan 2026-2030, Attachment 7.2: Response on Pipeline Services, August 2025, p. 14.* DBP incorrectly states: “We have accepted the ERA’s conclusion in respect of the Pilbara Service; that it remains a rebateable non-reference service”. The ERA’s draft decision required the Pilbara Service to remain a **non-rebateable** non-reference service.

- The Unavailable Overrun Charge is calculated using a rate that is the greater of 300% (instead of 200%) of the reference tariff and the spot price.
20. DBP considered that material increases to the overrun gas charges “would provide shippers with a very strong incentive to seek other, flexible services”, with these other services most likely to be rebateable non-reference services.<sup>12</sup> By using rebateable non-reference services (instead of overrun gas), a portion of the revenue earned from these services would be returned to shippers via the rebate mechanism. DBP considered that revenue earned from overrun gas charges should then continue to be retained in full by DBP.

### **Tariff variation mechanism**

21. DBP addressed the administrative errors in the tariff variation mechanism provisions (in Annexure A of the proposed revised access arrangement) as identified by the ERA, by incorporating the required changes set out in the ERA’s draft decision.
22. The tariff variation mechanism includes the existing (AA5) provisions to annually adjust tariffs for rebateable services (rebate mechanism) and new (AA6) provisions to amend the tariff variation formula to take into account costs related to the Commonwealth Government’s Safeguard Mechanism. DBP’s revised proposal rejected the ERA’s draft decision position on the rebateable portion for the rebate mechanism but accepted the required changes to the Safeguard Mechanism with some further proposed drafting changes.

### *Rebate mechanism for rebateable services*

23. DBP rejected the ERA’s draft decision to change the rebateable portion for rebateable non-reference services from 70 per cent to 90 per cent. DBP submitted that there are three issues with the ERA’s position:
- Pipeline capacity is not something DBP has but is something that needs to be created. The creation of capacity involves risk for DBP, which is not included in the ERA’s pricing mechanism.
  - The 90:10 portion split (90 per cent rebateable and 10 per cent non-rebateable) does not cover all variable costs associated with the provision of non-reference services.
  - DBP disagrees with the ERA’s position that DBP has a strong incentive to pursue new demand where it can in an uncertain future. DBP sees this position as an oversimplification of DBP’s operations in a complex commercial and regulatory environment.<sup>13</sup>
24. DBP considered that if the ERA were to base the rebate portion solely on variable costs, the appropriate portion split would be 80:20 (based on current tariffs and costs). However, DBP did not propose this in its revised proposal because DBP considered it inappropriate to give zero weight to incentives. Instead, DBP has proposed a revised portion split of 75:25, which DBP considered was a reasonable compromise between its initial plan and correctly considered costs; and which still provided some incentives for innovation and flexibility that is needed to meet the evolving energy future.

<sup>12</sup> DBP, *Revised Final Plan 2026-2030, Attachment 7.2: Response on Pipeline Services*, August 2025, p. 21.

<sup>13</sup> DBP, *Revised Final Plan 2026-2030, Attachment 7.2: Response on Pipeline Services*, August 2025, p. 4.

## Submissions to the ERA

25. Several submissions responding to DBP's initial proposal and the ERA's issues paper raised matters concerning revenue and tariffs. In summary:
- Allocation of revenue and costs:
    - Wesfarmers Chemicals Energy and Fertilisers (WesCEF) made several submissions related to the Ullage Service and Peaking (or Peaker) Service, including a submission that these services should be offered as reference services for AA6.<sup>14</sup> WesCEF also submitted that DBP did not provide enough information about the allocation of costs involved in the provision of these services, and that the proposed allocation of costs was compliant with the allocation requirements in rule 93(2) of the NGR. WesCEF considered that more costs should be allocated to the provision of the Ullage and Peaker Services.<sup>15</sup>
    - NewGen Power Kwinana considered that DBP's proposed allocation of revenue and costs did not comply with rule 93 of the NGR.<sup>16</sup>
  - Reference tariffs:
    - On DBP's proposed change to the capacity to commodity ratio to determine reference tariffs, WesCEF and NewGen considered that there were other variable costs, other than SUG costs, which should be recovered through the commodity charge.<sup>17,18</sup>
    - While Horizon Power considered the change to the capacity to commodity ratio to be immaterial and would provide DBP with more certainty over its revenue income, it did express concern over the proposed tariff increase for AA6.<sup>19</sup>
  - Rebate mechanism:
    - WesCEF submitted that, if the ERA did not accept its submission to make the Ullage and Peaker Services reference services (that is, they are to remain as non-reference rebateable services), the rebateable and non-rebateable portions from the sale of these services needed to be reviewed.<sup>20</sup>

<sup>14</sup> WesCEF's submissions for the Ullage and Peaker Services becoming reference services were considered in Draft Decision Attachment 1.

<sup>15</sup> Wesfarmers Chemicals, Energy & Fertilisers, *Submission in response to DBP proposal and/or ERA issues paper*, 31 March 2025, pp. 9-11.

<sup>16</sup> NewGen Power, *Submission in response to DBP proposal and/or ERA issues paper*, 31 March 2025, pp. 7-8.

<sup>17</sup> Wesfarmers Chemicals, Energy & Fertilisers, *Submission in response to DBP proposal and/or ERA issues paper*, 31 March 2025, p. 14.

<sup>18</sup> NewGen Power, *Submission in response to DBP proposal and/or ERA issues paper*, 31 March 2025, p. 3.

<sup>19</sup> Horizon Power, *Submission in response to DBP proposal and/or ERA issues paper*, 26 March 2025, pp. 1-2. Horizon Power indicated its acceptance of DBP's proposal was subject to DBP accommodating Horizon Power's other submissions made in relation to out of specification gas. Out of specification gas was discussed in Draft Decision Attachment 9.

<sup>20</sup> Wesfarmers Chemicals, Energy & Fertilisers, *Submission in response to DBP proposal and/or ERA issues paper*, 31 March 2025, pp. 11-12.

- NewGen considered that the rebateable portion for rebateable services needed to be reviewed because it considered the portion retained by DBP (the non-rebateable portion of 30 per cent) was too generous to DBP. NewGen suggested the rebateable service ratio be changed to 90:10 (after allowing for a share of DBP’s common costs).<sup>21</sup>
  - Horizon Power indicated support for DBP’s proposal to retain the existing (AA5) rebateable portion for rebateable services because it considered it was in line with other access arrangement decisions, such as, for example, the Australian Energy Regulator’s decision for the Roma to Brisbane Pipeline.<sup>22</sup>
  - Amendments for Safeguard Mechanism:
    - NewGen submitted that in principle, DBP’s proposed changes to the tariff variation mechanism to include provisions to recover the costs associated with the Safeguard Mechanism was reasonable and reflected both the national gas objective and the revenue and pricing principles in the NGL. However, NewGen expressed concern over the application of the proposed provisions and submitted only incremental incurred costs that arise from achieving compliance with the Safeguard Mechanism, and that have been verified by the ERA, should be subject to the reference tariff variation mechanism.<sup>23</sup>
  - Mechanism for demand uncertainty:
    - WesCEF submitted that a mechanism to address the uncertainty associated with demand forecasting should be considered for inclusion in the access arrangement for AA6. It suggested that either a trigger event mechanism or tariff variation mechanism could be used.<sup>24</sup>
26. The ERA addressed the above matters as part of its draft decision considerations.
27. Additional comments on matters related to revenue and tariffs were received in two submissions in response to the draft decision and DBP’s revised proposal. A summary of the comments provided by WesCEF and NewGen is set out below, with specific details discussed as part of the ERA’s final decision considerations.
- WesCEF submitted Western Australian gas users (including itself) are paying more for gas than ever before. In this situation, the ERA should “maintain its rigorous approach” and be focused on DBP’s capital and operating costs “to ensure that users do not pay more than absolutely necessary”.<sup>25</sup> WesCEF also provided comments specific to the rebateable portion for rebateable services and the inclusion of overrun revenue in the cost allocation process.
    - In the absence of categorising the Peaking and Ullage Services as reference services, WesCEF believes that the ERA’s draft decision 90 per cent

<sup>21</sup> NewGen Power, *Submission in response to DBP proposal and/or ERA issues paper*, 31 March 2025, pp. 4-5 and p. 13.

<sup>22</sup> Horizon Power, *Submission in response to DBP proposal and/or ERA issues paper*, 26 March 2025, p. 2.

<sup>23</sup> NewGen Power, *Submission in response to DBP proposal and/or ERA issues paper*, 31 March 2025, p. 4.

<sup>24</sup> Wesfarmers Chemicals, Energy & Fertilisers, *Submission in response to DBP proposal and/or ERA issues paper*, 31 March 2025, p. 16.

<sup>25</sup> Wesfarmers Chemicals, Energy & Fertilisers, *Submission in response to ERA draft decision and/or DBP revised proposal*, 18 September 2025.

rebateable portion is reasonable. WesCEF suggested that if the 90 per cent portion was found to be unreasonable, the ERA could consider applying a different rebateable portion for different services based on the costs of providing those services.

- WesCEF considered the ERA’s inclusion of overrun charges (revenue) to the non-reference service cost allocation was appropriate given that “the use of [overrun] has been increasing and is likely to continue to increase with more variable demand from increased renewable power generation”. WesCEF disagreed with DBP’s revised proposal to exclude overrun from the cost allocation process and also disagreed with DBP’s proposed increase to the overrun charge.
- NewGen made several comments related to revenue and tariffs, including some confidential comments (provided in a confidential appendix to its submission).<sup>26</sup>
  - Concerning the rebateable portion for rebateable non-reference services, NewGen considered that a rebateable portion of 80 per cent, which reflected DBP’s estimate of the costs being allocation between reference and non-reference services, was appropriate. In response to DBP’s position that it needs incentives to offer rebateable services, NewGen indicated that it agreed with this position, and considered that if the rebateable portion was set based on the highest incremental cost of the four rebateable services (for example, Spot Capacity) then there would be incentive for DBP to provide the other three reference services.<sup>27</sup>
  - Concerning a mechanism for demand uncertainty, NewGen is of the opinion that there needs to be a mechanism to address (and “true-up”) material variances between actual and forecast demand. NewGen noted that actual full haul demand data (capacity and throughput) has exceeded the forecasts in each year from 2021 to 2024; and that “this level of systematic demand forecasting error is of significant concern to shippers”.<sup>28</sup>

### Further consultation on treatment of overrun revenue

28. The ERA undertook a further round of consultation on the treatment of overrun revenue.<sup>29</sup> In response to this targeted consultation, six parties made submissions.<sup>30</sup> In summary:

- CITIC Pacific Mining (CPM) and NewGen supported the ERA’s proposed approach to the treatment of overrun revenue, with the following statements:

CPM strongly support the principle that reference service users should be compensated through reductions to the haulage reference tariff when overrun revenue exceeds the

<sup>26</sup> NewGen Power, *Submission in response to ERA draft decision and/or DBP revised proposal*, 22 September 2025.

<sup>27</sup> NewGen Power, *Submission in response to ERA draft decision and/or DBP revised proposal*, 22 September 2025, Table 1, pp. 3-5.

<sup>28</sup> NewGen Power, *Submission in response to ERA draft decision and/or DBP revised proposal*, 22 September 2025, Table 2, pp. 5-9.

<sup>29</sup> ERA, *Notice: Dampier to Bunbury Natural Gas Pipeline access arrangement for 2026 to 2030 – Further consultation*, 10 November 2025 ([online](#)) (accessed December 2025).

<sup>30</sup> Submissions from CITIC Pacific Mining, DBP, M.Chatfield, NewGen Power, South32 and WesCEF.

incremental costs incurred by DBP, as these users already fund the majority of pipeline services, including the provision of overrun capacity.<sup>31</sup>

[NewGen] supports the ERA's proposed amendments to treat net overrun gas charge revenue as reference service revenue and to introduce a defined "overrun tariff" within the T1/P1/B1 reference service structure. The changes will lead to increased transparency, cost-reflectivity for a service that has become increasingly relied on by shippers to manage daily volatility.<sup>32</sup>

- WesCEF and South32 also supported the ERA's approach to recognise and account for overrun revenue in principle but made further suggestions to address some identified issues.
  - WesCEF considered that "returning the value of overrun revenue" to shippers was an important consideration because shippers would expect higher returns for their money than CPI and WACC adjustments. WesCEF suggested using a method for overrun revenue like that used for rebateable services revenue, where 2026 revenue earned until 30 September could be applied to adjust the tariff for 2027. For subsequent years, a full year (12 months) of revenue from October to September could be applied to adjust the tariff for the following year.<sup>33</sup>
  - South32 recommended maintaining the same overrun rate of 115% and unavailable overrun charge of 250%; removing the current 'floor price' for spot capacity of 115% of the T1/P1/B1 tariff; and adding a clause to prevent DBP from setting the minimum bid price spot capacity above the T1 tariff. South32 considered these changes would encourage increased use of the Spot Capacity Service and reduce the use of overrun.<sup>34</sup>
- Mark Chatfield (an individual) did not support the ERA's proposal for the treatment of overrun. The feedback provided suggested one alternative solution: requiring existing and future gas fired generators in the South West Interconnected System to contract and pay for capacity in the DBNGP equal to the gas demand of their generators at full load.<sup>35</sup>
- DBP also did not support the ERA's proposal for overrun revenue due to "significant risks of unintended consequences" and recommended that the matter be deferred until the next (AA7) access arrangement review. Nevertheless, DBP provided feedback to address two specific issues related to the overrun charge and estimation of net overrun revenue.<sup>36</sup>
  - DBP considered there was an issue with the overrun charge being a percentage of the reference tariff in any given year as it could result in the overrun charge being less than the "efficient reference tariff". DBP suggested that the overrun charge needed to be set at a level unrelated to the reference tariff and escalated by CPI or set at a mark-up over the reference tariff for 2026 and escalated by CPI.

<sup>31</sup> CITIC Pacific Mining, *Submission in response to ERA further consultation*, November 2025.

<sup>32</sup> NewGen Power, *Submission in response to ERA further consultation*, November 2025.

<sup>33</sup> Wesfarmers Chemicals, Energy & Fertilisers, *Submission in response to ERA further consultation*, November 2025.

<sup>34</sup> South32, *Submission in response to ERA further consultation*, November 2025.

<sup>35</sup> M.Chatfield, *Submission in response to ERA further consultation*, November 2025.

<sup>36</sup> DBP, *Submission in response to ERA further consultation*, 17 November 2025.

- DBP considered the ERA’s proposal for calculating net overrun revenue, based on the fuel curve to estimate system use gas (SUG) costs for overrun, would “likely give rise to a significant underestimate of [DBP’s] costs, and therefore a significant overestimate of net overrun revenue”. DBP proposed an alternative calculation method that prevented the “downward bias that comes from estimating costs for overrun based on a fuel curve that is not designed to capture the extremes of SUG represented by overrun volumes”.
29. DBP subsequently provided a separate supplementary submission that provided comments specific to the ERA’s proposed amendments to the access arrangement as set out in the consultation notice.<sup>37</sup> Whilst DBP provided suggested amendments to the ERA’s proposed drafting, DBP reiterated that it considered the ERA’s proposal for the treatment of overrun gas revenue unworkable for the reasons set out in its initial submission.
30. The ERA has addressed the details of these submissions as part of its final decision considerations on overrun at paragraphs 40 to 45 (treatment of overrun charges), 64 to 81 (overrun tariff) and/or 85 to 109 (new overrun mechanism) of this document.

