Economic Regulation Authority

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

Attachment 8: Other access arrangement provisions

18 December 2025

D602607

Acknowledgement of Country

At the ERA we value our cultural diversity and respect the traditional custodians of the land and waters on which we live and work.

We acknowledge their continuing connection to culture and community, their traditions and stories. We commit to listening, continuously improving our performance and building a brighter future together.

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Contents

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
  - 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 (this document)
  - 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.

Summary

DBP must include requirements for queuing, extensions and expansions, and capacity trading in the access arrangement for the Dampier to Bunbury Natural Gas Pipeline (DBNGP). DBP must also include principles for changing inlet and outlet points.

The requirements for queuing, extension and expansion and capacity trading, and the principles for changing inlet/outlet points remain unchanged from the current (AA5) provisions. Given these provisions remain consistent with the requirements of the National Gas Rules, and that there were no submissions raising any concerns with them, the ERA maintains its draft decision position that there is no reason to require any amendments to these provisions for AA6.

Access request requirements

For AA6, DBP proposed some amendments to the requirements for access requests to clarify the terms of existing reference contracts and to update the requirements for executing access requests.

In our draft decision, the ERA determined that DBP's amended access request requirements did not materially change the intent of the provisions and approved the amendments. However, we required DBP to make some minor amendments to the requirements for queueing to clarify how contract terms are updated and that delivery of access requests by mail includes electronic mail (email).

DBP's revised proposal has addressed the intent of the required amendments. DBP's revised drafting to clause 5.3(d) (and related revisions to clause 4.3) relating to automatic contract modifications is reasonable in the circumstances. That is, the revised drafting manages the risks associated with automating contract modifications. While the ERA has accepted DBP's revised wording, we require the wording in clause 5.3(d) to be reformatted for greater clarity.

Fixed principles

An access arrangement may also include optional fixed principles to provide certainty that specific elements of the access arrangement will remain unchanged for a set period, which may extend across more than one access arrangement period. DBP elected to carryover the current fixed principles in the AA5 access arrangement to AA6 with some minor date amendments.

The ERA's draft decision required some additional amendments to clarify the operation of the fixed principle for the rebate mechanism across access arrangement periods.

DBP's revised proposal accepted the ERA's required amendments and has incorporated them into the fixed principles to apply for AA6.

Consistent with the ERA's final decision on the treatment of overrun gas charges, the ERA requires a new fixed principle to provide certainty as to how net overrun revenue will be treated and how it will be used to adjust the reference tariff.

Mechanism for demand uncertainty

The ERA reconsidered the need for a mechanism to address demand forecasting uncertainty in response to a submission on our draft decision and has decided to introduce such a mechanism. While we are satisfied that our 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 greater than +/- 5 per cent between actual and forecast demand, and for this adjustment to flow through to reference tariffs.

Summary of required amendments:

Required amendment 8.1

The access request and queuing requirements in clause 5.3(d) of the access arrangement must be amended to reflect the formatting set out in paragraph 24 of Final Decision Attachment 8.

Required amendment 8.2

Section 13 (Fixed Principles) of the access arrangement must be amended to include a new fixed principle to fix the method used to adjust the reference tariff for actual overrun gas charges collected by DBP. The required drafting amendments are set out in paragraph 33 of Final Decision Attachment 8.

Required amendment 8.3

Section 13 (Fixed Principles) of the access arrangement must be amended to include a new fixed principle for demand to adjust the reference tariff when there is a variance of more than +/- 5 per cent between actual and forecast demand.

Annexure A of the access arrangement must be amended to include a new "demand true-up mechanism", which details the method used to adjust the reference tariff for variances between forecast and actual demand.

The required drafting for the new fixed principle and tariff variation mechanism for demand is set out in paragraph 52 of Final Decision Attachment 8.

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.[1]

2. Rules 103 to 106 of the NGR set out specific provisions concerning the other required content of an access arrangement:

   - Queuing requirements (rule 103):
     - Queuing requirements, which are required for a transmission pipeline, must establish a process or mechanism (or both) for establishing an order of priority between prospective users of spare or developable capacity (or both) in which all prospective users are treated on a fair and equal basis.
     - Queuing requirements must also be sufficiently detailed to enable prospective users to understand the basis on which an order of priority has been or will be determined; and where an order of priority has been determined, to know their position in the queue.
   - Extension and expansion requirements (rule 104):
     - The access arrangement must set out the extension and expansion requirements that will apply and must meet the following criteria:
       - The requirements may state whether the access arrangement will apply to incremental services to be provided as a result of a particular extension to the pipeline made during the access arrangement period or may allow for a later resolution of that question on a basis stated in the requirements.
       - If the service provider agrees, the requirements may state that the access arrangement will apply to incremental services to be provided as a result of a particular extension to the pipeline made before the revision commencement date for the access arrangement.
       - The requirements must state that the access arrangement will apply to incremental services to be provided as a result of any expansion to the capacity of the pipeline during the access arrangement period and deal with the effect of the expansion on tariffs.
       - The requirements cannot require the service provider to provide funds for work involved in making an extension or expansion unless the service provider agrees.
   - Capacity trading requirements (rule 105):
     - The access arrangement must set out the capacity trading requirements that will apply. Where the service provider is a registered participant in a gas market, the transfer of contracted capacity must be in accordance with the

[1] 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.

rules and procedures governing that gas market. If not a registered participant, or the market rules/procedures do not cover capacity trading, the capacity trading requirements must meet the criteria set out in the NGR.

