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SOUTH32

14 November 2025

Tyson Self
Economic Regulation Authority
Level 4, Albert Facey House, 469 Wellington St
Perth, WA, 6000

RE: DBNGP Access Arrangement for 2026 to 2030 – further consultation

Dear Tyson,

South32 Limited (South32) is pleased to respond on behalf of Worsley Alumina Pty Ltd (South32 Worsley) to the Australian Gas Infrastructure Group's (AGIG) consultation on its Draft Plan for the Dampier to Bunbury Natural Gas Pipeline (DBNGP) for the Access Arrangement period from 1 January 2026 to 31 December 2030 (AA6).

South32 is a globally diversified metals and mining company. We produce commodities including alumina, aluminium, bauxite, copper, lead, manganese, silver, and zinc from our operations in Australia, southern Africa and South America. Our strategy includes identifying opportunities to sustainably reshape our business for the future, increasing our exposure to commodities critical to the transition to a low-carbon world. Our Climate Change Action Plan outlines how we are addressing both the risks and opportunities presented by climate change. It details our approach to decarbonising operations, our goal to achieve net zero greenhouse gas (GHG) emissions by 2050, and our medium-term target to reduce operational GHG emissions by 50 per cent by 2035, based on our FY21 baseline.

South32 Worsley is a joint venture between South32 (86%), Japan Alumina Associates (10%) and Sojitz Alumina Pty Ltd (4%). Bauxite is mined near the town of Boddington, transported via overland conveyor to the refinery near Collie and turned into alumina powder before being transported by rail to Bunbury port. A combination of coal, gas and biomass are used to fuel the onsite boilers for steam and electricity generation. Natural gas is drawn through the DBNGP as a direct fuel source to the power station and for use in the alumina refining process. DBNGP capacity is secured via a full haul (T1) Standard Shipper Contract (SSC) with DBNGP (WA) Transmission Pty Ltd (DBP).

South32 Worsley's response is centred around Issue 1 – Treatment of overrun revenue. South32 Worsley recommends the following as part of our response:

- Maintaining the same Overrun Rate of 115% and Unavailable Overrun Charge of 250%;
- Removing the current 'floor price' for Spot Capacity of 115% the T1/P1/B1 tariff; and
- Addition of a clause to prevent the DBNGP from setting the Minimum Bid Price above the T1 rate.

The ERA seeks feedback on its proposed amendments to the access arrangement for the DBNGP to treat the net revenue DBP generates from overrun gas charges as reference service revenue. In adopting this treatment approach, the ERA proposes to introduce a new "overrun tariff" component into the reference service tariff for the T1/P1/B1 Service, which will result in numerous amendments to the access arrangement. Please provide feedback on the proposed amendments.

South32 Worsley, like many other operations is facing increased variability in its gas demand leading to greater difficulty in gas forecasting. Overrun and Spot Capacity are two options available in the Reference Service Terms and Conditions to manage the swings in gas demand.

Spot Capacity Service is currently a Rebatable Non-Reference Service, however, is underutilised due to its pricing. Per clause 11.1(b) of the Reference Service Terms and Condition, the 'floor price' for Spot Capacity is currently equivalent to the Overrun rate (115% of the T1/P1/B1 tariff). Given this arrangement, there has been little incentive for Customers to bid for Spot Capacity. Rather than the introduction of a new Overrun Tariff, South32 Worsley recommends amendment to clause 11.1(b) to remove the current 'floor price' for Spot Capacity of 115% the T1/P1/B1 tariff and an addition of a clause to prevent the DBNGP from setting the Minimum Bid Price above the T1 rate. This should encourage increased use of the Spot Capacity service and reduce use of Overrun Capacity.

The additional revenue from the Spot Capacity Service will also be recognised through the existing Rebate arrangement. Similarly, an amendment to Schedule 2, Charges will need to be addressed to remove the Spot Capacity floor price of 250% of the T1/P1/B1 Tariff under an Unavailable Overrun scenario.

Further to above, South32 Worsley deems the additional revenue from the current overrun rate of 115% and Unavailable Overrun Charge of 250% are sufficient to cover the additional incremental costs DBP incurs to provide the Overrun Capacity. South32 Worsley assess the proposed increase to 200% and 300% for Overrun and Unavailable Overrun (respectively) will not address the DBP's concern for excessive use of Overrun Capacity. Rather, it will just result in an increase in revenue for the DBP. Amendment of the 'floor price' for Spot Capacity is a better approach to encourage increased use of the Spot Capacity and reduce reliance on Overrun Capacity.

The security of supply that comes from a Reference Service Contract remains an incentive for gas consumers to ensure they have firm capacity, especially as the market expects increased curtailments from demand volatility. The increased use of Spot Capacity will enable DBP to better schedule the pipeline due to the requirements for day-ahead nominations and improve the liquidity and price discovery in gas transport markets.

The ERA seeks feedback on its proposed amendments to the access arrangement for the DBNGP to introduce a new fixed principle for demand adjustments to address demand uncertainty

South32 Worsley has no commentary on this query.

Summary

We hope this letter adequately addresses the ERA's queries. For further information please contact Lucy Wu, South32, Manager Energy at [redacted]

Regards,

[redacted]

Rob Jackson
South32, Vice President Supply