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<sup>37</sup> DBP, *Supplementary submission in response to ERA further consultation*, 20 November 2025.

## Final decision

31. DBP has expressed financial information in December 2024 dollars (real dollars), unless otherwise stated. Table 3.6 shows the Consumer Price Index (CPI) and inflation values used by DBP to express financial information in real prices (dollars) as at 31 December 2024.

**Table 3.6: DBP actual and forecast consumer price index and inflation rates**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Actual				Forecast					
December CPI	121.3	130.8	136.1	139.4	142.3	145.2	148.2	151.2	154.4	157.5
Inflation (%)	3.50	7.83	4.05	2.42	2.06	2.06	2.06	2.06	2.06	2.06

Source: DBP, Revised Final Plan 2026-2030, Attachment 14.1A: Tariff Model, August 2025.

32. The ERA has provided its financial information in real dollars (where stated) using the CPI and inflation values in Table 3.7, which has revised values from 2025 onwards. The revised forecast inflation values are consistent with the forecast values that were used to calculate the rate of return for this final decision as set out in Final Decision Attachment 7.

**Table 3.7: ERA actual and forecast consumer price index and inflation rates**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	Actual				Forecast					
December CPI	121.3	130.8	136.1	139.4	142.5	145.6	148.8	152.1	155.5	158.9
Inflation (%)	3.50	7.83	4.05	2.42	2.21	2.21	2.21	2.21	2.21	2.21

Source: ERA, Revenue Model, December 2025.

## Total revenue

33. The regulatory framework provides for an amount of revenue to be determined for each year of the access arrangement period to allow DBP to recover its efficient costs to operate the DBNGP for the long-term interest of consumers of natural gas. Table 3.8 sets out the ERA's final decision total revenue building block components, in real dollars, as determined elsewhere in the respective final decision attachments (the values shown in Table 3.9 sets out the total revenue in nominal terms).

**Table 3.8: ERA final decision total revenue building blocks for AA6 (\$ million, real 31 December 2024)**

Building block	2026	2027	2028	2029	2030	Total
Return on capital base	165.1	160.1	155.4	150.3	144.9	<b>775.8</b>
Depreciation	157.4	161.7	162.7	161.5	164.0	<b>807.4</b>
Operating expenditure	110.3	125.2	124.8	121.6	125.5	<b>607.4</b>
Regulatory corporate income tax						
Corporate income tax	32.1	38.3	38.5	48.0	48.3	<b>205.2</b>
Imputation credits	(16.0)	(19.2)	(19.2)	(24.0)	(24.2)	<b>(102.6)</b>
Incentive mechanism adjustment (E factor)	(3.6)	(11.1)	(13.0)	(9.2)	-	<b>(36.9)</b>
<b>Total revenue (unsmoothed)</b>	<b>445.3</b>	<b>455.1</b>	<b>449.2</b>	<b>448.2</b>	<b>458.6</b>	<b>2,256.4</b>

Source: ERA, Revenue Model, December 2025.

**Table 3.9: ERA final decision total revenue building blocks for AA6 (\$ million, nominal)**

Building block	2026	2027	2028	2029	2030	Total
Return on capital base	250.1	247.9	246.0	243.2	239.6	<b>1,226.8</b>
Regulatory depreciation						
Depreciation	164.5	172.7	177.6	180.2	187.0	<b>881.9</b>
Inflationary gain	(77.7)	(77.0)	(76.4)	(75.5)	(74.4)	<b>(380.9)</b>
Operating expenditure	115.3	133.7	136.2	135.7	143.0	<b>663.9</b>
Regulatory corporate income tax						
Corporate income tax	33.5	40.9	42.0	53.6	55.1	<b>225.1</b>
Imputation credits	(16.7)	(20.5)	(21.0)	(26.8)	(27.6)	<b>(112.6)</b>
Incentive mechanism adjustment (E factor)	(3.7)	(11.9)	(14.1)	(10.3)	-	<b>(40.0)</b>
<b>Total revenue (unsmoothed)</b>	<b>465.2</b>	<b>485.9</b>	<b>490.3</b>	<b>500.0</b>	<b>522.9</b>	<b>2,464.2</b>

Source: ERA, Revenue Model, December 2025.

### Required amendment 3.1

The values for total revenue (in real terms) must be amended to reflect the values set out in Table 3.8 of Final Decision Attachment 3. The total revenue values must be set out in the access arrangement information.

## Allocation of total revenue

34. Rule 93 of the NGR requires total revenue to be allocated between reference and non-reference services and other pipeline services either directly to those services where costs are direct service costs, or otherwise on a basis approved by the regulator, which must be consistent with the revenue and pricing principles, where costs are shared costs.
35. The total revenue shown in Table 3.8 (above) includes shared costs for the provision of other services in addition to the provision of reference services. To calculate reference tariffs, the ERA has made an allocation to these other services, which includes non-reference services and rebateable non-reference services.<sup>38</sup>

### Rebateable service costs

36. The NGR allows for the allocation of rebateable service costs to reference services provided there is a rebate mechanism that applies an appropriate portion of the revenue generated from the sale of rebateable services to reduce the reference tariff.<sup>39</sup>
37. A rebateable service is a non-reference service that is characterised by substantial uncertainty concerning the extent of demand for, or revenue to be generated from, the service.<sup>40</sup> As such, it is inherently difficult to allocate costs to such services, especially variable costs that are a function of demand. The ERA has assessed the rebate mechanism for rebateable services elsewhere in this document (paragraph 110) and for AA6 has determined that the rebateable portion will be 80 per cent. On this basis, the ERA has decided not to separately allocate costs to rebateable services when allocating costs under rule 93 of the NGR.
38. For AA6, the tariff variation mechanism will continue to include an annual scheduled variation to adjust tariffs for rebateable services revenue. Consistent with the ERA's draft decision for the Pilbara Service to remain a non-rebateable non-reference service (as set out in Draft Decision Attachment 1), DBP was required to amend clause 18.19 of the proposed access arrangement to remove reference to the Pilbara Service being a rebateable non-reference service. DBP's revised proposal accepted this requirement and the required amendment to clause 18.19 of the access arrangement has been made.
39. Further considerations on the tariff variation mechanism to apply in AA6 are set out elsewhere in this document (paragraph 82). These considerations include: a new overrun mechanism to account for revenue generated from overrun gas; the rebateable portion that will apply for the rebate mechanism; further clarifications for the Safeguard Mechanism; and a mechanism to address demand uncertainty.

### Treatment of overrun charges

#### *Perceived creation of an overrun service*

40. DBP's revised proposal rejected the ERA's draft decision to include the revenue derived from overrun charges in the cost allocation process. Several of DBP's reasons for this

<sup>38</sup> The classification of services as either reference, non-reference or rebateable non-reference services, is considered in Final Decision Attachment 1.

<sup>39</sup> NGR, rule 93(3).

<sup>40</sup> NGR, rule 93(4).

were directly related to the perceived creation of an ‘Overrun Service’ by the ERA. As noted by DBP, the ERA referred to “overrun services” in one instance in its draft decision considerations.<sup>41</sup> However, the ERA’s use of the word “service” was not intended to suggest that DBP should provide a new ‘Overrun Service’; rather, it was a general reference to ‘service’ in the sense of providing products (or services) with an associated payment (or charge) within a contractual framework.<sup>42</sup>

41. The overrun gas considerations set out in this final decision do not involve the creation of a separate ‘Overrun Service’. Rather, the ERA’s consideration of overrun gas is focused on the appropriate treatment and allocation of the revenue DBP is deriving from overrun gas charges as set out below.

#### *Treatment of overrun charges (revenue)*

42. To address the increasing magnitude of revenue from overrun gas charges, DBP’s revised proposal includes material increases to the overrun charges in the reference service terms and conditions. The ERA has considered DBP’s proposal to amend the overrun charges in Final Decision Attachment 9. In summary, the ERA’s final decision is to not approve DBP’s proposed increases to the overrun and unavailable overrun charges in the reference service terms and conditions on the basis that DBP did not demonstrate that its proposed increases satisfied the provisions set out in clause 20.4(b) of the terms and conditions, which require the charges to reflect the genuine pre-estimates of the unavoidable additional costs, losses and damages that DBP will incur as a result of shippers taking overrun gas.<sup>43</sup>
43. To allocate total revenue between reference and non-reference services, the draft decision treated the actual revenue DBP received from overrun charges during AA5 as non-reference service revenue to work out the cost allocation ratio for AA6. The ERA’s decision to do so was based on DBP’s own reporting of overrun charges as “non-reference service revenue” in the 2024 Regulatory Information Notice.<sup>44</sup>
44. Having considered information provided by DBP, and information from other stakeholders in response to the draft decision and in further consultation on the treatment of overrun, the ERA considers that revenue collected via overrun gas charges should not be treated as non-reference service revenue.<sup>45</sup> Overrun gas is not a “non-reference service”; rather it exists as a set of contractual rights and obligations that are

<sup>41</sup> The ERA stated in Draft Decision Attachment 3 (paragraph 43): “Overrun revenue has materially increased over the four year period from 2021 to 2024 and represents more than 60 per cent of DBP’s total non-reference services revenue earned during this time. The overrun charges set by DBP are significant, which provides DBP with returns above the reference service tariffs. Hence, the overrun revenue generated provides DBP with a reasonable opportunity to recover the costs incurred in providing **overrun services**.” *[emphasis added]*

<sup>42</sup> The ERA further notes that in DBP’s submission in response to the ERA’s further consultation on the treatment of overrun, DBP has stated “as recognised by the ERA, the delivery of Overrun Gas is not a Pipeline Service”. The ERA did not make this acknowledgement in its consultation notice; rather the ERA stated that “the ERA accepts that overrun is not a standalone service and agrees that overrun is provided as part of the reference services (T1/P1/B1 Services)”. Given overrun is provided as a contractual right ancillary to the provision of the T1/P1/B1 haulage services, it forms part of a pipeline service provided by means of the DBNGP.

<sup>43</sup> The ERA further notes that there was no support for DBP’s proposal to increase overrun charges in submissions received in response to the ERA’s draft decision and/or DBP’s revised proposal, or in submissions received in response to the ERA’s further consultation notice on the treatment of overrun revenue.

<sup>44</sup> The ERA may consider future changes to the Regulatory Information Notice reporting template to better reflect the sources of revenue (e.g. reference service revenue, non-reference service revenue, fees/charges revenue etc).

<sup>45</sup> Submissions from Wesfarmers Chemicals Energy and Fertilisers and NewGen Power.

attached to, and form part of, haulage services and, in the case of the access arrangement is attached to the T1, P1 and B1 Services, which are reference services. Hence, the ERA's final decision is to now exclude overrun gas charges from the allocation of revenue to non-reference services. The allocation of costs for this final decision is set out below (paragraph 50).

45. In considering the treatment of overrun gas charges, the ERA sought additional information from DBP.<sup>46</sup> The information provided confirms that the volume of overrun gas is likely to remain material during AA6, and the revenue DBP derives from overrun gas charges during AA6 will remain material as well. The ERA considers that, given the materiality of overrun gas revenue, it should be accounted for in the setting of revenue and tariffs.
46. Under the regulatory framework the ERA must approve a total revenue amount that enables DBP to recover its efficient costs of operating the DBNGP. Once determined, this total revenue is allocated between reference services and other pipeline services (non-reference services) to calculate the applicable reference tariffs: the T1 Tariff, P1 Tariff and B1 Tariff.<sup>47</sup> In previous access arrangements, the allocation of total revenue to reference services and the calculation of the reference tariffs have not taken into account the use of the overrun gas provisions. Overrun gas volumes have significantly increased and the revenue DBP is deriving from the associated overrun gas charges has become material and must now be addressed to ensure the total revenue determination is properly consistent with the revenue and pricing principles.<sup>48</sup>
47. The ERA considers that overrun gas volumes will continue to be material and may even increase during AA6 as shippers contend with increased volatility in gas demand, difficulties in forecasting as renewable generation increases and resulting variability in gas peaker generation. To minimise transportation costs, shippers may increasingly rely on overrun gas to meet part of their requirements rather than contracting for additional firm capacity. This trend to growing use of overrun gas may reflect the increasingly challenging environment for shippers with variable demand to accurately forecast their daily gas needs and to secure appropriate capacity whilst managing their costs.
48. Given its nature, forecasting the use of overrun gas is inherently problematic. Accordingly, in determining the total revenue and forecast tariff revenue for AA6 for this final decision, the ERA has not included any forecast of overrun gas usage under the provisions of the haulage reference services (T1/P1/B1 Services). However, as mentioned above, rights and obligations in relation to overrun gas are contractual provisions attached to the provision of the haulage reference services. Therefore, the net revenue from overrun gas charges should be incorporated into the revenue equalisation process under rule 92 of the NGR. Revenue equalisation requires that forecast tariff revenues equal the forecast total revenue that is determined from the building block components. The omission of overrun gas revenue in this equalisation process is inconsistent with the national gas objective and the revenue and pricing principles because the tariffs otherwise set would be higher than required to enable DBP to recover its efficient cost of providing the haulage reference services. Had overrun gas revenue been accounted for in the revenue equalisation process, the

<sup>46</sup> ERA Information Requests ERA15 and ERA20.

<sup>47</sup> The consideration of pipeline services and the classification of these services as reference and non-reference services is set out in Final Decision Attachment 1.

<sup>48</sup> In the 2024 Regulatory Information Notice, DBP reported a total of \$46.14 million in overrun gas revenue for the period 2021 to 2024; increasing each year: \$3.99 million (2021), \$12.44 million (2022), \$12.35 million (2023), \$17.37 million (2024).

resulting tariffs would have been lower and more accurately reflective of the level of tariffs needed to recover the efficient costs of operating the DBNGP.

49. The ERA acknowledges that, for previous access arrangements, overrun gas revenue has not been accounted for as part of the revenue equalisation process. Through the issuance of the Regulatory Information Notices in AA5, the ERA has become aware of the increasing materiality of overrun gas usage. For this and the other reasons set out in this decision, the ERA has decided to address the revenue derived from overrun gas charges via a new “overrun tariff” component within the reference tariff for AA6, which will help to ensure the tariffs payable are cost reflective and promote economic efficiency, consistent with the revenue and pricing principles and the national gas objective. The ERA’s further consideration of the reference tariff is set out below (at paragraph 53).

### **Allocation of costs**

50. In accordance with rule 93 of the NGR, costs must be allocated between reference and non-reference services. However, where costs cannot be directly attributed, meaning the costs are shared costs across the provision of both reference and non-reference services, these shared costs must be allocated on a basis approved by the ERA that is consistent with the revenue and pricing principles. Historically, for all shared costs, the ERA has approved cost allocation on a basis that reflects the ratios on which the relevant services are provided. Consistent with the approach applied in AA5, the ERA considers that shared costs for the provision of services should continue to be allocated in the same proportion as the expected revenue from those services. Shared costs include all building block costs, except for system use gas (SUG) operating expenditure, which is an operating cost that is directly attributable to reference services.<sup>49</sup>
51. Consistent with the ERA’s final decision to not treat the revenue DBP derived from overrun gas charges as non-reference service revenue, and to keep the classification of the Pilbara Service as a non-reference (non-rebateable) service, the ERA’s final decision allocation of costs between reference and non-reference services is 98:2.<sup>50</sup> That is, it is expected that 98 per cent of revenue will come from reference services after taking into account the share of reference service revenue attributable to overrun gas charges.
52. The application of the 98:2 allocation ratio is set out in Table 3.10.

