



Economic Regulation Authority

Reference service proposal decision

Proposed reference services for the Dampier to Bunbury
Natural Gas Pipeline submitted by DBNGP (WA)
Transmission Pty Ltd

1 July 2024

Economic Regulation Authority

Level 4, Albert Facey House

469 Wellington Street, Perth WA 6000

Telephone 08 6557 7900

Email info@erawa.com.au

Website www.erawa.com.au

This document can also be made available in alternative formats on request.

National Relay Service TTY: 13 36 77

© 2024 Economic Regulation Authority. All rights reserved. This material may be reproduced in whole or in part provided the source is acknowledged.

Contents

Decision	1
Reasons for decision	2
Decision making framework	2
Regulatory framework	2
Pipeline access arrangement	2
Submission and content of a reference service proposal	2
DBP's reference service proposal	4
Proposed reference service	4
Stakeholder engagement feedback.....	5
Consideration of reference service factors	6
ERA's reference service proposal decision	6
Proposal requirements	7
Public consultation.....	8
Pipeline services.....	8
Reference service factors.....	9
Decision	14
List of appendices	
Appendix 1 List of Tables.....	16
Appendix 2 Abbreviations.....	17
Appendix 3 Submissions received.....	18

Decision

On 8 December 2023, DBNGP (WA) Transmission Pty Ltd (DBP) provided a reference service proposal for the Dampier to Bunbury Natural Gas Pipeline (DBNGP). A reference service proposal is required to identify all services that can be reasonably offered by means of the pipeline and determines which of these services should be specified as a reference service.¹ This is the initial step before access arrangement revisions are to be submitted for the next access arrangement period.

The Economic Regulation Authority has reviewed DBP's reference service proposal for the DBNGP and agrees with the retention of the current three reference services, Full Haul, Part Haul and Back Haul services. However, the ERA considers that DBP has not specified all of the pipeline services that it could reasonably provide as pipeline services. In its reference service proposal, DBP removed data services and storage services despite offering these services in the current and previous access arrangement periods and stating it is able to provide these services if there is demand for the services. Given that DBP has in the past provided these services and stated that it is able to provide these services in the future, the ERA considers that these services can be reasonably provided.

Consequently, the ERA has not approved DBP's reference service proposal as it does not state all the pipeline services that could be reasonably provided. Instead, the ERA has specified these pipelines services in the ERA's own reference service proposal as required by the National Gas Rules.

This decision gives effect to the ERA's own reference service proposal which has been published in conjunction with this decision. The ERA's reference service proposal has regard to DBP's reference service proposal, the ERA's reasons for not approving DBP's proposal, the reference service factors and submissions made during the consultation processes held by the ERA and DBP.

Approved reference services in the ERA's revised reference service proposal for the DBNGP, the Full Haul, Part Haul and Back Haul services will form part of DBP's access arrangement proposal for the next access arrangement period, which is due to commence on 1 January 2026.

DBP must submit its access arrangement proposal to the ERA by 1 January 2025.² The proposal will set out DBP's proposed terms, conditions, and prices for the firm transportation service, along with proposed revisions to the other access arrangement provisions.

However, should a material change arise (for example, demand for another pipeline service to be specified as a reference service), the ERA will reconsider services specified as reference services as part of its review of DBP's access arrangement proposal.

¹ A "reference service" is a pipeline service that has a reference tariff and other terms and conditions set (approved) by the regulator under the access arrangement framework, with the "reference tariff" being the price that the pipeline operator can charge its customers. The reference service and reference tariff may form the basis for arbitration in the event of an access dispute.

² 1 January 2025 is the review submission date for the next access arrangement.

Reasons for decision

Decision making framework

Regulatory framework

1. The National Gas Law (NGL) and National Gas Rules (NGR), as enacted by the *National Gas (South Australia) Act 2008*, establish the legislative framework for the independent regulation of certain gas pipelines in Australia. The *National Gas Access (WA) Act 2009* implements the NGL and NGR in Western Australia.³
2. Under the legislative framework, the DBNGP is one of three regulated pipelines that require an access arrangement approved by the ERA.⁴
3. An access arrangement provides details of the terms and conditions, including prices, for the provision of pipeline services to a third party seeking to transport and receive gas. The service provider is responsible for developing and proposing a relevant access arrangement for the pipeline. The ERA is responsible for assessing the proposed access arrangement against the legislative requirements set out in the NGL and NGR and approving a compliant access arrangement. Once approved, the access arrangement may serve as a benchmark for negotiating access to pipeline services that are offered by means of the regulated pipeline.