  - Capacity trading requirements must allow a user to transfer all or any of the user's contracted capacity to a third party, with or without the user seeking the service provider's consent for the transfer. Where consent to transfer capacity is sought, the service provider must not withhold its consent unless it has reasonable grounds, based on technical or commercial considerations.

- Principles for changing receipt or delivery points (rule 106):

  - The access arrangement must set out the terms and conditions for changing receipt and delivery points in accordance with the following principles:

  - A user may change its receipt or delivery point with the service provider's consent, and the service provider must not withhold its consent unless it has reasonable technical or commercial grounds to do so.

  - Conditions under which consent will or will not be given, and the conditions to be complied with if consent is given, may be specified in advance in the access arrangement.

3. An access arrangement may also include fixed principles for a stated period that can extend over two or more access arrangement periods. Once fixed, the principle is binding on the regulator and service provider for the stated period. However:

   - The regulator may vary or revoke a fixed principle at any time with the service provider's consent.

   - If a rule is found to be inconsistent with a fixed principle, the rule operates to the exclusion of the fixed principle.

ERA draft decision

4. DBP did not propose any amendments to the queuing requirements, extension and expansion requirements, capacity trading requirements or principles for changing inlet/outlet points for AA6. These access arrangement provisions remained unchanged from the current (AA5) access arrangement provisions. However, DBP did propose some amendments to the requirements for access requests to clarify the terms of existing reference contracts and to update the requirements for executing access requests.

5. In the draft decision, the ERA determined that DBP's amended access request requirements did not materially change the intent of the provisions and approved the amendments. However, the ERA required DBP to make some minor amendments to the requirements for queueing to clarify how contract terms are updated and that delivery of access requests by mail includes electronic mail (email).

6. DBP also elected to carryover the current fixed principles in the AA5 access arrangement (which are optional) to AA6 with some minor date amendments. The ERA's draft decision approved these amendments and required some additional amendments to better clarify the operation of the fixed principle for the rebate mechanism across access arrangement periods.

7. The ERA decided against introducing a trigger event mechanism to address demand forecasting uncertainty as was suggested in a submission.[2] The ERA determined that a trigger event for demand would bring forward the review submission date for the access arrangement and reopen the entire access arrangement for review. Hence, to be truly beneficial, the trigger event would need to occur within the first two years of the access arrangement period, which is when demand uncertainty is typically lower. However, the regulatory costs incurred by all parties involved to undertake an earlier review of the access arrangement would likely outweigh any material benefits. Additionally, a trigger event occurring in the latter years of the access arrangement period would also be unlikely to provide any material benefits given that preparations for the review of the next access arrangement would be underway.

8. The ERA set out the following draft decision required amendments:

Draft Decision Required Amendment 8.1

DBP must amend clause 5.3(d) of the access request and queuing requirements to qualify that variations or amendments to the contract will apply automatically subject to the parties acknowledging that the changed provisions are applicable and appropriate in the circumstances.

Draft Decision Required Amendment 8.2

DBP must amend clause 5.4(h) to clarify that delivery of access requests by "mail" includes electronic mail (email).

Draft Decision Required Amendment 8.3

DBP must amend Section 13 of the proposed access arrangement to clarify the fixed periods to which the fixed principle for the rebate mechanism applies. The proposed required amendments are set out in paragraph 24 of Draft Decision Attachment 8.

2 Submission from Wesfarmers Chemicals, Energy & Fertilisers.

DBP response to draft decision

Access request and queuing amendments

9. DBP rejected the ERA's requirement to amend clause 5.3(d) of the access request and queuing requirements to qualify that variations or amendments to the contract will apply automatically subject to the parties acknowledging that the changed provisions are applicable and appropriate in the circumstances. While DBP acknowledged the ERA's concerns that there may be instances where changes to the terms and conditions are inapplicable or inappropriate to specific shippers, it did not consider this to be a risk.[3]

10. Nevertheless, DBP proposed amended wording for clause 5.3(d) of the access arrangement, and for consistency also amended clause 4.3 of the access arrangement to align with its revised wording for clause 5.3(d).

11. DBP's revised proposed wording for clauses 5.3(d) and 4.3 is set out as part of the ERA's final decision considerations below (paragraphs 20 and 22, respectively).

Other amendments

12. DBP accepted the ERA's other draft decision required amendments to:

    - Clarify "mail" as including electronic mail in clause 5.4(h) of the access arrangement.[4]
    - Amend the provisions for fixed principles in Section 13 of the access arrangement to clarify the fixed periods to which the fixed principle for the rebate mechanism applies.[5]

[3] DBP, *Revised Final Plan 2026-2030, Attachment 15.5A: Response on Access Arrangement*, August 2025, section 2.

[4] DBP, *Revised Final Plan 2026-2030, Attachment 15.5A: Response on Access Arrangement*, August 2025, section 3.

[5] DBP, *Revised Final Plan 2026-2030, Attachment 15.5A: Response on Access Arrangement*, August 2025, section 4.