<sup>49</sup> Expenditure for SUG is calculated based on reference service throughput forecasts and does not include any non-reference service costs.

<sup>50</sup> Non-reference services that are classified as *rebateable* non-reference services can have their costs allocated to reference services under NGR 93(3).

**Table 3.10: ERA allocation of total revenue between reference and non-reference services (\$ million, real 31 December 2024)**

	2026	2027	2028	2029	2030	Total
<b>Total revenue</b>	<b>445.3</b>	<b>455.1</b>	<b>449.2</b>	<b>448.2</b>	<b>458.6</b>	<b>2,256.4</b>
Allocation to reference services	436.8	446.5	440.8	439.9	450.1	2,214.1
Allocation to other (non-reference) services	8.5	8.6	8.4	8.3	8.5	42.2

Source: ERA, Revenue Model, December 2025.

### Required amendment 3.2

The access arrangement must apply a cost allocation ratio of 98:2 to allocate total revenue (and costs) between reference and non-reference services.

## Reference tariff

53. After determining total revenue and its allocation between reference and non-reference services, reference tariffs can then be calculated. Reference tariffs are calculated by dividing the amount of total revenue to be generated from reference services by the forecast demand for those services. Table 3.10 (above) sets out the ERA's final decision total revenue amount for AA6. The ERA's demand forecast for AA6 is set out in Final Decision Attachment 2.
54. For this final decision, and consistent with the position on the treatment of overrun gas charges, the ERA has decided to amend the reference tariff to include an overrun tariff component. That is, for AA6 the reference tariff will include three distinct tariff components: a capacity reservation tariff; a commodity tariff; and an overrun tariff. The capacity reservation and commodity tariff comprise the haulage tariff component of the reference tariff (being the T1/P1/B1 Tariff for the T1/P1/B1 Service, as the case requires).
55. The ERA is satisfied that this change to the components of the reference tariff is consistent with the definition of "reference tariff" in section 2 of the NGL, which includes a tariff or charge:
- reference tariff** means a tariff or charge for a reference service—
- (a) specified in an applicable access arrangement approved or made under a full access arrangement decision; or
  - (b) determined by applying the formula or methodology contained in an applicable access arrangement approved or made under a full access arrangement decision;
56. The introduction of an overrun tariff component within the reference tariff will account for the revenue DBP is deriving from overrun gas charges, which is material and part of the provision of the T1, P1 and B1 Services. The ERA considers that its change to the reference tariff definition best contributes to the achievement of the national gas

objective (as required by rule 100 of the NGR) and the revenue and pricing principles.<sup>51</sup> This is because the three reference tariff components, comprising capacity, commodity and overrun tariffs, aligns the total revenue determination and reference tariffs with how the pipeline is actually used and provides for reference services at levels that are cost reflective and promote economic efficiency.

## **Tariff structure**

57. The ERA's draft decision accepted the retention of the existing (AA5) two-part tariff structure (comprising of a capacity and commodity component) for each of the three reference services because the structure met the requirements of the NGR, and there were no submissions against retaining the structure. DBP's revised proposal did not make any changes to the tariff structure, and there were no submissions in response to DBP's revised proposal and/or the ERA's draft decision on this matter. Given this, the ERA's final decision is to maintain its draft decision position, subject to: (a) the introduction of a new overrun component within the reference tariff; and (b) the capacity and commodity components forming the haulage component of the reference tariff that is payable for the full haul T1 Service, part haul P1 Service and back haul B1 Service (the T1 Tariff, P1 Tariff and B1 Tariff, respectively). That is, the new overrun tariff is separate to the haulage component of the reference tariff.
58. The ERA's draft decision determined a capacity to commodity ratio of 94:6, which was used to calculate the ERA's indicative reference tariffs set out in the draft decision. This ratio was determined based on the split of fixed to variable costs in the draft decision. DBP's revised proposal accepted the 94:6 ratio and there were no submissions in response to DBP's revised proposal and/or the ERA's draft decision on this matter.<sup>52</sup> However, the ERA has since updated the capacity to commodity ratio to reflect the split between the fixed and variable costs determined in this final decision to calculate the haulage component of the reference tariffs. The T1, P1 and B1 Tariffs have been calculated to recover 92 per cent of total revenue from the capacity (fixed) component and 8 per cent of total revenue from the commodity (variable) component.

## **Tariff calculation**

### ***Calculation of haulage component of reference tariffs***

59. Table 3.11 sets out the ERA's final decision on the haulage component of the reference tariffs for 2026, compared to DBP's proposed revised tariffs that were calculated based on the elements in DBP's revised proposal. The tariffs are shown in real dollars (\$2024) and are indicative because they do not include the adjustment for rebateable services revenue.
60. The ERA's indicative tariffs are 13.5 per cent lower than DBP's revised proposed tariffs; and were calculated in accordance with the final decision positions on total revenue and the allocation of this between reference and non-reference services, the capacity to commodity ratio (applying to the haulage component of the reference tariffs), and forecast demand for AA6.

<sup>51</sup> The national gas objective is set out in section 23 of the NGL. The revenue and pricing principles are set out in section 24 of the NGL.

<sup>52</sup> DBP, *Revised Final Plan 2026-2030, Attachment 14.2: Response on Revenue and Prices (including Safeguard Mechanism)*, August 2025, p. 3.

**Table 3.11: Comparison of DBP proposed revised and ERA final decision haulage component of reference tariffs for 2026 (\$, real 31 December 2024) – indicative only<sup>Note1</sup>**

Tariff component	DBP proposed revised 2026 tariff	ERA final decision 2026 tariff	Change (%)
<b>Full haul T1 Service</b>			
Capacity (reservation) charge (\$/GJ/day)	2.130075	1.798191	(15.6)
Commodity (throughput) charge (\$/GJ/day)	0.127287	0.155091	21.8
<b>T1 Tariff</b>	<b>2.257362</b>	<b>1.953282</b>	<b>(13.5)</b>
<b>Part haul P1 Service</b>			
Capacity (reservation) charge (\$/GJ/km/day)	0.001523	0.001285	(15.6)
Commodity (throughput) charge (\$/GJ/km/day)	0.000091	0.000111	22.0
<b>P1 Tariff</b>	<b>0.001614</b>	<b>0.001396</b>	<b>(13.5)</b>
<b>Back haul B1 Service</b>			
Capacity (reservation) charge (\$/GJ/km/day)	0.001523	0.001285	(15.6)
Commodity (throughput) charge (\$/GJ/km/day)	0.000091	0.000111	22.0
<b>B1 Tariff</b>	<b>0.001614</b>	<b>0.001396</b>	<b>(13.5)</b>

*Note1: These tariffs are indicative only. The actual tariffs payable for 2026 need to be adjusted for rebateable services revenue in accordance with the tariff variation mechanism that was approved for AA5.*

### *Rebated haulage component of reference tariffs*

61. In accordance with the existing (AA5) reference tariff variation mechanism, in setting the haulage component of reference tariffs to apply from 1 January 2026 to 31 December 2026, the ERA must make an adjustment to rebate 70 per cent of the rebateable services revenue earned by DBP during the period 1 October 2024 to 30 September 2025.<sup>53</sup> DBP has confirmed that a total of \$73.44 million was earned from the provision of rebateable services during this period.<sup>54</sup> Applying the 70 per cent rebate reduces the full haul T1 Tariff by \$0.24 (approximately 12 per cent) as set out in Table 3.12. A proportional reduction occurs for both the part haul and back haul tariffs (P1 Tariff and B1 Tariff, respectively), which are determined using the full haul tariff but on a per kilometre basis.

<sup>53</sup> *DBNGP Access Arrangement: 2021-2025 Access Arrangement Period, Annexure A5 (Adjustments for Rebateable Non-Reference Services), ERA approved, 1 April 2021 (online) (accessed December 2025).*

<sup>54</sup> Letter from DBP to the ERA, 5 November 2025.

**Table 3.12: ERA final decision rebated haulage component of reference tariffs to apply from 1 January 2026 (\$, real 31 December 2024)**

Tariff component	2026 tariff without rebate adjustment (Non-rebated tariff)	2026 tariff with rebate adjustment (Rebated tariff)	Change (%)
<b>Full haul T1 Service</b>			
Capacity (reservation) charge (\$/GJ/day)	1.798191	1.580753	(12.1)
Commodity (throughput) charge (\$/GJ/day)	0.155091	0.132948	(14.3)
<b>T1 Tariff</b>	<b>1.953282</b>	<b>1.713701</b>	<b>(12.3)</b>
<b>Part haul P1 Service</b>			
Capacity (reservation) charge (\$/GJ/km/day)	0.001285	0.001130	(12.1)
Commodity (throughput) charge (\$/GJ/km/day)	0.000111	0.000095	(14.4)
<b>P1 Tariff</b>	<b>0.001396</b>	<b>0.001225</b>	<b>(12.2)</b>
<b>Back haul B1 Service</b>			
Capacity (reservation) charge (\$/GJ/km/day)	0.001285	0.001130	(12.1)
Commodity (throughput) charge (\$/GJ/km/day)	0.000111	0.000095	(14.4)
<b>B1 Tariff</b>	<b>0.001396</b>	<b>0.001225</b>	<b>(12.2)</b>

Source: ERA, Revenue Model, December 2025.

62. The rebated T1/P1/B1 Tariffs set out in Table 3.12 are shown in real dollars (\$2024). To convert these rebated tariffs into nominal dollars for 2026, the ERA has used the latest available inflation up to September 2025 from the weighted average of all capital cities from the Australian Bureau of Statistics. The nominal rebated T1 Tariff for 1 January 2026 is \$1.818828/GJ/day, and the nominal rebated P1/B1 Tariff is \$0.001300/GJ/km/day (Table 3.13).
63. T1/P1/B1 Tariffs for the years 2027 to 2030 will be determined in accordance with the tariff variation mechanism set out in Annexure A of the access arrangement that is approved for AA6.<sup>55</sup> The inflation values used for the purpose of determining these tariffs will be consistent with the inflation values set out in Annexure A2 (CPI formula variation) of the access arrangement.

<sup>55</sup> In calculating the T1/P1/B1 Tariff for 2027, fixed principle 13.3 applies which fixes the rebateable portion for rebateable services revenue earned during AA5 at 70 per cent. That is, in accordance with Annexure A5 of the approved access arrangement for AA6, 70 per cent of the rebateable services revenue earned during the period 1 October 2025 to 31 December 2025, and 80 per cent of the rebateable services revenue earned during the period 1 January 2026 to 30 September 2026, will be applied to reduce the reference tariff that applies for 2027.

**Table 3.13: ERA final decision rebated haulage reference tariffs to apply from 1 January 2026 (\$, nominal)**

Tariff component	1 January 2026 rebated tariff
<b>Full haul T1 Service</b>	
Capacity (reservation) charge (\$/GJ/day)	1.677725
Commodity (throughput) charge (\$/GJ/day)	0.141103
<b>T1 Tariff</b>	<b>1.818828</b>
<b>Part haul P1 Service</b>	
Capacity (reservation) charge (\$/GJ/km/day)	0.001199
Commodity (throughput) charge (\$/GJ/km/day)	0.000101
<b>P1 Tariff</b>	<b>0.001300</b>
<b>Back haul B1 Service</b>	
Capacity (reservation) charge (\$/GJ/km/day)	0.001199
Commodity (throughput) charge (\$/GJ/km/day)	0.000101
<b>B1 Tariff</b>	<b>0.001300</b>

Source: ERA, Revenue Model, December 2025.

### Required amendment 3.3

The haulage component of reference tariffs (T1 Tariff, P1 Tariff, B1 Tariff) set out in clauses 3.3, 3.4 and 3.5 of access arrangement for AA6 must be amended to reflect the rebated haulage component of reference tariffs set out in Table 3.13 of Final Decision Attachment 3. These tariffs will apply for the period 1 January 2026 to 31 December 2026.

### Overrun tariff

64. The ERA's decision to introduce a new tariff component for overrun gas charges (an "overrun tariff") within the reference tariff is based on its decision to treat the revenue from overrun gas charges as reference service revenue, given that overrun gas is provided for as part of the T1, P1 and B1 Services. As set out above (paragraphs 40 to 49), the ERA considers that the volume of overrun gas is likely to remain material, and may even increase, during AA6.
65. The introduction of an overrun tariff component within the reference tariff will directly account for the revenue DBP collects from overrun gas charges as part of the reference services. Given that the overrun charge is set in the (current) terms and conditions for reference services as the greater of 115 per cent of the T1/P1/B1 Tariff (as the case may be) and the highest price bid for spot capacity for the relevant gas day, DBP derives revenue from overrun gas that is greater than what the reference tariff would generate

if it is limited to the haulage component of the reference services.<sup>56</sup> Noting the requirements of clause 20.4 of the terms and conditions, the ERA considers that the minimum additional 15 per cent above the T1/P1/B1 Tariff that DBP receives should be sufficient to cover the additional incremental costs DBP incurs from shippers taking overrun gas.<sup>57</sup> In setting reference tariffs as part of this final decision, the ERA has not accounted for the revenue that DBP obtains from overrun gas charges as part of forecast reference service tariff revenue for the equalisation requirement set out in rule 92(2) of the NGR. Instead, the ERA will utilise the reference tariff variation mechanism to account for overrun gas revenue (net of costs) to adjust the haulage component of the reference tariff.

66. Several submissions responding to the ERA's further consultation notice on the treatment of overrun revenue indicated support for the proposed overrun tariff.<sup>58</sup> While supportive of the ERA's proposal, the submissions from WesCEF and South32 raised issues for consideration: the timing for the tariff adjustment and the need to incentivise shippers to use spot capacity instead of overrun. The ERA's consideration of these matters are set out as follows:

- WesCEF considered shippers should receive the benefit from overrun revenue, via a reduction in tariffs, as soon as possible and suggested using the method that is used for rebateable services revenue. Under this method, a predetermined percentage of the actual revenue earned from rebateable services over a 12 month period spanning two calendar years (October to September) is rebated back to reference service users via an annual adjustment to the T1/P1/B1 Tariff as part of the tariff variation mechanism. The ERA considers that WesCEF's suggestion is feasible, provided that actual daily system use gas costs can be made available to determine daily net overrun revenue. DBP's submission to the ERA suggests that this is the case (refer paragraph 68).
- South32 considered shippers need to be more incentivised to use spot capacity (instead of overrun) to better manage swings in gas demand. South32 noted that the 'floor price' (minimum bid price) for spot capacity that DBP may set is equivalent to the overrun rate (i.e. 115% of the T1/P1/B1 Tariff),<sup>59</sup> and given this arrangement, there is little incentive for shippers to bid for spot capacity. Removing the floor price for spot capacity and introducing a clause to prevent DBP from setting the minimum bid price for spot capacity above the T1 Tariff would encourage increased use of the Spot Capacity Service and reduce the use of overrun. The ERA considers that shippers are incentivised to minimise their costs and will utilise the best service options available to do so, which may include the use of spot capacity, overrun and/or capacity trading with other shippers. The option a shipper chooses to meet its additional gas needs above

<sup>56</sup> T1/B1/P1/ Reference Service Terms and Conditions, clause 11.1.