Pipeline access arrangement

4. Once an initial access arrangement is proposed and approved for a regulated pipeline, the access arrangement remains in effect, with scheduled revisions, until coverage of the pipeline is revoked.⁵ The DBNGP access arrangement was initially approved in December 2003. The last scheduled revisions to it were approved by the ERA in April 2021 for the fifth access arrangement period (2021 to 2025, known as AA5).
5. DBP is required to submit proposed revisions for the next (sixth) access arrangement period by 1 January 2025. Prior to submitting its access arrangement proposal, the NGR requires DBP to submit a reference service proposal to the ERA for approval. The ERA's decision on the reference service proposal approves the reference services that DBP must include in its access arrangement proposal, and for which DBP must propose the terms, conditions and prices for access to these services.

Submission and content of a reference service proposal

6. DBP was required to submit its reference service proposal to the ERA by 1 January 2024, being no later than 12 months prior to the review submission date for the DBNGP access arrangement.⁶ The ERA was then required to publish DBP's

³ The NGL as implemented in Western Australia is set out as a note in the *National Gas Access (WA) Act 2009*. This note does not form part of the Act but shows the text that applies as the *National Gas Access (Western Australia) Law*. In this decision, references to the "NGL" are references to the Western Australian National Gas Access Law text, unless otherwise specified.

⁴ The other pipelines which require an approved access arrangement in Western Australia are the Goldfields Gas Pipeline and the Mid-West South-West Gas Distribution Systems.

⁵ NGR, rule 49(1).

⁶ NGR, rule 47A(3).

proposal for public comment before making its reference service proposal decision by 1 July 2024 (which is six months prior to the date when DBP is required to submit its proposed revisions to the access arrangement).⁷

7. The purpose of a reference service proposal is to identify the services that can be provided by the pipeline and then determine which of these services should be specified as a reference service under the access arrangement. A 'reference service' is a pipeline service that has a reference tariff and other terms and conditions approved by the ERA under the access arrangement framework, with the 'reference tariff' being the price that DBP can charge its customers as the pipeline operator.
8. A reference service proposal must:⁸
 - Identify the pipeline to which the proposal relates and include a reference to a website where a description of the pipeline can be reviewed.
 - Set out all the pipeline services that the service provider can reasonably provide by means of the pipeline, and provide a description of those services with consideration given to the different characteristics of each service, such as:
 - The service type (for example, is the service a forward haul, backhaul, connection, or park and loan service).
 - The priority of the service relative to other pipeline services of the same type.⁹
 - The receipt and delivery points.
 - From the list of pipeline services that the service provider can reasonably provide, identify at least one of those services as a proposed reference service. In identifying the proposed reference service(s), consideration must be given to the 'reference service factors' and any supporting information required by the ERA.
 - Where the service provider has engaged with pipeline users and/or other interested parties in developing the proposal, describe the feedback received from those users/parties about what pipeline services should be specified as a reference service.
9. The reference service factors are set out in the NGR:¹⁰
 - (a) actual and forecast demand for the pipeline service and the number of prospective users of the service;
 - (b) the extent to which the pipeline service is substitutable with another pipeline service to be specified as a reference service;
 - (c) the feasibility of allocating costs to the pipeline service;
 - (d) the usefulness of specifying the pipeline service as a reference service in supporting access negotiations and dispute resolution for other pipeline services, such that:

The review submission date for the DBNGP access arrangement is 1 January 2025. This is the date that DBP must submit an access arrangement proposal. This proposal sets out DBP's proposed revisions to the access arrangement for the next (sixth) access arrangement period, which is expected to commence on 1 January 2026.

⁷ NGR, rules 47A(6) and 47A(9).

⁸ NGR, rule 47A.

⁹ This refers to the priority ranking of a service in relation to other pipeline services when scheduling services and in the event of curtailment.

¹⁰ NGR, rule 47A(15).

- (i) reference services serve as a point of reference from which pipeline services that are not reference services can be assessed by a user or prospective user for the purpose of negotiating access to those other pipeline services;
 - (ii) a reference tariff serves as a benchmark for the price of pipeline services that are not reference services; and
 - (iii) reference service terms and conditions serve as a benchmark for the terms and conditions of pipeline services that are not reference services;
- (e) the likely regulatory cost for all parties (including the [ERA], users, prospective users and the service provider) in specifying the pipeline service as a reference service.