Submissions to the ERA

13. Two submissions received in response to DBP's initial proposal and the ERA's issues paper addressed the other access arrangement provisions. In summary:

- NewGen Power noted that it was unable to identify any significant problems with retaining the current queuing, extensions and expansions, capacity trading, and changing inlet and outlet points clauses. NewGen only noted a minor matter that clause 5.4(h) of the access arrangement did not include delivery by email for access requests as part of the queuing requirements.[6]

- Wesfarmers Chemicals, Energy & Fertilisers (WesCEF) proposed the introduction of a mechanism to address the uncertainty associated with demand forecasting. WesCEF was concerned about the effect that the demand forecast has on final reference tariffs and suggested the ERA consider including either a trigger event mechanism or tariff variation mechanism in the access arrangement to deal with this uncertainty.[7]

14. The ERA addressed the above matters as part of its draft decision considerations.

15. NewGen provided further comments on the trigger event mechanism for demand uncertainty in response to the draft decision and DBP's revised proposal.

16. NewGen still considered that a mechanism to address demand uncertainty was needed. It noted that the risk of a material divergence between forecast and actual demand should not be solely borne by gas users. NewGen suggested a mechanism that could apply at the end of Year 4 of the access arrangement period, with a revenue "true-up" for material divergences between actual and forecast demand to be made at the commencement of the following access arrangement period to avoid the need to bring forward the review submission date and reopen the entire access arrangement for assessment.[8]

Further consultation on demand uncertainty

17. The ERA undertook a further round of consultation on demand uncertainty.[9] In response to this targeted consultation, five submissions commented on the proposed demand uncertainty mechanism.[10] In summary:

- CITIC Pacific Mining and NewGen supported the introduction of a mechanism for demand uncertainty. Both were supportive of a mechanism that shares the demand uncertainty risk fairly and efficiently amongst DBP and shippers.

> [CITIC's] preferred approach is the ERA'S proposed +/-5% demand deviation band with a 50/50 risk-sharing arrangement for deviations outside that threshold. This structure appropriately recognises that significant demand variability is largely outside DBP's

6 NewGen Power, *Submission in response to DBP proposal and/or ERA issues paper*, 31 March 2025.

7 Wesfarmers Chemicals, Energy & Fertilisers, *Submission in response to DBP proposal and/or ERA issues paper*, 31 March 2025.

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

9 ERA, *Notice: Dampier to Bunbury Natural Gas Pipeline access arrangement for 2026 to 2030 – Further consultation*, 10 November 2025.

10 Submissions from CITIC Pacific Mining, DBP, Marck Chatfield (individual), NewGen and Wesfarmers Chemical, Energy & Fertilisers.

> control and that symmetric sharing of this risk is fair and efficient for both DBP and shippers.[11]
>
> [NewGen] supports the ERA's proposed amendments to introduce a new fixed principle for demand adjustments to address demand uncertainty within the DBNGP Access Arrangement. Given the increasing variability in gas demand across the market, the introduction of demand adjustment mechanism for managing forecast demand will alleviate the current tariff setting challenges around forecast uncertainty for both the pipeline operator and shippers.[12]

- Mark Chatfield (individual) did not support the proposed mechanism and suggested that the need for a demand uncertainty mechanism would be avoided if the Wholesale Electricity Market (WEM) required adequate future gas fired capacity in the SWIS to preserve SWIS reliability.[13]

- DBP considered that it had not being provided sufficient time to consider the ERA's further consultation. Notwithstanding this, DBP accepted the mechanism in principle, but disagreed with the adjustments accumulating and applying to the first and second year of AA7. DBP submitted:

> [DBP is] concerned that an accumulated variance, whether high or low, has the potential to cause significant mismatch in AA7 between the calculated costs to operate the pipeline and the revenue that will be allowed to be recovered.
>
> In respect of the demand uncertainty fixed principle, [DBP] accept this in principle, but not the mechanism whereby the unders and overs are applied in the first (and to a limited extend second) year of AA7.[14]

- WesCEF broadly supported the introduction of a mechanism for demand uncertainty; challenging the sharing percentages with concerns that AGIG stands to benefit significantly if only required to redistribute 50 per cent of the additional revenue and that if demand does decrease, a higher percentage would be more cost reflective for AGIG. Like DBP, WesCEF also raised concerns about the adjustments occurring in AA7 and distorting the tariff. WesCEF submitted:

> WesCEF would recommend making the adjustment as soon as possible in AA6 rather than waiting until AA7. In this situation a two year delay such that the adjustment is applied in year_{N+2} would be WesCEF's preference…Having all adjustments accrued until year one of AA7 could distort the tariff significantly.[15]

18. The ERA has addressed the details of these submissions as part of its final decision considerations (at paragraph 34).

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11 CITIC Pacific Mining, *Submission in response to ERA further consultation*, November 2025.

12 NewGen Power, *Submission in response to ERA further consultation*, November 2025.

13 M.Chatfield, *Submission in response to ERA further consultation*, November 2025.

14 DBP, *Submission in response to ERA further consultation*, November 2025.

15 Wesfarmers Chemicals, Energy & Fertilisers, *Submission in response to ERA further consultation*, November 2025.

Final decision

Requirement for access requests

19. DBP did not accept draft decision required amendment 8.1. This amendment addressed DBP's use of the term "automatically" in clause 5.3(d), which fails to consider instances where changes to the terms and conditions are inapplicable or in appropriate to specific prospective shippers. The ERA's draft decision position, which DBP has rejected, required clause 5.3(d) to be amended so that any variations or amendments to contract terms and conditions will only apply automatically subject to the parties acknowledging that the changed provisions are applicable and appropriate in the circumstances.