<sup>57</sup> The ERA notes that clause 20.4(c) of the reference service terms and conditions requires DBP to return any additional revenues earned from charges (including overrun charges) in circumstances where the charges are in excess of the costs, losses and damages actually incurred by DBP as a result of the conduct giving rise to the charges.

As set out in Final Decision Attachment 9, the ERA has rejected DBP's proposal to materially increase the overrun charge in the reference service terms and conditions. Given the provisions of clause 20.4(c), which remains unchanged for AA6, the charges set by DBP (including overrun charges) should represent efficient costs.

<sup>58</sup> Submissions from CITIC Pacific Mining, NewGen Power, South32 and WesCEF.

<sup>59</sup> See clause 3.7(a)(iv) of the access arrangement and clause 11.1(b) of the reference service terms and conditions.

its contracted firm capacity will vary based on circumstances at the time.<sup>60</sup> In any case, the ERA does not consider changes to the pricing for spot capacity necessary. Spot capacity is subject to availability and, where available, is provided on an interruptible, 'a day ahead', auction basis, with available spot capacity allocated to the highest bids. The nature of the service requires it to be priced above the firm full haul (T1) service, with the excess margin (15%) representing the premium paid for operational flexibility.

67. Mark Chatfield (an individual) did not support the ERA's proposed treatment of overrun revenue. The concerns raised primarily related to whether sufficient gas pipeline capacity exists to supply gas-powered generators in the South West Interconnected System during peak periods. The ERA cannot require DBP or shippers to contract for gas at a potential maximum capacity, nor can it require DBP to expand its pipeline to deal with any capacity or potential capacity constraints. Gas-powered generators will seek to minimise their costs in procuring gas transportation while complying with the applicable laws and energy market rules. The ERA notes that this is unaffected by a decision on whether to include an overrun tariff component in AA6, which replicates the same margins above the haulage tariff components (capacity reservation tariff and commodity tariff) in the current access arrangement. The ERA also notes that gas-powered generators are not necessarily the only users of overrun gas on the DBNGP.
68. DBP did not support the ERA's proposed treatment of overrun revenue and considered the matter should be deferred until the next access arrangement review for the 2031 to 2035 access arrangement period (AA7). DBP expressed concern that the limited consultation time "presents significant risks of unintended consequences". Nevertheless, DBP identified and commented on three key issues, and subsequently provided a supplementary submission on the specific proposed amendments to the access arrangement as set out in the ERA's consultation notice.<sup>61</sup> The ERA's consideration of DBP's key issues is set out below.

#### *Basis for the overrun charge*

69. DBP notes that the overrun charge is currently set at a minimum of 115 per cent of the relevant reference tariff and, that by basing the overrun charge on a multiple (percentage) of the reference tariff, the ERA's proposed approach to overrun may result in an overrun charge that is lower than the reference tariff set in this final decision.<sup>62</sup> To avoid this situation, DBP considered that the overrun charge needs to be set at a level unrelated to reference tariffs.
70. The ERA acknowledges that there is a level of circularity with its proposed approach given how the overrun charge is determined. However, this does not affect efficient outcomes – shippers that use overrun gas still pay a minimum 15 per cent premium on the T1/P1/B1 Tariff.<sup>63</sup> Furthermore, as highlighted by DBP in its submission, clause

<sup>60</sup> For example, the option for spot capacity might not be available because the shipper missed the bidding window (i.e. no later than 15:00 hours on the gas day prior to the gas day when the gas is required).

<sup>61</sup> DBP's supplementary submission was provided to the ERA on 20 November 2025.

<sup>62</sup> DBP illustrated its point with the following example:

*Consider a case whereby the ERA determines, in its Final Decision, that the efficient reference tariff in 2028 is \$2.40/GJ, and that the appropriate overrun charge is 115 percent of the reference tariff. If overrun volumes in 2026 (which determine the rebate on offer in 2028 as per the ERA scheme) are sufficient to drive the reference tariff down by 20 percent to \$1.92, a 15 percent premium on this produces an overrun charge of \$2.21. Effectively, what the ERA has done is produced a penalty price which is lower than the efficient price of the reference service in the ERA's regulatory model.*

<sup>63</sup> In instances where an Unavailability Notice for overrun gas is issued, shippers using overrun are charged the Unavailable Overrun Charge, which is 250 per cent of the T1 Tariff, meaning shippers pay a 150 per cent premium on the T1 Tariff.

20.4 of the reference service terms and conditions indicates that the overrun charge is a genuine pre-estimate of the unavoidable additional costs, losses and damages that DBP will incur for overrun gas.<sup>64</sup> The ERA's proposed treatment for overrun revenue does not change the overrun charge rate and allows DBP to recover its costs for overrun gas by using net overrun revenue to adjust the T1/P1/B1 Tariff. The ERA's approach maintains relative pricing and does not change user incentives.<sup>65</sup>

#### *Net overrun revenue*

71. DBP submits that the ERA's proposed method to calculate net overrun revenue may significantly underestimate overrun costs and, therefore, significantly overestimate net overrun revenue. DBP's proposed solution is to apply a different calculation, using actual daily system use gas (SUG) usage, as well as fuel curve estimates for SUG.
72. The ERA has considered DBP's proposed alternative method to calculate net overrun revenue as part of its considerations on the new overrun mechanism (see paragraph 85). In summary, the ERA has accepted DBP's proposed calculation method.

#### *Unintended consequences*

73. DBP considers the overrun revenue it receives is a "symptom of behaviour by shippers that is inconsistent with efficient, reliable and secure pipeline operations and presents challenges for DBP to manage the pipeline". It further considers that the ERA's proposal will aggravate this problem and is unworkable.
74. The ERA disagrees with DBP's submission. The ERA's proposal to address overrun gas revenue will not "aggravate" the issues with use of overrun gas as relative pricing is maintained. Further, the ERA's proposal is not "unworkable"; rather it represents a feasible solution based on observed, measurable and calculatable inputs, and which can be implemented via the tariff variation mechanism in accordance with the provisions set out in the NGR.
75. The DBNGP access arrangement is a complex framework and, as such, any amendments to this framework may result in unintended consequences. The ERA is satisfied that it has undertaken a thorough consideration of the matters related to its proposed treatment of overrun revenue, including the matters raised in submissions and has sought to mitigate the risk of unintended consequences. In any case, the regulatory framework permits a service provider to apply for variation of an applicable access arrangement if a material unintended consequence were to eventuate.<sup>66</sup> In limited circumstances the ERA may also be able to vary or revoke an access arrangement.<sup>67</sup>

<sup>64</sup> T1/P1/B1 reference service terms and conditions, clause 20.4(b).

<sup>65</sup> The initial reference price set by the final decision revenue model is a calculated value and it is possible for future prices to be below this initial price. For example, this might naturally occur in a situation where demand is growing over time such that a price path is downward sloping. What matters is that the prices are set in a manner that provides DBP with a reasonable opportunity to recover its efficient costs.

<sup>66</sup> NGR, rule 65.

<sup>67</sup> NGR, rule 68.

*National gas objective, revenue and pricing principles*

76. The ERA disagrees with DBP's submission that the proposed treatment of overrun gas revenue is inconsistent with the national gas objective and revenue and pricing principles.
77. DBP states that overrun gas is often taken at times when gas transmission capacity is under high demand and, consequently, the use of overrun increases the probability of DBP having to curtail other shippers' contracted gas quantities. DBP submits that the "effect of overrun 'freeloading' on contracted capacity, and its effect on pipeline operations, is inconsistent with promotion of safety, reliability and security of supply of natural gas".
78. The ERA disagrees with DBP's position for the following reasons:
- The reference service terms and conditions provide DBP with the ability to address the use of overrun gas through the provision of an Unavailability Notice.<sup>68</sup> In circumstances where the use of overrun gas impacts pipeline operations and the promotion of safety, reliability and security of supply, DBP can issue an Unavailability Notice. The ERA's proposed treatment of overrun revenue does not impact the provisions for the issuing of an Unavailability Notice.
  - The ERA's proposed treatment for overrun revenue does not change the overrun charge. The overrun charge is still a minimum percentage (115 per cent) of the haulage tariff payable, so all shippers will still pay at least a 15 per cent premium on top of their T1/P1/B1 Tariff for overrun gas. As mentioned above (paragraph 70), the overrun charge (along with other charges) is set out in the terms and conditions and is a genuine pre-estimate of the unavoidable additional costs, losses and damages that DBP will incur for overrun gas.
  - The ERA's proposal is to adjust the T1/P1/B1 Tariff to account for the recovery of additional revenue collected from overrun gas charges, which is considered to be part of the reference services, and that were not part of the revenue equalisation process for the final decision. The ERA's proposed tariff variation mechanism for net overrun revenue addresses the requirements for revenue equalisation as set out in rule 92(2) of the NGR.<sup>69</sup>

*ERA final decision*

79. On balance, given the above points (paragraphs 64 to 78), the ERA considers that its proposed treatment of overrun charges, and establishment of an overrun tariff component within the reference tariff, will facilitate more efficient and cost-reflective

<sup>68</sup> T1/P1/B1 reference service terms and conditions, clause 11.2.

<sup>69</sup> Consistent with rule 92(2), the tariff variation mechanism will be designed to equalise forecast revenue from reference services, including revenue from the overrun component of the reference tariff, because it will account for the increased overrun revenue and the increased overrun expenditure to be recovered for the use of overrun gas by users. That is, the haulage component of the reference tariff will be adjusted to account for any mismatch between overrun revenue and expenditure. This is similar to how a cost pass-through might apply for other reasons.

reference tariffs, and is consistent with the national gas objective and revenue and pricing principles.

80. The introduction of a new overrun tariff component results in numerous interrelated amendments to the access arrangement. The required amendments determined by this final decision are set out in Appendix 2 of this document and include:
- Amendments to the access arrangement definitions to amend and/or introduce new relevant terms.
  - Amendments to section 3 of the access arrangement to include an overrun tariff component in the components of the reference tariff for the T1, P1 and B1 Services, with associated amendments to define relevant terms.
  - Amendments to section 11 of the access arrangement to include a requirement to provide information to substantiate and show the effect of the adjustment made for net overrun revenue on the reference tariff.
  - A new fixed principle in section 13 of the access arrangement to make the method used to account for net overrun revenue a fixed principle.<sup>70</sup>
  - Amendments to Annexure A of the access arrangement to include a new Annexure A7 to detail the approach to adjust the reference tariff for net overrun revenue.
81. Further detailed considerations on the tariff variation mechanism for net overrun revenue are set out at paragraph 85.

### Required amendment 3.4

The access arrangement must be amended to incorporate a new overrun tariff component. The required amendments are summarised in paragraph 80 and set out in Appendix 2 of Final Decision Attachment 3.

## Tariff variation mechanism

82. The tariff variation mechanism is set out in Annexure A of the access arrangement. For AA5 it included an annual schedule variation (to adjust tariffs for inflation, the cost of debt and rebateable services), and variations for tax changes and cost pass through events.
83. For AA6, DBP proposed an amendment to the tariff variation formula related to the Commonwealth Government's Safeguard Mechanism; the ERA's final considerations on this amendment are set out at paragraph 130. While DBP proposed no amendments to the rebate mechanism for rebateable services, the ERA considered the rebate mechanism given the submissions received in response to the ERA's issues paper on DBP's access arrangement proposal. The ERA's final considerations on the rebate mechanism are set out at paragraph 110.

<sup>70</sup> The ERA's consideration of fixed principles is set out in Final Decision Attachment 8.

### General administrative amendments

84. The ERA's draft decision identified and set out several required amendments to correct administrative errors in Annexure A of the access arrangement (Draft Decision Required Amendment 3.4). DBP accepted these required amendments in its revised proposal.<sup>71</sup> In reviewing the amendments made to the revised access arrangement, the ERA notes that some additional administrative amendments to Annexure A are needed. These additional amendments are set out in Table 3.14.

**Table 3.14: Administrative amendments to Annexure A (tariff variation mechanism) of the access arrangement**

Annexure A section	Required drafting amendment
<b>A1: Annual Schedule Variation of Reference Tariffs (page A)</b>	The ERA has identified some additional administrative amendments to Annexure A1. These amendments are set out in paragraphs 133 and 135.
<p><b>A3: Trailing average cost of debt variation (page C)</b></p> <p>Clause 18.11 requires amendment to reflect the DRP that will be applied.</p> <p>Clause 18.12 requires amendment to reflect the first calendar year that the tariff variation will apply.</p> <p>Reference to Appendix 7 of the explanatory Statement to the ERA's December 2022 needs to be amended to <i>Chapter 7</i> in clause 18.13.</p>	<p>[18.11] ... derived from the Reserve Bank of Australia 10 year BBB credit spread to swap interpolated daily data (for years prior to 2015) and from the ERA's estimate of the DRP for years <del>2016 to 2025</del><u>2017 to 2026</u>, as follows, as set out in the <a href="#">ERA's Final Decision</a>:</p> <p><del>calendar year 2016: DRP2016: 2.612 per cent.</del>  calendar year 2017: DRP2017: 2.274 per cent  calendar year 2018: DRP2018: 1.756 per cent  calendar year 2019: DRP2019: 1.712 per cent  calendar year 2020: DRP2020: 1.995 per cent  calendar year 2021: DRP2021: 1.712 per cent  calendar year 2022: DRP2022: 1.568 per cent  calendar year 2023: DRP2023: 2.228 per cent  calendar year 2024: DRP2024: 1.913 per cent  calendar year 2025: DRP2025: 1.606 per cent  calendar year 2026: DRP2026: 1.534 per cent</p> <p>[18.12] The first annual update will apply for the tariff variation for the <del>2026</del><u>2027</u> calendar year. As noted ...</p> <p>[18.13] The ERA required that DBP nominate averaging periods for each of 2027, 2028, 2029 and 2030 consistent with <del>Appendix</del><u>Chapter</u> 7 of the Explanatory Statement to the ERA's December 2022 <u>Gas</u> Rate of Return Instrument. The averaging period ...</p>
<b>A5: Adjustment for Rebateable Non-Reference Services</b>	The ERA has identified some additional administrative amendments for the tariff variation mechanism for rebateable non-reference services. These amendments are set out in paragraphs 128 and 129.

<sup>71</sup> DBP, *Revised Final Plan 2026-2030, Attachment 15.5A: Response on Access Arrangement*, August 2025, section 5.

Annexure A section	Required drafting amendment
<b>A6: Adjustment for Safeguard Mechanism</b>	The ERA has identified some additional administrative amendments for the tariff variation mechanism for the Federal Government's Safeguard Mechanism. These amendments are set out in paragraphs 133 and 134.

### Required amendment 3.5

The administrative drafting amendments set out in Table 3.14 of Final Decision Attachment 3 must be made to Annexure A of the access arrangement.