DBP's reference service proposal

10. The DBNGP is the gas transmission pipeline defined in Pipeline Licence 24 issued under the *Petroleum Pipelines Act 1969 (WA)*. It is operated by DBP, which is a part of the Australian Gas Infrastructure Group (AGIG).
11. The DBNGP is one of the largest capacity natural gas transmission pipelines in Australia, spanning 1,600 kilometres starting near the township of Dampier, running parallel to the coast of Western Australia and finishing near Bunbury, south of Perth. It links the gas fields located in the Carnarvon Basin off the Pilbara coast and the Perth Basin directly to mining, industrial and commercial customers via the distribution network. Additional information on the DBNGP can be found on the AGIG website.¹¹
12. On 8 December 2023, DBP submitted its reference service proposal for the DBNGP in relation to its forthcoming access arrangement review.

Proposed reference service

13. DBP identified 10 pipeline services that it can reasonably provide via the DBNGP and proposed to retain the current three reference services for AA6: Full Haul; Part Haul; Back Haul services. Detailed descriptions for each service are set out in section 1.7 of DBP's reference service proposal.¹²

Table 1: Pipeline services provided by means of the DBNGP

Pipeline Service	Service Description
Reference service	
T1 Full Haul	Forward Full Haul (subject to available capacity) with outlet point downstream of CS9, regardless of the location of inlet point upstream of MLV31.

¹¹ AGIG, 'Dampier Bunbury Pipeline' ([online](#)) (accessed January 2024).

¹² DBP, *Reference Service Proposal for the Dampier Bunbury Natural Gas Pipeline January 2026 – December 2030*, section 1.7, p. 4.

Pipeline Service	Service Description
P1 Part Haul	Forward Part Haul (subject to available capacity) with outlet point upstream of CS9, regardless of the location of inlet point. ¹³
B1 Back Haul	Back Haul (subject to available capacity) service where the inlet point is downstream of the outlet point.
Other (non-reference) services	
Spot capacity service	Allows access to gas transmission capacity on a day ahead basis where available via auction (subject to available capacity).
Pipeline Impact Agreement service	An agreement specified under the Gas Supply (Gas Quality Specifications) Act 2009 developed to allow gas producers to supply broader quality gas in Western Australia.
Inlet sales service (or Inlet Sales Agreement service)	A pipeline service that facilitates the trading of gas between shippers at a single inlet point on the DBNGP (subject to operational availability).
Pilbara service	An interruptible gas transportation service on the DBNGP where deliveries are within the Pilbara Zone (between I1-01 and MLV31, inclusive of I1-01 and MLV31).
Other reserved service	A suite of interruptible services offered on a bespoke basis to shippers with new projects and/or uncertain demand, often ahead of a firm service. The services have a reservation charge but exclude T1, P1, B1 and spot capacity.
Peaker service (or Peaking service)	An interruptible pipeline service where a shipper can obtain additional peaking limits to those set in standard terms (subject to operational availability).
Ullage service	A bespoke capacity service where gas is required to be delivered to the Karratha Gas Plant.

Source: DBNGP Reference Service Proposal

14. DBP noted that it is also prepared to offer data services and a storage service as an interruptible (injection and withdrawal) service if there is a demand and shippers see the value in it.¹⁴

Stakeholder engagement feedback

15. In preparing its reference service proposal, DBP engaged with stakeholders of the DBNGP to discuss the proposal for the forthcoming access arrangement process. DBP received one written submission on its proposal.

¹³ DBP has described the current part haul service incorrectly and the ERA has revised this in its reference service proposal to “Forward Part Haul (subject to available capacity) with the inlet point upstream of the outlet point, regardless of the location of the outlet point, and is not a Full Haul Service.”

¹⁴ DBP, *Reference Service Proposal for the Dampier Bunbury Natural Gas Pipeline January 2026 – December 2030*, Table 2 (p. 6).

16. In summary, the stakeholder:¹⁵
- Was not supportive of DBP’s proposal to remove some pipeline services for AA6 (data service and storage service).
 - Proposed consolidating the T1, P1, B1 and Pilbara transport services into two services: firm and interruptible.
 - Proposed classifying all non-reference services as reference services, particularly the spot capacity services, Pilbara service, and backflow service.
17. DBP noted that it met with the stakeholder to discuss the merits and implications of the matters raised in their submission. In response, DBP published the stakeholder’s recommendations along with DBP’s response to them in its reference service proposal.

Consideration of reference service factors

18. To determine which of its pipeline services to specify as a reference service, DBP needed to consider the reference service factors set out in the NGR. DBP assessed each of the pipeline services against the reference service factors.
19. DBP submitted that the three pipeline services, (1) T1 Full Haul; (2) P1 Part Haul; (3) B1 Back Haul, on balance, satisfied the reference service factors since:¹⁶
- There is relatively high demand for the services.
 - There are no substitutes for the services.
 - Costs can be allocated for the services.
 - The services are key benchmarks for negotiations for access to the DBNGP.
 - There is low regulatory cost to administer the service.