20. In response to the draft decision, DBP proposed revised wording for clause 5.3(d) as follows (with **emphasis** added to highlight DBP's added wording in response to the draft decision):

> **5.3 Assessment of Access Requests**
>
> …
>
> (d) If the requested service is a Reference Service and the Prospective Shipper has stated in the Access Request that the Prospective Shipper accepts the Access Contract Terms and Conditions, the Operator is deemed to have accepted an offer from the Prospective Shipper to acquire the Reference Service on the Access Contract Terms and Conditions (such that any variations or amendments to the Access Contract Terms and Conditions (as described in clause 4.3) made from time to time after such acceptance, shall be automatically incorporated into the accepted contract from the time such approval or variation takes effect **unless, with respect to a particular change, either the ERA provides otherwise in its published determination with respect to such change or such change is inapplicable to the terms and conditions of accepted contract)** on the date the Operator notifies the Prospective Shipper, in accordance with clause 5.3(c)(i), that it is able to provide the requested service.
>
> (e) If the Operator is able to provide the requested service but an agreement is not deemed to arise under clause 5.3(d), then (subject to any variation to the timeframes below as is agreed in writing between the Operator and the Prospective Shipper):
>
> (i) Within 25 business days …

21. DBP submitted that retaining the term "automatically" in the revised drafting (above) is necessary to avoid inconsistencies across reference contracts.[16] DBP further specified:

- The ERA's required amendment for clause 5.3(d), requiring the inclusion of "subject to the parties acknowledging", would necessitate a specific agreement between the prospective shipper and DBP for each future change. DBP considered that this would undermine the administrative efficiencies intended by its proposed drafting.

- In circumstances where a shipper has specific requirements, DBP noted that "the shipper and Operator [DBP] would negotiate a contract on different terms to the

16 DBP, *Revised Final Plan 2026-2030, Attachment 15.5A: Response on Access Arrangement*, August 2025, section 2.

Access Contract Terms and Conditions – in which case clause 5.3(d) would not apply".

- DBP also stated "all of the changes to Reference Service terms and conditions proposed for AA6 are of general application and best achieve their stated aims if applied to all shippers – there are no specific shippers with Reference Contracts to whom they would not be applicable or appropriate".

22. DBP also proposed revised wording for clause 4.3 of the access arrangement to retain consistency with its revised wording for clause 5.3(d). DBP's proposed revised wording for clause 4.3 is set out as follows (with **emphasis** added to highlight DBP's added wording in response to the draft decision):

4.3 Operator may <u>seek to</u> amend or vary the Access Contract Terms and Conditions in accordance with:

(a) Part 8, Division 10 of the NGR;

(b) Part 8, Division 5 of the NGR; and

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

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

<u>(d) Part 8, Division 10 of the NGR;</u>

<u>(e) Part 8, Division 8 of the NGR;</u>

<u>(f) Part 8, Division 9 of the NGR;</u>

<u>(g) Part 8, Division 11 of the NGR; or</u>

<u>(h) in the case of the Reference Tariff, the Reference Tariff Variation Mechanism in this Access Arrangement,</u>

<u>then the Access Contract Terms and Conditions, and the relevant terms and conditions of any Reference Service from time to time granted on the Access Contract Terms and Conditions, will be amended so as to be the same as the varied or approved Access Contract Terms and Conditions, from the time such variation or approval takes effect</u> <u>**(unless, with respect to a particular variation or approval and a particular Reference Service granted on the Access Contract Terms and Conditions, either the ERA provides otherwise in its published determination with respect to such variation or approval, or such variation or approval is inapplicable to the terms and conditions of that particular Reference Service).**</u>

23. The ERA has considered DBP's revised proposal for clause 5.3(d) to introduce qualifications to the automatic incorporation of amendments to the access contract terms and conditions, and to apply these same qualifications in clause 4.3.

24. The ERA's final decision is to accept DBP's revised proposal to retain the use of the words "automatically incorporated" on the basis that DBP's revised wording is reasonable as it balances operational efficiency with regulatory oversight, while ensuring shipper interests are still protected. The ERA further considers DBP's revised wording is appropriate as it helps manage risks associated with automatic modifications and addresses the intent of draft decision required amendment 8.1. However, to improve clarity, the ERA requires formatting changes to clause 5.3(d) to clearly list the circumstances in which automatic variation does not apply. The ERA's required formatting is set out as follows:

5.3 Assessment of Access Requests

…

(d) If the requested service is a Reference Service and the Prospective Shipper has stated in the Access Request that the Prospective Shipper accepts the Access Contract Terms and Conditions, the Operator is deemed to have accepted an offer from the Prospective Shipper to acquire the Reference Service on the Access Contract Terms and Conditions (such that any variations or amendments to the Access Contract Terms and Conditions (as described in clause 4.3) made from time to time after such acceptance, shall be automatically incorporated into the accepted contract from the time such approval or variation takes effect unless, with respect to a particular change, either:

(i) the ERA provides otherwise in its published determination with respect to such change; or

(ii) such change is inapplicable to the terms and conditions of accepted contract),

on the date the Operator notifies the Prospective Shipper, in accordance with clause 5.3(c)(i), that it is able to provide the requested service.