### *New overrun mechanism*

85. Consistent with the ERA's decision to introduce a new overrun tariff component within the reference tariff, a new tariff variation mechanism to cover adjustments for net overrun revenue is required. That is, the annual schedule variation to adjust the T1/P1/B1 Tariff for inflation, the cost of debt and rebateable services, must be updated to include an adjustment for net overrun revenue.
86. Except for DBP's submission, submissions responding to ERA's further consultation notice did not directly address the ERA's proposed drafting amendments to the access arrangement, which included a new tariff variation mechanism for overrun gas (proposed new Annexure A7). DBP's submission suggested an alternative calculation method for the system use gas (SUG) costs that should be deducted from revenue. Instead of applying the existing formula for estimating SUG to calculate this amount, DBP suggested the following calculation:
- Take the actual SUG for a given day (A).
  - Use the fuel curve to estimate the SUG for all reference and non-reference services (B).
  - Subtract B from A to give an estimate of the amount of SUG used on that day for overrun.
  - Multiply this by the cost of SUG in the regulatory model to determine the operating costs for the purpose of calculating net overrun revenue.<sup>72</sup>
87. The ERA considers that DBP's suggested calculation is reasonable and similar to how the SUG costs for rebateable non-reference services are estimated to determine the rebateable portion. On this basis, the ERA will incorporate DBP's suggested calculation as part of the final decision amendments to the access arrangement.
88. In its supplementary submission DBP set out further suggested changes to the ERA's proposed drafting amendments to the access arrangement.<sup>73</sup> The ERA has accepted

<sup>72</sup> DBP, *Submission in response to ERA further consultation*, November 2025.

<sup>73</sup> DBP, *Supplementary submission in response to ERA further consultation*, 20 November 2025.

some of DBP's suggested changes.<sup>74</sup> The changes that the ERA has not accepted are set out as follows (paragraphs 89 to 109).

*Changes to incorporate a new tariff / tariff component*

89. DBP considers the ERA's proposed changes to amend the access arrangement to change the definition of *Reference Tariff Components*, introduce a new term *Overrun Tariff*, and change clauses 3.3, 3.4 and 3.5 should not be made. DBP submitted:

[DBP] do not understand the ERA's rationale for adding a separate tariff component for Overrun Charges. Overrun Charges are simply a feature of the Access Contract Terms and Conditions (being an impost levied on conduct by a shipper that is inconsistent with running the pipeline efficiently and which may have adverse consequences for other shippers) – and, if the ERA pursues its tariff variation proposal, the Overrun Charges would also be an input used to vary the Reference Tariff.

But the Overrun Charges do not constitute a Tariff. They do not comply with the definition of "tariff" in section 2 of the National Gas Law (as applicable to Western Australia), as they are not "a rate by which a charge for a pipeline service is calculated" – as recognised by the ERA, the delivery of Overrun Gas is not a pipeline service.<sup>75</sup>

90. DBP further submitted that describing overrun charges as a "Tariff" was also inconsistent with the structure of the access arrangement (for example, the charges are not separately subject to the reference tariff variation mechanism); and adding the overrun tariff as a component of the reference tariff creates substantial uncertainty for charges under the Standard Shipper Contract (SSC):

... adding the Overrun Tariff in as a component of the Reference Tariff creates substantial uncertainty in relation to the level of the charges under the SSC, as it appears to massively increase the Capacity Reservation Charge and Commodity Charge under the terms of the SSC by being included in the Reference Tariff and therefore in the "Base T1 Tariff" (see clauses 20.5(b) and (c) of the SSC, taken together with the definitions of T1 Capacity Reservation Tariff and T1 Commodity Tariff in clause 1), while also leading to uncertainty as to whether the "fixed/variable charge split" referred to in clause 20.5(e) is being changed as a result of the inclusion of the Overrun Tariff.<sup>76</sup>

91. As set out in paragraphs 54 and 55, the ERA considers that overrun gas charges can be included within the NGL definition of "reference tariff". A "reference tariff" is defined in section 2 of the NGL to mean "a tariff or charge" for a reference service. Further, the words "tariff" and "charge" are separately defined in section 2 as set out below. In both cases, a tariff and a charge are expressly linked to the provision of a pipeline service. The relevant question is therefore whether an amount paid in respect of an overrun charge for receipt of overrun gas under a haulage contract (including the SSC) is a charge for the provision of the relevant pipeline service.

**Tariff** is a "rate by which a charge for a pipeline service is calculated".

**Charge**, in relation to a pipeline service is "the amount that it is payable by a user to a service provide for the provision of the pipeline service to that user".

<sup>74</sup> The changes that the ERA has accepted are incorporated into the mark-ups as set out in Appendix 2 of this document.

<sup>75</sup> DBP, *Supplementary submission in response to ERA further consultation*, 20 November 2025, p. 1.

<sup>76</sup> DBP, *Supplementary submission in response to ERA further consultation*, 20 November 2025, p. 1.

92. The ERA considers that overrun gas is within the definition of “pipeline service”, in the sense that it is a contractual benefit attached to the provision of the existing haulage services (T1/P1/B1 Services) which are reference and pipeline services.<sup>77</sup>
93. The ERA notes DBP’s concerns over the tariffs/charges set out in the SSC, which are determined by DBP. That is, the terms and conditions of the SSC, including the prices paid under the contract, are not determined by the ERA – the ERA is responsible for assessing and approving the terms and conditions, and prices, for reference services.
94. In any case, the ERA is not changing the structure of the T1 Tariff, P1 Tariff or B1 Tariff – the tariffs are still the sum of the T1/P1/B1 Capacity Reservation Tariff and T1/P1/B1 Commodity Tariff (as the case requires). Additionally, the ERA is not changing the process by which the tariffs are updated – the T1/P1/B1 Tariffs will continue to be updated annually in accordance with the reference tariff variation mechanism (which will now include a further annual scheduled variation for net overrun revenue). As set out below (paragraph 96), it is not intended that the new overrun tariff component be adjusted under this mechanism.
95. DBP considered the reference to clause 4 in the ERA’s proposed clause 3.3(b)(ii) was unnecessary, and that including the overrun tariff in the definition of *Reference Tariff* would inappropriately subject it to amendment by the reference tariff variation mechanism (clause 11) of the access arrangement.
96. The ERA’s proposed amendments were intended to separate the existing capacity reservation tariff and commodity tariff (the sum of which equal the haulage component of the reference tariff) from the new overrun component of the reference tariff so that the existing tariff variation mechanism would remain applicable to the haulage component of the reference tariff only (that is, the T1/P1/B1 Tariff, as the case requires). DBP’s submission has highlighted further amendments that are needed to the definition of Reference Tariff, proposed clause 3.3(b)(ii), section 4, and section 11 of the access arrangement. On this basis, the ERA’s final decision is to make the following amendments:

**[Definitions]**

**Reference Tariff** means one or ~~both~~ more, as the case requires, of the Reference Tariff Components ~~(and/or, where the case requires, the sum of those Reference Tariff Components)~~ with respect to a particular Reference Service.

**[Proposed clause 3.3(b)(ii), highlight added to identify the further amendments made to the ERA’s initial proposal set out in its further consultation notice]**

- (b) The Reference Tariff for T1 Service ~~(T1 Tariff)~~ is the sum comprised of the following components:
- (A) the T1 Capacity Reservation Tariff; and
  - (B) the T1 Commodity Tariff; and
  - (C) the T1 Overrun Tariff.

<sup>77</sup> Section 2 of the NGL defines “pipeline service” as “(a) a service provided by means of a pipeline, including— (i) a haulage service (such as firm haulage, interruptible haulage, spot haulage and backhaul); and (ii) a service providing for, or facilitating, the interconnection of pipelines; and (b) a service ancillary to the provision of a service referred to in paragraph (a), but does not include the production, sale or purchase of natural gas or processable gas.”

- (i) ~~The sum of the T1 Capacity Reservation Tariff and T1 Commodity Tariff make the "T1 Tariff". T1 haulage reference tariff ("T1 Tariff"). The T1 Overrun Tariff is a separate charge, which when summed with the T1 Tariff makes the Reference Tariff for the T1 Service.~~
- (ii) The T1 Overrun Tariff is separate to the T1 Tariff and comprises both the Overrun Charge and Unavailable Overrun Charge as set out in the Access Contract Terms and Conditions for the T1 Service (**Attachment 2** to the Access Arrangement). The T1 Overrun Tariff may be, from time to time, varied in accordance with clause 4 of this Current Access Arrangement, and shall not be varied under clause 11 of this Access Arrangement.

**[Section 4 – clauses 4.3(c) and 4.3(h)]**

- (c) in the case of the Reference Tariff, the Reference Tariff Variation Mechanism in [clause 11 of](#) this Access Arrangement.
- ...
- (h) in the case of the Reference Tariff, the Reference Tariff Variation Mechanism in [clause 11 of](#) this Access Arrangement,

**[Section 11 – clause 11.1]**

- 11.1 [In this clause 11 and Annexure A of the Access Arrangement, Reference Tariff means the Capacity Reservation Tariff and Commodity Tariff components of the Reference Tariff, the sum of which make the T1 Tariff, P1 Tariff or B1 Tariff, as the case requires.](#) The Reference Tariff will be updated on an annual basis through the Reference Tariff Variation Mechanism. The Reference Tariff Variation Mechanism for the Current Access Arrangement provides for the variation of the Reference Tariff by the Operator by way of:
- (a) Annual Scheduled Variation of Reference Tariffs;
  - (b) Tax Changes Variation; and
  - (c) New Costs Pass Through Variation.

*Definition for net overrun revenue*

97. DBP suggested changes to the ERA's proposed new term "net overrun revenue" to qualify that the reference to revenue is "revenue generated from [DBP's] receipt of the Overrun Gas Charges from shippers under the terms and conditions of any Reference Service (being T1 Service, P1 Service or B1 Service) granted to them under any Access Arrangement, net of ..." [emphasis added].<sup>78</sup> DBP further suggested the following new definition for "overrun gas charges":

**Overrun Gas Charges** means the Overrun Charge and Unavailable Overrun Charge as those terms are defined in the Access Contract Terms and Conditions.

98. If accepted, DBP's suggestion to qualify the revenue as set out above, would mean that only overrun gas taken by shippers on reference services (and the reference service terms and conditions) would be accounted for. Information from DBP confirms that users of overrun gas include shippers who are on negotiated and standard shipper contracts. DBP's suggested definition would therefore exclude the overrun gas charges

<sup>78</sup> DBP, *Supplementary submission in response to ERA further consultation*, 20 November 2025, p. 2.

paid by these shippers. For this reason, the ERA rejects DBP's suggested qualifying changes – overrun gas charges paid by all shippers need to be accounted for. Furthermore, all demand for T1, P1 and B1 Services are assumed to be reference services for the purpose of determining tariff revenue. The ERA has not made an allocation to negotiated haulage services in determining the total revenue to be recovered from reference tariffs; it has just made an allocation for non-reference services. However, having considered DBP's other changes, the ERA's final decision is to amend the definitions for Overrun Tariff and Net Overrun Revenue (as set out below), and to use DBP's suggested new definition for Overrun Gas Charges.

**[Definitions, highlight added to identify the further amendments made to the ERA's initial proposal set out in its further consultation notice]**

**Overrun Tariff** means **Overrun Gas Charges**, ~~which include:~~

~~(a) the Overrun Charge, as specified in clause 20.4(a)(iii) of the terms and conditions for the Reference Service; and~~

~~(b) the Unavailable Overrun Charge, as specified in clause 20.4(a)(iv) of the terms and conditions for the Reference Service.~~

...

**Net Overrun Revenue** means the revenue generated from **Operator's receipt of Overrun Gas Charges from shippers under the terms and conditions of any gas haulage service (being T1 Service, P1 Service or B1 Service), net of the System Use Gas costs incurred by Operator in connection with those shippers Receiving the Overrun Gas that is the subject of those Overrun Gas Charges.**

99. DBP also suggested that changes were needed to the reference service terms and conditions so that the tariff applicable to determine the overrun gas charges (in clause 11.1(b)(i) and Schedule 2 of the terms and conditions) is qualified as the tariff “determined under the access arrangement disregarding any reduction via the new net overrun adjustment mechanism”. DBP stated that “the behavioural charges should not themselves be reduced by virtue of shippers incurring behavioural charges, as that further reduced any disincentive to take overrun gas”.<sup>79</sup> DBP considers that if the behavioural charges themselves were to continually reduce, there may be financial consequences in that DBP may “be out of pocket”.
100. As previously discussed (at paragraph 78), the ERA does not consider that its proposed treatment of overrun gas is relevant to disincentives or incentives. The overrun charge is still a set percentage (115 per cent) of the relevant haulage tariff payable, so all shippers still pay a minimum 15 per cent premium on top of their T1/P1/B1 Tariff for overrun gas. Given the reference service terms and conditions, the overrun gas charges (along with other charges) should be genuine pre-estimates of the unavoidable additional costs, losses and damages that DBP will incur as a result of the conduct entitling such charges to be levied.<sup>80</sup> Hence, the ERA considers that if there were a circumstance where DBP was “out of pocket” (that is, the additional costs incurred from overrun gas were greater than the overrun gas charges received), then the overrun gas charges would not be “genuine pre-estimates of the unavoidable additional costs” incurred and a thorough review of the charges would need to be undertaken as part of the next access arrangement review.

<sup>79</sup> DBP, *Supplementary submission in response to ERA further consultation*, 20 November 2025, p. 2.

<sup>80</sup> See T1/P1/B1 reference service terms and conditions, clause 20.4(b).

*Changes to reference tariff variation mechanism*

101. DBP suggested changes to the ERA's proposed new provision in clause 11.3(b), which detailed the information required to substantiate and show the effect of the adjustments made for net overrun revenue. DBP's suggested changes are consistent with its proposed qualifying changes to the definition of "net overrun revenue" (refer paragraph 97 above). Based on the considerations of that suggested change, the ERA's final decision is to amend clause 11.3(b) as set out as follows:

**[Clause 11.3(b), highlight added to identify the further amendments made to the ERA's initial proposal set out in its further consultation notice]**

- (b) As a minimum, the Scheduled Reference Tariff Variation Notice must contain the following information:
- ...
- (iii) calculations showing the derivation of the varied Reference Tariff and Reference Tariff Components using the methods in Annexure A to the Access Arrangement, including:
- ...
- [x] [Relevant financial and usage data for Overrun Gas Received by shippers under the terms and conditions of any gas haulage service \(being T1 Service, P1 Service or B1 Service\) to substantiate and show the effect of the adjustments made for Net Overrun Revenue in accordance with Part A7 of Annexure A.](#)

*Changes to Annexure A*

102. DBP suggested numerous changes to the ERA's proposed new clauses in Annexure A, including changes to the calculation of net overrun revenue by amending the meaning of "OREv" and "OExp" in the calculation so that:

- OREv* is the amount received by [DBP] in year (t) via Overrun Gas Charges paid by shippers under terms and conditions of any Reference Service (being T1 Service, P1 Service or B1 Service) granted to them under any Access Arrangement.
- OExp* is the actual additional System Use Gas operating expenditure incurred by [DBP] in connection with the Delivery of the Overrun Gas the subject of the Overrun Gas Charges comprising *OREv* for year (t).<sup>81</sup>

103. DBP's suggested changes to *OREv* are consistent with its proposed qualifying changes to the definition of "net overrun revenue" (refer paragraph 97 above). Based on the considerations of that suggested change, the ERA's final decision is to amend *OREv* in the calculation to mean the following and accept DBP's amended meaning for *OExp*.

The Net Overrun Revenue is calculated as:

$$\text{Net Overrun Revenue}_{(t)} = \text{OREv}_{(t)} - \text{OExp}_{(t)}$$

where:

<sup>81</sup> DBP, *Supplementary submission in response to ERA further consultation*, 20 November 2025, pp. 5-6.

*ORev* is the amount received by Operator in year (t) via the Overrun Gas Charges paid by shippers under terms and conditions of any gas haulage service (being T1 Service, P1 Service or B1 Service);

*OExp* [as set out above in paragraph 102].