ERA’s reference service proposal decision

20. To make its reference service proposal decision, the ERA:
- Assessed DBP’s reference service proposal to ensure compliance with the requirements of the NGR.
 - Considered the matters that it is required to consider, including:¹⁷
 - Submissions made in response to the ERA’s invitation for submissions on DBP’s reference service proposal.
 - Feedback DBP received from pipeline users during the development of its reference service proposal.
 - The reference service factors.¹⁸
 - Any other matter considered relevant.

¹⁵ DBP, *Reference Service Proposal for the Dampier Bunbury Natural Gas Pipeline January 2026 – December 2030*, Table 2 (pp. 5-8).

¹⁶ DBP, *Reference Service Proposal for the Dampier Bunbury Natural Gas Pipeline January 2026 – December 2030*, Table 3 (p. 11).

¹⁷ NGR, rule 47A(13).

¹⁸ The reference service factors are set out at paragraph 10 of this decision.

Proposal requirements

21. The NGR set out the requirements for DBP's reference service proposal. If the ERA considers the proposal does not comply with the rule requirements it may notify the service provider to resubmit the reference service proposal prior to assessing and deciding whether to approve (or not approve) it.¹⁹
22. The ERA undertook a preliminary compliance check of DBP's reference service proposal before publishing it for public comment. Table 2 sets out the results of this compliance check.
23. The ERA found the proposal to be non-compliant with rule 47A(1)(b) of the NGR which requires DBP to list out all pipeline services it can reasonably provide on the DBNGP. The ERA preliminary compliance check found that the following services which are currently listed as pipeline services, should remain as pipelines services:
 - Data services
 - Storage services
 - Some ancillary services (seasonal service, metering and temperature service, and odorization service).
24. The ERA did not require DBP to resubmit a compliant proposal and instead, sought to obtain stakeholder views through public consultation on the ERA's preliminary assessment that these services could be reasonably provided and should be considered as pipeline services.

Table 2: Preliminary ERA compliance check of DBP's proposal against the NGR

NGR requirement	Compliance status
Submission of proposal	
For a full regulation pipeline where an existing access arrangement applies, proposal submitted no later than 12 months prior to the review submission date for the access arrangement (NGR 47A(3)(a)).	Compliant
Content of proposal	
Proposal identifies the pipeline to which it relates, including a reference to a website where a description of the pipeline can be reviewed (NGR 47A(1)(a)).	Compliant
Proposal sets out all the pipeline services that the service provider can reasonably provide by means of the pipeline, including a description of each of the services (NGR 47A(1)(b)).	Non-compliant
Proposal identifies, from the list of pipeline services that the service provider can reasonably provide, at least one service to be specified as a reference service (NGR 47A(1)(c)).	Compliant
Where the service provider has engaged with pipeline users in developing its proposal, proposal describes any feedback from those users about which pipeline services should be specified as a reference service (NGR 47A(1)(d)).	Compliant

¹⁹ NGR, rule 47A(4).

Public consultation

25. The ERA must consider the consultation undertaken by DBP to develop its reference service proposal, and any submissions received in response to the ERA's consultation process.²⁰ The DBP's consultation process was noted above.

ERA consultation

26. The ERA published DBP's reference service proposal on 9 January 2024 and invited interested parties to make submissions by 11 March 2024. The ERA highlighted two key issues for interested parties, which were aimed at identifying any additional pipeline services and/or reference services (whether existing or prospective) that can be provided by means of the DBP.²¹
27. The ERA received two submissions, from DBP and South32 Worsley.
28. DBP's submission set out why it excluded certain pipeline services. DBP does not consider it should offer services just because they were offered in a previous access period. DBP argued that this removes its ability to respond to changing market conditions and/or operational dynamics on the pipeline and that it hinders consideration for new services, since it implies that the service must be offered continuously and not for a single AA period. DBP stated that very low or nil demand in the current AA and forecast for the upcoming AA period should be a sufficient reason to discontinue the service. DBP also determined that these services were not essential to shippers transporting gas on the pipeline.
29. South32 Worsley's submission raised concerns over potential government changes to export bans on onshore gas and the effect on DBP's pipeline services. In its response, South32 recommended the ullage service to be considered as a reference service or use of the existing back haul service instead of the ullage service.
30. The ERA has noted South32's concern in this decision and has flagged it as something to be considered if and/or when government changes emerge. A lift on export bans would constitute a material change and can be addressed accordingly during DBP's access arrangement review.
31. The ERA has considered the feedback received in assessing DBP's reference service proposal.