25. The ERA's required formatting (above) is consistent with DBP's proposed amendments to clause 38 of the reference service terms and conditions, which the ERA has accepted.[17]

26. DBP's proposed revised wording for clause 4.3 was to maintain consistency with its revised wording for clause 5.3(d). Given the ERA's approval of DBP's revised wording for clause 5.3(d), the ERA also approves DBP's revised wording for clause 4.3.

Required amendment 8.1

The access request and queuing requirements in clause 5.3(d) of the access arrangement must be amended to reflect the formatting set out in paragraph 24 of Final Decision Attachment 8.

Requirements for queuing

27. DBP has amended clause 5.4(h) to clarify that the delivery of access request by "mail" includes electronic mail (email).

28. The ERA is satisfied that DBP's revised proposed access arrangement has addressed draft decision required amendment 8.2, and hence the ERA's final decision is to approve DBP's revised queuing requirements for AA6.

Fixed principles

29. DBP accepted the ERA's draft decision required amendment 8.3 to clarify the fixed periods to which the fixed principle for the rebate mechanism applies. DBP has

17 The ERA's consideration of the reference service terms and conditions is set out in Final Decision Attachment 9.

amended clause 13.3 of the access arrangement and has inserted new clause 13.4 as set out in the ERA's draft decision.

30. The ERA is satisfied that DBP's revised proposed access arrangement has addressed draft decision required amendment 8.3, and hence the ERA's final decision is to approve DBP's revised fixed principles for AA6.

New fixed principle for overrun tariff

31. As set out in Final Decision Attachment 3, the ERA has decided to treat the revenue DBP derives from overrun gas charges as reference service revenue. To incorporate this, the reference tariff has been amended to include a new "overrun tariff" component. That is, for AA6 the reference tariff will comprise three tariff components: a capacity reservation tariff; a commodity tariff; and an overrun tariff.

32. Consistent with the change to the reference tariff components, the ERA has introduced a new tariff variation mechanism to cover adjustments for net overrun revenue. That is, the annual schedule variation to adjust the T1/P1/B1 Tariff for inflation, the cost of debt and rebateable services has been updated to include an adjustment for net overrun revenue.

33. The ERA considers that to support the amendments to the reference tariff and reference tariff variation mechanism, a new fixed principle to fix the method used to adjust the reference tariff for net overrun revenue should be created. As a fixed principle there is certainty as to how net overrun revenue will be treated and how it will be used to adjust the reference tariff. The ERA's required wording for this new fixed principle, and related consequential amendment to create a new clause 13.5, is set out as follows (with the wording based on the existing wording for the fixed principle set out in clause 13.1(c) for the rebate mechanism):[18]

> 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.
>
> <u>(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.</u>
>
> …
>
> <u>13.5 For the purpose of the Fixed Principle referred to in clause 13.1(d) of this Arrangement, the fixed period for Net Overrun Revenue for AA6 is until the earlier of:</u>
>
> <u>(a) 31 December 2032; and</u>

18 Additional consequential amendments to the access arrangement related to the treatment of overrun gas charges are set out in Appendix 3 of Final Decision Attachment 3.

(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).

Required amendment 8.2

Section 13 (Fixed Principles) of the access arrangement must be amended to include a new fixed principle to fix the method used to adjust the reference tariff for actual overrun gas charges collected by DBP. The required drafting amendments are set out in paragraph 33 of Final Decision Attachment 8.

Mechanism for demand uncertainty

34. In the draft decision, the ERA considered and decided against a trigger event mechanism and tariff variation mechanism for demand uncertainty. 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.[19]

35. 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.[20] However, NewGen's submission in response to the draft decision made 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 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.[21]

Consideration of NewGen's submission

36. NewGen's submission for a mechanism to address demand uncertainty differs from the "trigger event mechanism" and an annual tariff variation mechanism that the ERA considered and decided against in the draft decision; namely, when and how such a mechanism would be implemented in the access arrangement. The draft decision assessed a trigger event mechanism that would bring forward the review submission date and reopen the entire access arrangement for review. In contrast, the mechanism suggested by NewGen, would apply a revenue adjustment (or a "revenue true-up") in AA7 tariffs for material demand variances during AA6. Unlike a trigger event

[19] NGR, rule 74.

[20] 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.

[21] NewGen Power, Submission in response to ERA draft decision and/or DBP revised proposal, 22 September 2025, p. 8.

mechanism, NewGen's proposal does not require reopening the access arrangement. However, these mechanisms aim to mitigate the risk of demand forecasting uncertainty and would only apply when there is material variance between actual and forecast demand (both mechanisms suggested a 10 per cent threshold).

Consideration of submissions to further consultation on a fixed principle

37. The subsequent submission by NewGen following the draft decision and DBP's revised proposal prompted the ERA to undertake further consultation in response to the alternative mechanism suggested by NewGen (above). The ERA's further consultation proposed a fixed principle for demand that would introduce a demand uncertainty mechanism to adjust the reference tariff in AA7 if there is significant variance between actual and forecast demand.

38. The ERA's proposed fixed principle considered a significant variance between actual and forecast demand throughout AA6 would be +/- 5 per cent. The mechanism that was published for further consultation was symmetrical in nature, which would automatically compensate DBP in circumstances where actual demand is significantly different than forecast demand, and avoid the need for DBP to seek a review of the access arrangement. The ERA also considered a 50:50 risk-sharing arrangement, to share the demand risk above or below 5 per cent in equal portions between DBP and shippers.