104. As set out above (paragraphs 86 and 87), the ERA has accepted DBP's suggested calculation to work out net overrun revenue for the reasons cited by DBP. Given the change to the calculation for net overrun revenue (that is, using actual daily SUG values to derive *OExp*), the ERA considers that adjustments to the T1/P1/B1 Tariff for net overrun revenue can be made on the same time periods as the adjustments that are made for rebateable services revenue. Hence, the ERA's final decision is to amend the time periods to read as follows:

The Net Overrun Revenue generated in each of the periods specified in Column A below will be applied to adjust the Reference Tariff for the adjacent period in Column B.

Period	Column A	Column B
AA6, 1	1 January 2026 until 30 September 2026	1 January 2027 until 31 December 2027
AA6, 2	1 October 2026 until 30 September 2027	1 January 2028 until 31 December 2028
AA6, 3	1 October 2027 until 30 September 2028	1 January 2029 until 31 December 2029
AA6, 4	1 October 2028 until 30 September 2029	1 January 2030 until 31 December 2030
AA6, 5	1 October 2029 until 30 September 2030	1 January 2031 until 31 December 2031
AA6, 6	1 October 2030 until 31 December 2030	1 January 2032 until 31 December 2032

105. DBP also suggested changes to several of the ERA's proposed amendments to replace the word 'reduce' with 'adjust' to account for the possibility that net overrun revenue calculation could return a negative number, and result in an increase to the tariff. Consistent with this reasoning, DBP suggested changes to qualify that net overrun revenue will be used to "reduce (if positive) or increase (if negative) the Reference Tariff".<sup>82</sup>
106. While the ERA has accepted DBP's proposed changes to account for positive and negative net overrun revenue amounts, it considers that a negative net overrun revenue amount would imply that the overrun gas charges are not genuine pre-estimates of the unavoidable additional costs that DBP will incur from shippers taking overrun gas. In this instance, the ERA considers that the overrun gas charges would need to be reviewed as part of the review process for the next access arrangement period.

<sup>82</sup> DBP, *Supplementary submission in response to ERA further consultation*, 20 November 2025, p. 6.

*ERA final decision*

107. Based on the above considerations, the ERA's final decision is to introduce a new "Annexure A7 (Adjustments for Net Overrun Revenue)" into the access arrangement for AA6. The wording for this new annexure, along with related consequential amendments, is set out in Appendix 2 of this document.
108. In summary, the new overrun mechanism will work in conjunction with the existing tariff variation mechanism annual schedule variation that adjusts the T1/P1/B1 Tariff for inflation, the cost of debt and rebateable services revenue. That is, for AA6 a further scheduled variation to the T1/P1/B1 Tariff will be made for net overrun revenue, which is the revenue DBP has derived from overrun gas charges minus the costs incurred by DBP to deliver the overrun gas that was taken by shippers. The general steps involved to apply the tariff adjustment are set out as follows:
- Determine the net overrun revenue amount for the period 1 January to 30 September for the year, by subtracting overrun expenses from overrun revenue, where:
    - The revenue DBP has derived from overrun gas are the payments DBP received from shippers paying overrun charges that were invoiced to them.
    - The expenses (costs) incurred by DBP are limited to system use gas (SUG) operating expenditure; determined using the method proposed by DBP, which uses actual daily SUG quantities, the fuel curve and SUG costs.
  - Adjust the net overrun revenue amount for inflation and interest earned on the revenue; and divide this amount by the number of days and forecast haulage demand in the tariff variation year and apply this to amend the T1/P1/B1 Tariff.
109. The ERA considers that the method used to adjust the T1/P1/B1 Tariff for net overrun revenue (that is, the method set out in new Annexure A7) should be a fixed principle. The ERA has set out its considerations and the required wording for a new fixed principle in Final Decision Attachment 8.<sup>83</sup> In summary, the ERA has incorporated DBP's suggested changes for the fixed principle as set out in its supplementary submission in response to the ERA's further consultation on overrun.<sup>84</sup>

**Required amendment 3.6**

Annexure A of the access arrangement must be amended to include new part "A7 Adjustments for Net Overrun Revenue". The required wording for Annexure A7 is set out in Appendix 2 of Final Decision Attachment 3.

***Rebate mechanism***

110. The rebate mechanism for rebateable services is set out in Annexure A5 of the access arrangement (clauses 18.19 and 18.20). While DBP did not propose any changes to the rebate mechanism in its initial proposal, submissions to the ERA suggested that the rebateable portion (of 70 per cent) needed to be reviewed. After considering the comments made in these submissions and undertaking analysis of additional

<sup>83</sup> The required wording for the fixed principle is also set out in Appendix 2 of this document.

<sup>84</sup> DBP, *Supplementary submission in response to ERA further consultation*, 20 November 2025, pp. 3-4.

information requested from DBP, the ERA's draft decision determined that the rebateable portion should be increased from 70 to 90 per cent (that is, DBP should only keep 10 per cent of rebateable services revenue (instead of 30 per cent) and rebate the other 90 per cent of revenue to reference service users).

111. Further to changing the rebateable portion, the ERA also required the table in Annexure A5 (clause 18.20), detailing how the rebateable amount is applied to reduce the reference tariff, to be amended to be consistent with the ERA's required amendments for fixed principles.<sup>85</sup> The amendments to the fixed principle for the rebate mechanism were needed to better clarify the distinction between AA5 and AA6 and how the fixed principle works across access arrangement periods.
112. DBP's revised proposal accepted the ERA's required fixed principle amendments (and related amendments to clause 18.20) to better manage the transition from one access arrangement period to the next but did not accept the change the rebateable portion from 70 to 90 per cent.<sup>86</sup> DBP submitted:

[DBP rejects] the requirement to change the rebate proportion for 90/10. This proportion is inappropriate as it does not enable us to recover our costs for the provision of these services and frequently provides no incentive for us to provide these services. If it is based on cost, as the ERA contends, then the appropriate allocation should be 80/20 and not 90/10, as the ERA has missed out some key costs. However, we contend that the ERA is incorrect in its assertion that we require limited incentive to offer additional services due to large amounts of spare capacity and consider that the best proportion to use is 75/25.

[DBP has] amended clauses 18.19 and 18.20 of the proposed access arrangement to reflect this 75/25 split.

### Change to rebateable portion

113. DBP provided information to support its rejection of the 90 per cent rebateable portion in Attachment 7.2 of its Revised Final Plan, with some of the information identified as confidential.<sup>87</sup> The information identified three matters, which DBP considered were the main issues associated with the ERA's draft decision position and its required change to the rebateable portion. The ERA has considered each of these issues in turn below.

#### *Available spare capacity*

114. DBP submits that pipeline capacity "needs to be created" and that there are risks involved, which were not included in the ERA's pricing mechanism. That is, "the free flow capacity of the [DBNGP] is roughly 250 TJ/day and capacity beyond this point needs to be created by running compressors".<sup>88</sup> DBP further submits that it must "create capacity ahead of revealed demand, as not all demand is tied up in take-or-pay contracts" and this gives rise to risks that must be accounted for. Otherwise, DBP claims that its rational response would be to limit its exposure to these risks by planning its daily operations to only consider fully contracted (reference or non-reference service) demand, and ignore other factors, such as, for example, weather conditions which might affect shippers' operations and their associated gas requirements; with such an

<sup>85</sup> Fixed principles were/are considered in Draft/Final Decision Attachment 8.

<sup>86</sup> DBP, *Revised Final Plan 2026-2030, Attachment 7.2: Response on Pipeline Services*, August 2025, p. 3.

<sup>87</sup> DBP, *Revised Final Plan 2026-2030, Attachment 7.2: Response on Pipeline Services*, August 2025, section 1.4.1, pp. 4-14.

<sup>88</sup> DBP states that the name plate capacity for the DBNGP is 845 TJ/day.

DBP, *Revised Final Plan 2026-2030, Attachment 7.2: Response on Pipeline Services*, August 2025, pp. 4-5.

approach reducing flexibility for shippers. As such, available spare capacity depends on the contracts DBP has for capacity and the incentives DBP has to plan for additional demand on a given day.

115. The ERA acknowledges that there are costs involved for DBP to provide pipeline capacity. Specifically, there are variable costs associated with the provision of rebateable non-reference services, and hence the ERA sought to make an allowance for these costs in the draft decision when it determined the portion of rebateable services revenue to be retained by DBP (i.e. the non-rebateable portion).

*Variable costs of providing non-reference services*

116. DBP submitted in its revised proposal that the ERA's 90:10 rebateable split does not cover all the variable costs associated with the provision of non-reference services. Noting the ERA's draft decision considerations on the capacity to commodity ratio, where turbine and GEA overhaul operating expenditure were considered variable costs, DBP considers that the ERA has made an error in its rebateable portion calculation by omitting these variable costs:

In Attachment 3 [paragraph 50] of the Draft Decision, the ERA, noting agreement with WesCEF and NewGen, states that turbine and GEA overhaul are also variable costs, which causes the ERA to shift our proposed capacity/commodity split (which included only SUG costs in the commodity charge) from 95/5 to 94/6. It is unclear why the ERA would consider turbine and GEA overhaul to be variable costs for all services except rebateable non-reference services, and we rather suspect that this is an unintended omission, meaning that the rebate mechanism in the Draft Decision should be 89/11, not 90/10.<sup>89</sup>

117. In determining the rebateable portion, the ERA's draft decision stated:

- [65] DBP has confirmed that the material cost for the provision of rebateable services is SUG. The SUG included in the cost of service (as an operating cost) is only for reference services. DBP must be able to recover its SUG costs from the non-rebateable portion of rebateable services revenue (the portion of rebateable services revenue that DBP can keep and not returned (rebate) to reference service users).
- [66] SUG costs are directly related to gas throughput (that is, as gas throughput increases, SUG costs increase). Given this, the ERA considers that users of rebateable services that have gas throughput, should cover their SUG costs and make a reasonable contribution to cover the shared costs that are incurred to provide rebateable services. The rebateable portion for rebateable services should compensate reference service users for the shared costs of the pipeline by lowering the reference service tariff.
- [67] The ERA considers that a reasonable estimate of SUG costs associated with the provision of rebateable services is, on average, 10 per cent of the rebateable services revenue. The ERA notes that SUG costs for reference services represent around five per cent of the allocated reference service revenue forecast for AA6, but that SUG costs would be more with additional throughput as more fuel for compressor use would be required. Given this, the ERA considers that DBP should keep 10 per cent of rebateable services revenue (which would compensate DBP for rebateable services SUG costs) and rebate back the other 90 per cent of revenue to reference service users for the shared costs of the pipeline. Consistent with this position, the ERA requires DBP to change the rebateable portion for rebateable services revenue from 70 per cent to 90 per cent in clause 18.20 of the proposed

<sup>89</sup> DBP, *Revised Final Plan 2026-2030, Attachment 7.2: Response on Pipeline Services*, August 2025, p. 5.

access arrangement.<sup>90</sup>

118. While the draft decision did acknowledge SUG costs being variable in nature (that is, SUG costs increase as gas throughput increases), the ERA's considerations were intended to focus on the incremental costs for the provision of rebateable services that are not included in the total revenue calculation and hence are not recovered through the reference tariff. The ERA notes that turbine and GEA overhaul costs are included in the operating expenditure building block calculation for total revenue along with SUG costs, but the SUG costs included are only for the provision of reference services (SUG costs for the provision of non-reference services are not included). The ERA further notes that in information provided by DBP to substantiate its position for an 80 per cent rebateable portion that is based on costs alone, there is no inclusion of turbine and GEA overhaul costs (that is, DBP's calculations only cover SUG costs). DBP has not provided any evidence that more turbine and GEA overhauls would be required. As noted above, the ERA considers these costs are already included in the total revenue calculation for this final decision.
119. DBP's revised proposal stated that "a cost-based rebate of 80:20 would appear to reasonably reflect the current incremental costs of providing rebateable non-reference services in aggregate".<sup>91</sup> In stating this position, DBP submitted:
- Estimates of some of the incremental costs are only a very rough approximation of the costs [DBP] would incur ... for example, SUG costs are based on fuel curves. These are not deterministic but based on data. This means that, for higher levels of demand for the pipeline as a whole where [DBP has] less data historically, the SUG estimates are less accurate.
  - Accurately estimating the incremental costs of any business with very high fixed costs is an imprecise science ...
  - [If actual costs differ from those that DBP has considered, DBP's] incentives to offer a service at a point in time will be impacted. This is an inevitable consequence of focusing solely on costs; which requires having perfect information to operate as intended.<sup>92</sup>
120. The submissions from NewGen and WesCEF included comments related to rebateable service costs:
- NewGen considered that DBP's proposed rebateable portion of 80 per cent (and retained portion of 20 per cent) was appropriate, given that the non-reference services offered by DBP are established services. Hence, DBP should have a good understanding of the cost relationships underpinning the provision of these services, which should in turn underpin the prices paid.<sup>93</sup>
  - WesCEF noted that DBP did not include any information on the potential benefits of the Ullage Service. That is, whether provision of the Ullage Service, which will

<sup>90</sup> ERA, *Draft decision on revisions to the access arrangement for the Dampier to Bunbury Natural Gas Pipeline (2026 to 2030) - Attachment 3: Revenue and tariffs*, 7 July 2025, pp. 23-24.

<sup>91</sup> DBP, *Revised Final Plan 2026-2030, Attachment 7.2: Response on Pipeline Services*, August 2025, p. 11.

<sup>92</sup> DBP, *Revised Final Plan 2026-2030, Attachment 7.2: Response on Pipeline Services*, August 2025, p. 11.

<sup>93</sup> NewGen Power, *Submission in response to ERA draft decision and/or DBP revised proposal*, 22 September 2025, p. 4.

make up a large part of non-reference service revenue, reduces the need for SUG and hence reduces SUG costs.<sup>94</sup>

121. The ERA sought additional information from DBP to further explain its calculation of the incremental costs to provide rebateable services.<sup>95</sup> DBP calculated that its incremental costs as a share of spot capacity revenue was around 20 per cent. While not agreeing with the methodology used by DBP to calculate incremental costs, the ERA considers that a 20 per cent share of rebateable services revenue to cover the incremental costs of providing rebateable services is reasonable in the circumstances.
122. The ERA conducted analysis to estimate the changes in SUG for additional units of throughput to approximate the marginal cost of SUG. This was then modelled with the forecast average SUG costs to estimate what retention ratio would be required to cover SUG expenses. Under most scenarios, a 20 per cent retention ratio was sufficient to cover SUG costs (up to the 80<sup>th</sup> percentile of historic SUG usage). Hence, using DBP's approach of comparing incremental costs to spot capacity revenue to determine the share it must retain to recover costs for providing rebateable services, a 20 per cent share is reasonable. With a 20 per cent share, DBP should, on average, recover its incremental costs of providing rebateable services and have incentives to continue to provide these services.<sup>96</sup>

### Incentives

123. DBP submits that incentives must be taken into consideration when setting the rebateable portion. Specifically, incentives need to be considered in the context of incentivising DBP to provide customer flexibility and to create innovative services.<sup>97</sup> DBP submitted:

- On incentives and customer flexibility:
  - There is continuous interaction with shippers at an operational level, meaning that DBP does not “manage exactly to contract”, but rather operates flexibly with all shippers to meet their operational needs on any given day. This approach creates goodwill with shippers.<sup>98</sup>
  - If DBP were only rewarded the actual costs in delivering a service, there would be no buffer to act with flexibility and no incentive to do so. The provision of rebateable services provides DBP with a “small buffer” through the provision of funds to invest in goodwill, which is created when DBP acts flexibly to meet shippers' needs.
- On incentives and new services:
  - The ERA's approach to the rebate mechanism provides DBP with very little incentive to develop new non-reference services.