39. Submissions responding to the ERA's consultation on the proposed fixed principle for demand uncertainty were predominately supportive of a mechanism. CITIC Pacific Mining (CPM) and NewGen both supported a mechanism that would appropriately manage demand variability risk fairly and efficiently between the pipeline operator (DBP) and shippers. CPM made further comments of support regarding the +/- 5 per cent demand variance threshold and the 50:50 risk-sharing arrangement of the demand uncertainty mechanism. CPM submitted that a 5 per cent threshold appropriately recognises a significant variation of demand that would require intervention and that the symmetric sharing of demand risk acknowledges that demand variability is largely outside of DBP's control.[22]

40. DBP and WesCEF indicated some support for a demand uncertainty mechanism, however, both disagreed with the delay of the revenue adjustment "accruing/ accumulating" and being applied to Year 1 and Year 2 of AA7.

- WesCEF was concerned that carryover amounts calculated for demand variations during AA6, which largely apply to Year 1 of AA7, could significantly distort tariffs. WesCEF's preference was for adjustments to occur as soon as possible, with a two-year delay being the preferred option rather than a longer deferral.[23]

- DBP considered the matter should be postponed until the next access arrangement review for the 2031 to 2035 access arrangement period (AA7). DBP expressed concern that the limited consultation time posed "significant risks of unintended consequences". Notwithstanding this position, DBP accepted the demand uncertainty mechanism in principle, however, took issue with delaying any adjustments that occurred through-out AA6. DBP expressed concerned that

[22] CITIC Pacific Mining, *Submission in response to ERA further consultation*, November 2025.

[23] Wesfarmers Chemicals, Energy & Fertilisers, *Submission in response to ERA further consultation*, November 2025.

there would be a significant mismatch between the calculated costs to operate the pipeline and the revenue that will be allowed to be recovered in AA7.[24]

41. The demand uncertainty mechanism proposed by the ERA would be implemented as a "fixed principle". The ERA considered that a fixed principle would provide certainty that specific elements of the access arrangement (such as this mechanism) would remain unchanged for a set period, which could extend across more than one access arrangement period. Also, as a fixed principle the mechanism for demand uncertainty would not require the acceleration of the review submission date, unlike the occurrence of a trigger event considered in the draft decision.[25] The ERA's draft decision determined that the regulatory costs of reopening the access arrangement for a demand related trigger event were likely to outweigh any material benefits.[26]

42. To address DBP's and WesCEF's concerns of the deferral on any adjustments to AA7 (as set out above at paragraph 40), the ERA has reconsidered the application of the demand uncertainty mechanism as a tariff variation mechanism. For the draft decision the ERA considered a tariff variation mechanism approach for a demand uncertainty mechanism, although decided to not to go forward with this option.[27] After reviewing stakeholder submissions on the demand uncertainty mechanism, it is evident that the proposal for a mechanism is broadly supported and that some stakeholders expressed concerns with delaying the adjustment to AA7 and that the adjustment should be brought forward. Implemented as a tariff variation mechanism in the access arrangement, the demand uncertainty mechanism would form part of the annual scheduled tariff variation (as set out in Annexure A of the access arrangement).

43. While the ERA remains cautious about introducing tariff variation mechanisms that could increase regulatory complexity or weaken incentives for accurate forecasting and demand growth, the approach set out below would address these concerns. The mechanism would be incorporated within the existing annual tariff variation process, which is broadly supported by stakeholders. It provides a clear and predictable adjustment by aligning tariffs more closely with actual demand and applies a 50:50 risk-sharing arrangement between the DBP and shippers. This design supports the achievement of the national gas objective by promoting efficient investment and operation of pipeline services for the long-term interests of consumers, without imposing unnecessary administrative burden or undermining incentives for demand growth.

44. Mark Chatfield (individual) did not support the proposed mechanism; suggesting that the ERA is inappropriately transferring uncertainty from the forecasting and planning mechanisms in the Wholesale Electricity Market (WEM) into the DBP's gas transport demand forecast. According to this view, responsibility for addressing forecasting risks in the SWIS lies within the WEM framework, which should ensure adequate gas-fired capacity and associated contracted T1 capacity. Implementing full-load T1 capacity bookings will improve WEM processes and would remove the need for the proposed mechanism. Mark Chatfield also noted that DBP would be able to meet future transport

24 DBP, *Submission in response to ERA further consultation*, November 2025.

25 NGR, rule 51(1).

26 ERA, *Draft decision on revisions to the access arrangement for the Dampier to Bunbury Natural Gas Pipeline (2026 to 2030) - Attachment 8: Other access arrangement provisions*, 7 July 2025.

27 In response to the ERA's issue paper, WesCEF suggested this demand uncertainty mechanism. The ERA draft decision was to not introduce a tariff variation mechanism being cautious of increased regulatory complexity, diluted incentives for accurate forecasting or to grow customer demand which could reduce the long term price for pipeline users.

needs of gas powered generation under these arrangements and, if expansion becomes infeasible, alternative gas supply solutions could be considered. [28]

45. The ERA considers that requiring DBP's customers to contract for their maximum load requirement is not a practically viable option. Such an approach would impose substantial costs to expand and maintain the DBNGP, resulting in significantly higher tariffs to recover these costs. Both DBP and its customers (shippers) are incentivised to minimise costs, mandating full-load T1 capacity bookings would lead to inefficient outcomes rather than improving market processes. The provision of service options beyond a firm full haul (T1) service, such as spot capacity and peaking services, enables DBP and its customers to manage gas demand and pipeline usage more effectively and efficiently.

46. Having considered the matters raised in submissions, the ERA's final decision is to introduce a tariff variation mechanism for demand uncertainty in AA6. 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.[29] In particular, given the uncertainty associated with the energy transition away from coal, the potential demand forecasts for gas-powered generators pose significant forecasting risks. The introduction of a tariff variation mechanism for demand uncertainty provides flexibility to respond to significant variances in demand without reopening the access arrangement. Such a mechanism thereby balances regulatory efficiency with the need to manage demand risk.

Tariff variation mechanism to address demand uncertainty

47. In determining the tariff variation mechanism, the ERA considered the following matters, each of which are discussed in turn below:

- The symmetrical operation of the mechanism.
- The size of the materiality (variance) threshold.
- The sharing of risks and benefits between DBP and its customers.
- Appropriate regulatory framework

Symmetry

48. The demand true-up mechanism will apply symmetrically; that is, in both scenarios where actual demand is above or below forecast. The ERA considers that demand risk cannot reasonably be transferred to DBP in full – doing so would expose DBP to significant downside risks in a volatile demand environment. A symmetrical approach mitigates this risk while maintaining incentives for efficient operations. Additionally, this mechanism offers an alternative option for DBP when actual demand is significantly lower than forecast. Rather than initiating an early access arrangement review, which would impose significant regulatory costs on all parties, the demand true-up mechanism will automatically provide some compensation to DBP. As set out in the ERA's draft decision, the costs and complexity of a full access arrangement review, triggered by a

28 M. Chatfield, *Submission in response to ERA further consultation*, November 2025.

29 The ERA's consideration of demand, including its approved demand forecast for AA6, is set out in Final Decision Attachment 2.

material variance in demand, are likely to outweigh the potential benefits, making this mechanism a practical and cost-effective option.[30]

Materiality (variance) threshold

49. The ERA considers that a variance threshold of plus and minus (+/-) 5 per cent is reasonable. As set out in paragraph 46, while the ERA is satisfied with its demand forecasts for AA6, it is also cognisant that there is inherent uncertainty with all forecasts, and in the case of demand forecasts this uncertainty is heightened in the context of evolving energy requirements. The 5 per cent threshold acknowledges the variability and limitation of forecasting demand, whilst also providing a buffer to avoid penalising less significant variances between actual and forecast demand. By adopting this threshold, the ERA aims to strike a balance between accuracy and practicality, ensuring that only significant variances apply to any demand “true-up”.

Risk and benefit sharing

50. Where the variance between actual and forecast demand exceeds the 5 per cent variance threshold, DBP’s incremental costs must be considered. Additional throughput will incur additional costs, such as system use gas (SUG) and turbine and gas engine alternator (GEA) overhaul operating expenditure, both of which are driven by run hours linked to throughput. Given these costs are unavoidable and directly attributable to higher pipeline utilisation, requiring DBP to return all revenue earned beyond the threshold would prevent recovery of these costs and create a disincentive to support demand growth beyond the threshold. Without an appropriate sharing arrangement, DBP would not retain any benefit from additional revenue once the threshold is exceeded, which may discourage efficient utilisation of the pipeline. For these reasons, the ERA has included a revenue-sharing arrangement to allocate the surplus revenue collected from higher than forecast demand, or the deficit in revenue resulting from lower than forecast demand, on a 50:50 basis between DBP and reference service users.

Appropriate regulatory framework

51. The ERA acknowledges stakeholder concerns regarding the timing of revenue adjustments under the proposed demand uncertainty mechanism. To address these concerns, the ERA has revised its approach from a fixed principle that applies an adjustment at the start of AA7 to an annual tariff variation mechanism. Under this revised approach, adjustments will occur annually (as part of the annual scheduled tariff variation), with a two-year delay between the period of demand variation and the application of the corresponding revenue adjustment. The demand uncertainty mechanism will operate on a calendar-year basis to reflect seasonal variability in gas demand. This ensures adjustments are based on actual demand outcomes over a full year, rather than partial periods that could distort results. A two-year lag applies because demand data for a given year is only available in the following year through the Regulatory Information Notice process. This timing provides accuracy and consistency, while maintaining alignment with established regulatory reporting and tariff-setting cycles.

30 ERA, *Draft decision on revisions to the access arrangement for the Dampier to Bunbury Natural Gas Pipeline (2026 to 2030) - Attachment 8: Other access arrangement provisions*, 7 July 2025.

Required amendments to the access arrangement

52. Consistent with the ERA decision to introduce a fixed principle and a tariff variation mechanism for demand adjustments, the ERA requires amendments to section 13, and Annexure A of the access arrangement as set out below:

[Note: The clause numbering currently identified as "[x]" will be determined when the amendments are applied to the access arrangement document that is approved by the ERA.]

[Section 13 of access arrangement (fixed principles)]

13.1 The following are Fixed Principles in accordance with NGR 99:

…

[x] The method used to adjust the Reference Tariff for significant variances between forecast and actual demand ("**Demand True-up Mechanism**"), as described in Annexure [Ax]. For the avoidance of doubt, the Demand True-up Mechanism applies across access arrangement periods to the extent necessary to allow surplus revenue collected from higher than forecast demand, or the deficit in revenue resulting from lower than forecast demand, in one access arrangement period to be fully accounted for.