<sup>94</sup> Wesfarmers Chemicals, Energy & Fertilisers, *Submission in response to ERA draft decision and/or DBP revised proposal*, 18 September 2025.

<sup>95</sup> DBP response to information request ERA16.

<sup>96</sup> The ERA considers that the Ullage Service should have a lower net incremental cost than the Spot Capacity Service given the benefits it would provide by supplying gas closer to major Perth demand centres instead of sourcing this gas from the North West region of Western Australia.

<sup>97</sup> DBP, *Revised Final Plan 2026-2030, Attachment 7.2: Response on Pipeline Services*, August 2025, pp. 11-14.

<sup>98</sup> DBP provided three (confidential) case studies to illustrate its flexible operating arrangements with shippers.

- Based on the ERA's draft decision position, DBP has no incentive to develop any new service that has incremental costs greater than 10 per cent of revenues.
124. NewGen's submission in response to the draft decision and DBP's revised proposal, agrees that there needs to be an incentive for DBP to offer rebateable services. It considers that if the highest incremental cost of the four rebateable services on offer is used to set the rebateable portion, then DBP would be incentivised to offer the other services (as these other services would all have lower incremental costs).<sup>99</sup>
125. The ERA considers that there are sufficient incentives for DBP to provide non-reference services. As a prudent service provider, DBP should be incentivised to offer non-reference services where there is demand for such services and to price these services correctly to cover incremental costs and any reasonable profit margin.<sup>100</sup> It is only non-reference services that are deemed *rebateable* where DBP must rebate a portion of the revenue earned. As a rebateable service, the regulatory framework requires DBP to rebate a portion of the revenue earned to reference service users (via a reduction to the reference tariff) to compensate these users for covering DBP's costs to provide the rebateable service. That is, the regulatory framework allows the costs to provide rebateable services to be allocated to reference services and to be recovered through reference tariffs.<sup>101</sup> The ERA considers that the portion of rebateable services revenue that DBP retains (the non-rebated portion) should, on average, cover the efficient incremental costs of service delivery. The ERA has determined this non-rebated portion to be 20 per cent (refer paragraph 122 above).
126. Non-monetary incentives, such as flexibility in service delivery, are also important. As indicated by DBP, some flexibility is needed to maximise operational efficiency. The ERA considers that operational flexibility benefits both DBP and its customers; and that where customers require and value operational flexibility it is reasonable to expect customers to pay for this flexibility. In this regard, it would be reasonable for DBP and its customers to negotiate flexible terms to reach mutually beneficial outcomes, and/or for DBP to price in flexibility when determining its non-reference service tariffs.

### ERA final decision

127. Based on the above considerations concerning the rebateable portion (paragraphs 113 to 126), the ERA's final decision is to set a rebateable portion of 80 per cent. That is, for AA6, DBP will return 80 per cent of the revenue generated from the sale of rebateable services to reference service users via a reduction to the reference tariff. DBP will keep the remaining 20 per cent of revenue generated.

### *Additional changes to Annexure A5*

128. In considering the rebateable portion and the required amendment to Annexure A5 to reflect the rebateable portion determined by this final decision, the ERA considers that further amendments are needed to the rebate mechanism provisions to better clarify the rebateable portion that applies across access arrangement periods. The ERA

<sup>99</sup> NewGen Power, *Submission in response to ERA draft decision and/or DBP revised proposal*, 22 September 2025, p. 4.

<sup>100</sup> Non-reference service tariffs are set by DBP (i.e. non-reference services do not have a tariff approved by the ERA).

<sup>101</sup> NGR, rules 93(3) and 93(4).

requires clause 18.20 of Annexure A5 to be amended to include new subclause 18.20(d) as follows:

#### **A5 Adjustments for Rebateable Non-Reference Services**

...

18.20 The ~~XX~~80% of the revenue generated from the sale of the rebateable services specified in clause 18.19 ("**Rebateable Amount**") will be applied to reduce the Reference Tariff as follows.

...

(d) For the avoidance of doubt, the percentage of revenue generated from the sale of rebateable services in periods AA5, 5 and 6 that is to be applied to reduce the Reference Tariff is 70%, as approved in the Prior Access Arrangement. The rebateable services to which this percentage applies are the rebateable services as approved in the Prior Access Arrangement.

129. The table in clause 18.20 must also be amended to correct the end date in Column A for the Period "AA6, 6" from 31 December 2031 to 31 December 2030 to reflect the end date of the access arrangement period.<sup>102</sup>

### **Required amendment 3.7**

Annexure A5 of the access arrangement must be amended to:

- Reference "80%" as the rebateable portion in clauses 18.19 and 18.20.
- Insert a new clause 18.20(d) to clarify the rebateable portion that applies in the previous access arrangement period and the services to which this rebateable portion applies. The wording for new clause 18.20(d) is set out in paragraph 128 of Final Decision Attachment 3.
- Correct an error in clause 18.20(a); the table in this clause must be amended to correct the end date in Column A for the Period "AA6, 6" from 31 December 2031 to 31 December 2030 to reflect the end date of the access arrangement period.

### **Safeguard Mechanism**

130. For AA6, DBP proposed an amendment to the tariff variation formula to incorporate costs for complying with the Federal Government's Safeguard Mechanism; the proposed amendment created new provisions in Annexure A of the access arrangement (new Annexure A6, clauses 18.21 to 18.24). After considering DBP's reasons for the new provisions and submissions from interested parties on them, the ERA's draft decision did not approve new Annexure A6 because DBP needed to:

- Make it explicit in the provisions that only incremental incurred (actual) costs directly attributed to DBP's compliance with the Safeguard Mechanism are recoverable.

<sup>102</sup> This amendment corrects the error made by the ERA in paragraph 68 of Draft Decision Attachment 3 and is consistent with the draft decision reasoning set out in the paragraph 69 of Draft Decision Attachment 3.

- Clarify that the allocation ratio of shared costs would apply to the costs incurred from complying with the Safeguard Mechanism.
  - Make the adjustment mechanism symmetrical in its operation so that it recovered costs from users and returned revenue to users.
  - Ensure that there was no duplication of the recovery of costs under the existing carbon cost pass through event provisions and the proposed Safeguard Mechanism tariff variation provisions.
131. DBP’s revised proposal accepted the ERA’s required amendments to accommodate the Safeguard Mechanism. DBP has amended Annexure A6 of the access arrangement to address the required amendments set out by the ERA and has included additional minor amendments to the overall drafting of the provisions. DBP considers the additional wording amendments do not change the substantive nature of the ERA’s required changes.<sup>103</sup>
132. The ERA is satisfied that DBP’s proposed revised wording for Annexure A6 (clauses 18.21 to 18.24) addresses the required amendments set out in Draft Decision Required Amendment 3.6.<sup>104</sup> The ERA’s final decision is to approve the inclusion of new Annexure A6 (Adjustments for Safeguard Mechanism) into the access arrangement for AA6.
133. In reviewing the revised access arrangement provisions related to the Safeguard Mechanism, the ERA has identified some further amendments that are required to better incorporate new Annexure A6. These amendments, to introduce new clauses 11.3(b)(iii)B. and 18.5, are set out as follows:

*[Note: Clause 11.3 of the access arrangement; also showing the final decision required amendment to incorporate a new tariff variation mechanism for overrun (new clause 11.3(b)(iii)C).]*

#### **Annual Scheduled Variation of Reference Tariffs**

...

- 11.3 The process for the Annual Scheduled Variation of Reference Tariffs is as follows:
- (a) Before the Reference Tariff is varied in accordance with clause 11.2, the Operator must ...
  - (b) As a minimum, the Scheduled Reference Tariff Variation Notice must contain the following information:
    - (i) the proposed varied Reference Tariff and varied Reference Tariff Components;
    - (ii) the date on which the varied Reference Tariff is to come into effect; and

<sup>103</sup> DBP, *Revised Final Plan 2026-2030, Attachment 14.2: Response on Revenue and Prices (including Safeguard Mechanism)*, August 2025, pp. 3-4.

DBP, *Revised Final Plan 2026-2030, Attachment 15.5A: Response on Access Arrangement*, August 2025, section 6.

<sup>104</sup> The ERA notes that proposed revised clause 18.23(b) contains a drafting note “[ratio to be inserted from ERA Final Decision]”. Consistent with the ERA’s final decision on the allocation ratio (refer paragraph 52 of this document), the ERA’s final decision will amend clause 18.23(b) to read: “the allocation ratio applicable to shared costs between reference and non-reference services (98:2) shall be applied ...”.

- (iii) calculations showing the derivation of the varied Reference Tariff and Reference Tariff Components using the methods in Annexure A to the Access Arrangement, including:
- A. Revenue data for Rebateable Non-Reference Services to substantiate and show the effect of the adjustments made for Rebateable Non-Reference Services in accordance with Part A5 of Annexure A.
  - B. Evidence of any Safeguard Mechanism costs imposed and/or any benefits paid by the Federal Government to substantiate and show the effect of any adjustments made in accordance with Part A6 of Annexure A.
  - C. Relevant financial and usage data for Overrun Gas Received by shippers under the terms and conditions of any gas haulage service (being T1 Service, P1 Service or B1 Service) to substantiate and show the effect of the adjustments made for Net Overrun Revenue in accordance with Part A7 of Annexure A.

*[Note: Annexure A (clause 18) of the access arrangement; also showing the final decision required amendments to make administrative changes to Annexure A (existing clauses 18.3 and 18.4) and to incorporate a new tariff variation mechanism for overrun (new clause 18.6).]*

#### **A1 Annual Scheduled Variation of Reference Tariffs**

...

- 18.3 The Service Provider has also adopted a ‘trailing average’ approach to estimate the Debt Risk Premium (DRP) used to determine the Reference Tariff. The trailing average approach is a method of the type referred to in the ERA’s *2022 Gas Rate of Return Instrument*.<sup>105</sup> The change in Total Revenue which results from use of that method must be ~~effected~~applied through the automatic application of a formula. That method and formulas, which were specified in the ~~ERA’s Final Decision for~~ this Current Access Arrangement ~~for this Access Arrangement Period~~, are set out below in the “Trailing average cost of debt variation” ~~of the Access Arrangement (Annexure A3)~~ and “Automatic formulas for updating the Debt Risk Premium” (Annexure A4).
- ~~18.4~~ The formula effects a change in Total Revenue in each year of the Current Access Arrangement Period. The change in Total Revenue requires an annual adjustment to the Reference Tariff. The Reference Tariff calculated by the Service Provider must be less than or equal to the Reference Tariff calculated by the Tariff Model, ~~developed~~approved by the ERA, after applying the “Trailing average cost of debt variation” ~~of the Access Arrangement (Annexure A3).~~
- 18.~~5~~4 The Service Provider has also specified Rebateable Non-Reference Services in clause 3.1, the revenue from which in any given year is to be used to alter the Reference Tariff in the following year following the approach outlined in “Adjustments for Rebateable Non-Reference Services” (**Annexure A5**).
- 18.5 The Reference Tariff will be increased or decreased to take into account Safeguard Mechanism Costs or Safeguard Mechanism Profits, respectively.

<sup>105</sup> ERA, ‘Gas rate of return instrument’ (online) (accessed December 2025).

[in accordance with the approach outlined in “Adjustments for Safeguard Mechanism” \(Annexure A6\).](#)

[18.6 The Net Overrun Revenue in any given year will be used to alter the Reference Tariff in accordance with the approach outlined in “Adjustments for Net Overrun Revenue” \(Annexure A7\).](#)

[18.67](#) Any annually varied Reference Tariff Component will be effective 1 January of each regulatory Year.

134. The ERA considers the above amendments, to introduce new clauses 11.3(b)(iii)B. and 18.5, to be administrative in nature as they do not change the intent of the approved provisions set out in Annexure A6. The amendments are needed to clarify that adjustments to the reference tariff arising from the Safeguard Mechanism forms part of the annual scheduled variation of reference tariffs, and that when adjustments need to be made certain information must be provided by DBP.
135. In reviewing Annexure A1, the ERA identified some amendments to clauses 18.3 and 18.4 to clarify that Annexure A3 and A4 are both relevant to the trailing average approach used to estimate the debt risk premium used to determine the reference tariff. The ERA considers these amendments (as set out in paragraph 133) are also administrative in nature.

### Required amendment 3.8

Clause 11.3 and Annexure A1 of the access arrangement must be amended to refer to the provisions in Annexure A6 (Adjustments for Safeguard Mechanism) of the access arrangement. The required amended wording is set out in paragraph 133 of Final Decision Attachment 3 and includes some further administrative amendments to clarify that existing Annexures A3 and A4 are both relevant to the trailing average approach used to estimate the debt risk premium used to determine the reference tariff.

### *Mechanism for demand uncertainty*

136. In the draft decision, the ERA considered and decided against a mechanism for demand uncertainty as proposed by WesCEF. The ERA’s draft decision position was that the focus should remain on assessing DBP’s forecasting and estimating methods to ensure the methods produce demand forecasts that are arrived at on a reasonable basis and represent the best forecast possible, as required under the regulatory framework.<sup>106</sup>
137. DBP’s revised proposal did not address the ERA’s draft decision considerations on this matter, nor did WesCEF’s submission in response to the ERA’s draft decision and DBP’s revised proposal.<sup>107</sup> However, NewGen’s submission in response to the draft decision did make several comments related to demand uncertainty. NewGen submitted:

[NewGen] considers that there needs to be some form of revenue true-up mechanism applying in relation to material divergences in actual and forecast demand given the highly uncertain future demand environment. It is clear from the Revised Final Plan that

<sup>106</sup> NGR, rule 74.

<sup>107</sup> It was WesCEF’s submission in response to DBP’s initial proposal and the ERA’s issues paper that originally raise the matter of a mechanism for demand uncertainty.

DBP is not willing to bear this risk, which is understandable but nor should it be solely borne by gas users.

[NewGen] considers that a trigger event mechanism applying at the end of Year 4 of the access arrangement would provide for a revenue true-up to be made at the commencement of the AA7 regulatory period to reflect the net effect of actual demand diverging from forecast full haul equivalent demand by 10% or more. This approach would remove the need for the AA6 determination to be re-opened but would enable a revenue adjustment to be made in Year 1 of the AA7 period.<sup>108</sup>

138. The ERA has considered NewGen's submission for a mechanism to address demand uncertainty in Final Decision Attachment 8.
139. In summary, the ERA reconsidered the need for a mechanism to address demand forecasting uncertainty in response to NewGen's submission on the draft decision and has decided to introduce such a mechanism. While the ERA is satisfied that its final decision demand forecast for AA6 has been arrived at on a reasonable basis and represents the best possible forecast in the circumstances, there is still a higher than normal element of forecasting risk given the uncertainty associated with the energy transition away from coal. The ERA considers that potential future demand for gas-powered generation poses significant forecasting risks. For this reason, the ERA has introduced a fixed principle and a new provision in the tariff variation mechanism to adjust demand when there is a variance, that is greater than +/- 5 per cent, between actual and forecast demand, and for this adjustment to flow through to reference tariffs.

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<sup>108</sup> NewGen Power, Submission in response to ERA draft decision and/or DBP revised proposal, 22 September 2025, p.8.