…

13.[x] For the purpose of the Fixed Principle referred to in clause 13.1[x] of this Access Arrangement, the fixed period for the surplus revenue collected, or deficit in revenue, during AA6 is until the earlier of:

(a) 31 December 2032; and

(b) the date when the surplus revenue collected (or deficit in revenue) during the period 1 January 2026 to 31 December 2030 has been fully accounted for in accordance with the Fixed Principle in clause 13.1[x].

[Annexure A of access arrangement]

A1 Annual Scheduled Variation of Reference Tariffs

…

18.[x] The Reference Tariff will be increased or decreased to take into account significant variances between forecast and actual demand in accordance with the approach outlined in "Adjustments for Demand True-up Mechanism" (Annexure [Ax]).

…

[Ax] Adjustments for Demand True-up Mechanism

18.[x] The following principles apply to the Demand True-up Mechanism:

(a) The mechanism operates symmetrically, with a plus or minus variance threshold.

(b) The variance threshold is 5%. That is, a threshold of +/- 5% will apply to the variance between actual and forecast total Reference Service contracted capacity full haul equivalent (FHE) demand so that:

(i) in years where the variance between actual and forecast total Reference Service contracted capacity FHE demand is within this threshold, no adjustment to the Reference Tariff will occur.

(ii) in years where the variance between actual and forecast total Reference Service contracted capacity FHE demand is outside this threshold, an adjustment to the Reference Tariff will occur in accordance with clause 18.[x](c).

(c) The Demand True-up Mechanism will adjust the Reference Tariff as follows:

$$C_t = S \times \left[\underbrace{-\max\left(0, R_t^{\text{Actual}} - (1+\tau) \times R_t^{\text{Forecast}}\right)}_{\text{Outperformance to be returned to shippers}} + \underbrace{\max\left(0, (1-\tau) \times R_t^{\text{Forecast}} - R_t^{\text{Actual}}\right)}_{\text{Underperformance to be compensated by shippers}} \right]$$

where:

C_t is the carryover amount for the calendar year t (2026, 2027, 2028, 2029 and 2030);

R_t^{Actual} is the actual revenue from the Reference Tariffs for the calendar year t; and is calculated as;

$$\sum_{i=1}^{n}\sum_{j=1}^{m} \text{Tariff}_t^{i,j} \times q_t^{i,j}$$

where:

$\text{Tariff}_t^{i,j}$ is the tariff value of Reference Service and Reference Tariff Component i and j as varied from 1 January of the Calendar Year t;

$q_t^{i,j}$ is the actual quantity of Reference Service and Reference Tariff Component i and j for the 2026 to 2030 Access Arrangement period in Calendar Year t;

R_t^{Forecast} is calculated as;

$$\sum_{i=1}^{n}\sum_{j=1}^{m} \text{Tariff}_t^{i,j} \times \hat{q}_t^{i,j}$$

where:

$\text{Tariff}_t^{i,j}$ is the tariff value of Reference Service and Reference Tariff Component i and j as varied from 1 January of the Calendar Year t;

$\hat{q}_t^{i,j}$ is the forecast quantity of Reference Service and Reference Tariff Component i and j that was included in the ERA's Final decision for the 2026 to 2030 Access Arrangement period in Calendar Year t;

i is the Reference Service with:

i=1 being T1 Service;

i=2 being P1 Service; and

i=3 being B1 Service;

j is the Reference Tariff Component with:

j=1 being Capacity Reservation Tariff; and

j=2 being Commodity Tariff;

τ is the 5 per cent plus or minus variance threshold (0.05);

S is the sharing ratio of 50 per cent to represent a 50:50 sharing mechanism.

(d) The carryover amount determined in clause 18.[x](c) must be adjusted:

(i) for inflation, consistent with the method set out in Annexure A2, so that the nominal value of carryover amount matches the nominal year in which it is to be applied; and

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

(e) The carryover amount specified in clause 18.[x](d) will be applied to the Reference Tariff as follows:

(i) The carryover amount for the calendar year specified in Column A below will result in an adjustment to the Reference Tariff for the adjacent year specified in Column B.

Period	Column A	Column B
1	1 January 2026 until 31 December 2026	1 January 2028 until 31 December 2028
2	1 January 2027 until 31 December 2027	1 January 2029 until 31 December 2029
3	1 January 2028 until 31 December 2028	1 January 2030 until 31 December 2030
4	1 January 2029 until 31 December 2029	1 January 2031 until 31 December 2031
5	1 January 2030 until 31 December 2030	1 January 2032 until 31 December 2032

(ii) The carryover amount will be applied to adjust the Reference Tariff by:

A. calculating the carryover amount for the relevant period on a per gigajoule (full haul equivalent) per day basis by dividing the carryover amount 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

B. adding to 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] (d) and split between the Capacity Reservation Tariff and Commodity Tariff on the same ratio used in the Tariff Model to determine Reference Tariffs.

Required amendment 8.3

Section 13 (Fixed Principles) of the access arrangement must be amended to include a new fixed principle for demand to adjust the reference tariff when there is a variance of more than +/- 5 per cent between actual and forecast demand.

Annexure A of the access arrangement must be amended to include a new “demand true-up mechanism”, which details the method used to adjust the reference tariff for variances between forecast and actual demand.

The required drafting for the new fixed principle and tariff variation mechanism for demand is set out in paragraph 52 of Final Decision Attachment 8.