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## Appendix 2 Amendments to incorporate overrun charges

This appendix sets out the required amendments to the access arrangement to incorporate a new overrun tariff component within the reference tariff, and an associated tariff variation mechanism consistent with the ERA's final decision considerations set out in this final decision attachment.

In preparing these required amendments, the ERA has considered the submissions received in response to the ERA's further consultation on the treatment of overrun revenue, including the supplementary submission from DBP responding to the ERA's proposed amendments that were set out in the consultation notice.<sup>109</sup>

*Note: The marked-up amendments below show changes made to the revised proposed access arrangement that was submitted by DBP in response to the ERA's draft decision; and incorporate the suggested changes that DBP set out in its supplementary submission where the ERA has accepted them.*

### Relevant defined terms

Amendments to section 16 (Definitions) of the access arrangement are required to amend the meaning of "reference tariff" and "reference tariff components"; and introduce new terms "overrun gas charges", "overrun tariff" and "net overrun revenue".

**Reference Tariff** means one or ~~both~~ more, as the case requires, of the Reference Tariff Components ~~(and/or, where the case requires, the sum of those Reference Tariff Components)~~ with respect to a particular Reference Service.

...

**Reference Tariff Components** means a Capacity Reservation Tariff, ~~or a~~ Commodity Tariff, or Overrun Tariff (as the case may require).

...

**Overrun Gas Charges** means the Overrun Charge and Unavailable Overrun Charge as those terms are defined in the Access Contract Terms and Conditions.

...

**Overrun Tariff** means Overrun Gas Charges.

...

**Net Overrun Revenue** means the revenue generated from Operator's receipt of Overrun Gas Charges from shippers under the terms and conditions of any gas haulage service (being T1 Service, P1 Service or B1 Service), net of the System Use Gas costs incurred by Operator in connection with those shippers Receiving the Overrun Gas that is the subject of those Overrun Gas Charges.

### Section 3 (Pipeline Services) of access arrangement

Amendments to clause 3.3 (T1 Service) are required to introduce the overrun tariff component within the reference tariff for the T1 Service.

*Note: Amendments are also required to be made to clause 3.4 (P1 Service) and clause 3.5 (B1 Service) consistent with the amendments shown here. The tariff amounts "\$xx" will be amended to reflect the rebated tariffs as determined by this final decision.*

<sup>109</sup> DBP, Supplementary submission in response to ERA further consultation, 20 November 2025.

3.3 T1 Service

...

- (b) The Reference Tariff for T1 Service (~~T1 Tariff~~) is ~~the sum~~comprised of the following components:
- (A) the T1 Capacity Reservation Tariff; and
  - (B) the T1 Commodity Tariff; and
  - (C) the T1 Overrun Tariff.
- (i) The sum of the T1 Capacity Reservation Tariff and T1 Commodity Tariff make the “T1 Tariff”.
  - (ii) The T1 Overrun Tariff is separate to the T1 Tariff and comprises both the Overrun Charge and Unavailable Overrun Charge as set out in the Access Contract Terms and Conditions for the T1 Service (Attachment 2 to the Access Arrangement). The T1 Overrun Tariff may be, from time to time, varied in accordance with clause 4 of this Current Access Arrangement, and shall not be varied under clause 11 of this Access Arrangement.
- (c) As at 1 January 2026:
- (i) the T1 Capacity Reservation Tariff is ~~\$xx[to be inserted from ERA Final Decision]/GJ (\$2026);~~ and
  - (ii) the T1 Commodity Tariff is ~~\$xx[to be inserted from ERA Final Decision]/GJ (\$2026);~~
  - (iii) making a T1 Tariff of ~~\$xx[to be inserted from ERA Final Decision]/GJ (\$2026).~~
- The T1 Tariff, the T1 Capacity Reservation Tariff and the T1 Commodity Tariff will be, from time to time, varied in accordance with clause 11 of this Current Access Arrangement.
- (d) Prospective Shippers ...

**Section 4 (Terms and Conditions) of access arrangement**

Amendments to clauses 4.3(c) and 4.3(h) are required to qualify that the Reference Tariff Variation Mechanism is set out in clause 11 of the access arrangement.

- 4.3 Operator may seek to amend or vary the Access Contract Terms and Conditions in accordance with:

...

- (c) in the case of the Reference Tariff, the Reference Tariff Variation Mechanism in clause 11 of this Access Arrangement.

If the Regulator varies or approved any Access Contract Terms and Conditions (whether during or after the term of this Access Arrangement) in accordance with:

...

- (h) in the case of the Reference Tariff, the Reference Tariff Variation Mechanism in clause 11 of this Access Arrangement,

then the Access Contract Terms and Conditions ...

## Section 11 (Reference Tariff Variation Mechanism) of access arrangement

Amendments to clause 11.1 are required to qualify the meaning of “reference tariffs” in clause 11 and Annexure A of the access arrangement.

Amendments to clause 11.3(b) are required to specify the information that is required to validate the overrun adjustment that forms part of the tariff variation mechanism.

*Note: The amendments set out show an additional required amendment needed to better incorporate the Safeguard Mechanism amendments that were approved in the draft decision (see paragraphs 133 to 135 of this document).*

### 11 Reference Tariff Variation Mechanism

- 11.1 [In this clause 11 and Annexure A of the Access Arrangement, Reference Tariff means the Capacity Reservation Tariff and Commodity Tariff components of the Reference Tariff, the sum of which make the T1 Tariff, P1 Tariff or B1 Tariff, as the case requires.](#) The Reference Tariff will be updated on an annual basis through the Reference Tariff Variation Mechanism. The Reference Tariff Variation Mechanism for the Current Access Arrangement provides for the variation of the Reference Tariff by the Operator by way of:
- (a) Annual Scheduled Variation of Reference Tariffs;
  - (b) Tax Changes Variation; and
  - (c) New Costs Pass Through Variation.

### Annual Scheduled Variation of Reference Tariffs

...

- 11.3 The process for the Annual Scheduled Variation of Reference Tariffs is as follows:
- (a) Before the Reference Tariff is varied in accordance with clause 11.2, the Operator must ...
  - (b) As a minimum, the Scheduled Reference Tariff Variation Notice must contain the following information:
    - (i) the proposed varied Reference Tariff and varied Reference Tariff Components;
    - (ii) the date on which the varied Reference Tariff is to come into effect; and
    - (iii) calculations showing the derivation of the varied Reference Tariff and Reference Tariff Components using the methods in Annexure A to the Access Arrangement, including:
      - [A. Revenue data for Rebateable Non-Reference Services to substantiate and show the effect of the adjustments made for Rebateable Non-Reference Services in accordance with Part A5 of Annexure A.](#)
      - [B. Evidence of any Safeguard Mechanism costs imposed and/or any benefits paid by the Federal Government to substantiate and show the effect of any adjustments made in accordance with Part A6 of Annexure A.](#)
      - [C. Relevant financial and usage data for Overrun Gas Received by shippers under the terms and conditions of any gas haulage service \(being T1](#)

[Service, P1 Service or B1 Service\) to substantiate and show the effect of the adjustments made for Net Overrun Revenue in accordance with Part A7 of Annexure A.](#)

### Section 13 (Fixed Principles) of access arrangement

Amendments to clause 13 are required to introduce new clause 13.1(d) for an overrun mechanism fixed principle. New clause 13.5 is also required as a related consequential amendment to specify the time period for the new fixed principle.

- 13.1 The following are Fixed Principles in accordance with NGR 99:
- ...
- (c) The method used to adjust the Reference Tariff for Rebateable Non-Reference Service revenue ("**Rebate Mechanism**"), as described in Annexure A5. For the avoidance of doubt, the Rebate Mechanism applies across access arrangement periods to the extent necessary to allow the rebateable non-reference service revenue earned in one access arrangement period to be fully rebated.
- [\(d\) The method used to adjust the Reference Tariff for Net Overrun Revenue \("\*\*Overrun Mechanism\*\*"\), as described in Annexure A7. For the avoidance of doubt, the Overrun Mechanism applies across access arrangement periods to the extent necessary to allow the Net Overrun Revenue collected in one access arrangement period to be fully accounted for.](#)
- ...
- 13.5 [For the purpose of the Fixed Principle referred to in clause 13.1\(d\) of this Access Arrangement, the fixed period for Net Overrun Revenue for AA6 is until the earlier of:](#)
- [\(a\) 31 December 2032; and](#)
- [\(b\) the date when the Net Overrun Revenue for the period 1 January 2026 to 31 December 2030 has been fully accounted for in accordance with the Fixed Principle in clause 13.1\(d\).](#)

### Annexure A of access arrangement

Amendments to Annexure A1 (Annual Scheduled Variation of Reference Tariffs) are required to refer to new annexure part "A7 Adjustments for Net Overrun Revenue".

*Note: The amendments set out show additional required amendments needed to better incorporate the Safeguard Mechanism amendments that were approved in the draft decision and additional administrative amendments to improve clarity (see paragraphs 133 to 135 of this document). These amendments result in clause renumbering, which affects clauses 18.7 onwards. The renumbering of these clauses, and any updated references to the affected clauses, is not shown here (the new clause numbering will be determined and shown in the approved access arrangement).*

#### A1 Annual Scheduled Variation of Reference Tariffs

- ...
- 18.3 The Service Provider has also adopted a 'trailing average' approach to estimate the Debt Risk Premium ([DRP](#)) used to determine the Reference Tariff. The trailing average approach is a method of the type referred to in the

ERA's 2022 Gas Rate of Return Instrument.<sup>110</sup> The change in Total Revenue which results from use of that method must be ~~effected~~applied through the automatic application of a formula. That method and formulas, which were specified in the ~~ERA's Final Decision for~~en this ~~Current~~ Access Arrangement ~~for this Access Arrangement Period~~, are set out below in the "Trailing average cost of debt variation" ~~of the Access Arrangement (Annexure A3)~~ and "Automatic formulas for updating the Debt Risk Premium" ~~(Annexure A4)~~.

- ~~18.4~~ The formula effects a change in Total Revenue in each year of the ~~Current~~ Access Arrangement Period. The change in Total Revenue requires an annual adjustment to the Reference Tariff. The Reference Tariff calculated by the Service Provider must be less than or equal to the Reference Tariff calculated by the ~~Tariff Model~~, ~~developed~~approved by the ERA, after applying the "Trailing average cost of debt variation" ~~of the Access Arrangement (Annexure A3)~~.
- ~~18.54~~ The Service Provider has also specified Rebateable Non-Reference Services in clause 3.1, the revenue from which in any given year is to be used to alter the Reference Tariff in the following year following the approach outlined in "Adjustments for Rebateable Non-Reference Services" ~~(Annexure A5)~~.
- ~~18.5~~ The Reference Tariff will be increased or decreased to take into account Safeguard Mechanism Costs or Safeguard Mechanism Profits, respectively, in accordance with the approach outlined in "Adjustments for Safeguard Mechanism" (Annexure A6).
- ~~18.6~~ The Net Overrun Revenue in any given year will be used to alter the Reference Tariff in accordance with the approach outlined in "Adjustments for Net Overrun Revenue" (Annexure A7).
- ~~18.67~~ Any annually varied Reference Tariff Component will be effective 1 January of each regulatory Year.

A new part to Annexure A ("A7 Adjustments for Net Overrun Revenue") is required to set out the approach that will be used to alter the haulage component of the reference tariff for net overrun revenue collected in any given year.

*Note: The numbering of this new clause (as highlighted in grey) will be determined and shown in the approved access arrangement.*

#### **A7 Adjustments for Net Overrun Revenue**

- 18.[x]** Net Overrun Revenue will be applied to adjust the Reference Tariff in accordance with this clause.
- (a) For the purpose of this clause, the costs incurred by Operator as described in the definition of Net Overrun Revenue shall be limited to include only the additional System Use Gas operating expenditure incurred in connection with the Receipt of the relevant Overrun Gas.
- (b) The Net Overrun Revenue generated in each of the periods specified in Column A below will be applied to adjust the Reference Tariff for the adjacent period in Column B.

<sup>110</sup> ERA, 'Gas rate of return instrument' ([online](#)) (accessed December 2025).

<u>Period</u>	<u>Column A</u>	<u>Column B</u>
<u>AA6, 1</u>	<u>1 January 2026 until 30 September 2026</u>	<u>1 January 2027 until 31 December 2027</u>
<u>AA6, 2</u>	<u>1 October 2026 until 30 September 2027</u>	<u>1 January 2028 until 31 December 2028</u>
<u>AA6, 3</u>	<u>1 October 2027 until 30 September 2028</u>	<u>1 January 2029 until 31 December 2029</u>
<u>AA6, 4</u>	<u>1 October 2028 until 30 September 2029</u>	<u>1 January 2030 until 31 December 2030</u>
<u>AA6, 5</u>	<u>1 October 2029 until 30 September 2030</u>	<u>1 January 2031 until 31 December 2031</u>
<u>AA6, 6</u>	<u>1 October 2030 until 31 December 2030</u>	<u>1 January 2032 until 31 December 2032</u>

(c) The Net Overrun Revenue is calculated as:

$$\text{Net Overrun Revenue}_{(t)} = \text{ORev}_{(t)} - \text{OExp}_{(t)}$$

where:

ORev is amount received by Operator in year (t) via the Overrun Gas Charges paid by shippers under terms and conditions of any gas haulage service (being T1 Service, P1 Service or B1 Service);

OExp is the actual additional System Use Gas operating expenditure incurred by Operator in connection with the Delivery of the Overrun Gas; the subject of the Overrun Gas Charges comprising ORev for year (t); and

(t) is the relevant year.

(d) For the purpose of clause 18.[x](c), OExp is to be determined using the following method:

Step 1: Take the actual System Use Gas for the given day ("A").

Step 2: Use the fuel curve to estimate the System Use Gas for all Reference Services and Non-Reference Services ("B") for the given day.

Step 3: Subtract "B" from "A" to give an estimate of the amount of System Use Gas used on that given day for Overrun Gas ("C").

Step 4: Multiply "C" by the cost for System Use Gas, as set out in the Tariff Model used to determine the operating expenditure building block in the ERA's Final Decision for this Current Access Arrangement, to determine the operating expenditure for the purpose of calculating Net Overrun Revenue ("OExp").

(e) The Net Overrun Revenue to be used to adjust the Reference Tariff in clause 18.[x](f) must be adjusted:

(i) for inflation, consistent with the method set out in Annexure A2, so that the nominal value of the revenue matches the nominal year (set out in Column B) in which the revenue is to be returned via an adjustment to the Reference Tariff; and

(ii) for interest earned on the revenue, using the rate of return in the Tariff Model.

- (f) The Net Overrun Revenue will be applied to reduce (if positive) or increase (if negative) the Reference Tariff by:
- (i) calculating the Net Overrun Revenue for the relevant period on a per gigajoule (full haul equivalent) per day basis by dividing the Net Overrun Revenue for the relevant period in Column A by the number of days and gigajoules specified as the “Full Haul Equivalent Capacity and throughput forecast” in the Tariff Model for the adjacent period in Column B; and then
  - (ii) subtracting from the Reference Tariff that would have otherwise been calculated for the relevant period in Column B after applying all the other methods for the Annual Scheduled Variation of Reference Tariffs as set out in Annexure A, the amount calculated for that period under clause 18.[x](f)(i) and split between the Capacity Reservation Tariff and Commodity Tariff on the same ratio used in the Tariff Model to determine those Reference Tariffs.