Pipeline services

32. As noted above, the ERA's preliminary compliance check found that DBP has not listed all the pipeline services that it could reasonably provide on the DBNGP.
33. In its reference service proposal, DBP removed data services and storage services due to low or no forecast demand despite offering these services in the current and previous access arrangement periods and stating it can provide these services if there is demand for the services.²²

²⁰ NGR, rules 47A(13)(b) and (c).

²¹ ERA, *Notice – Reference service proposal for the Dampier to Bunbury Natural Gas Pipeline: Invitation for public submissions*, 9 February 2024 ([online](#)) (accessed April 2024).

²² DBP, *Reference Service Proposal for the Dampier Bunbury Natural Gas Pipeline January 2026 – December 2030*, Table 3 (pp. 11-12); DBP, *DBP Submission to ERA Notice March 2024*, (p. 4).

34. Given that DBP has in the past provided these services and stated that it is able to provide these services in the future, the ERA considers that these services can be reasonably provided. The ERA considers that low or no forecast demand is not a factor for not being able to reasonably provide these services if requested. This would be a factor in determining which pipeline services could be a reference service.
35. As a result, the ERA has determined that data services and storage services should remain as pipeline services in the upcoming (AA6) access arrangement.
36. In respect of the ancillary services (seasonal service, metering and temperature service, and odorization service), DBP explained in its submission that these services are already included as part of the three listed reference services and DBP earns no additional revenue from these services.²³ The ERA accepts DBP's position and considers that these ancillary services do not need to be specified as pipeline services.

Reference service factors

37. To assess DBP's reference service proposal, the ERA considered DBP's assessment of pipeline services against the reference service factors.
38. The ERA's consideration of each the reference service factors is set out at paragraphs 39 to 62. The ERA has sought to determine the circumstances in which each reference service factor would be reasonably satisfied. The ERA considers that a pipeline service that can reasonably satisfy most of the reference service factors should be, on balance, specified and offered as a reference service unless there are valid reasons for the service to be offered as a non-reference service.

Factor A: *Actual and forecast demand for the service and number of prospective users of the service*

39. Factor A requires consideration of actual and forecast demand for the pipeline service and the number of prospective users of the service. The ERA considers that a service with high actual and forecast demand and a high number of prospective users would reasonably satisfy this factor. Offering pipeline services that are in high demand as reference services is in the long-term interest of gas consumers. The approved terms and conditions (including prices) for these services will be useful to a larger number of existing or prospective users. Consequently, the benefits of specifying these services as reference services are relatively high.
40. DBP assessed each pipeline service against Factor A by considering whether the service is in high demand. DBP submitted that:²⁴
 - The T1 Full Haul, P1 Part Haul and B1 Back Haul have high or relatively high demand forecasts to continue.
 - The other pipeline services (spot capacity service, pipeline impact agreement service, inlet sales agreement, other reserved service, Pilbara service, peaking service, ullage service (backflow service)) have either low, temporary or uncertain forecast demand and therefore do not satisfy Factor A.

²³ DBP, *DBP Submission to ERA Notice March 2024*, (pp.4-5).

²⁴ DBP, *Reference Service Proposal for the Dampier Bunbury Natural Gas Pipeline January 2026 – December 2030*, Table 3 (pp. 11-12).

41. The ERA notes that DBP did not provide any actual or forecast demand data for all the pipeline services in its reference service proposal to substantiate its assessment of these services against Factor A.

Factor B: *Extent to which the service is substitutable with another service to be specified as a reference service*

42. Factor B requires consideration as to the extent to which the pipeline service could be substituted by another service that will be specified as a reference service. Given that Factor B is explicitly focused on the substitutability of a service with another service that *is to be specified as a reference service*, specific consideration needs to be given to the service substitute and whether it will be (or is already) specified as a reference service.
43. The ERA considers that for a service to be substitutable, the service substitute should aim to deliver the same service outcome to the user (customer) as the original service. Where a service does not have a service substitute, it would be appropriate to consider specifying the non-substitutable service as a reference service itself after consideration is given to the other reference service factors.
44. DBP considered that a pipeline service satisfies Factor B if the services cannot be substituted with other services and there is no other way shippers can obtain it. In its assessment, DBP considered that:²⁵
- The T1 Full Haul, P1 Part Haul and B1 Back Haul have no existing substitutes as all three services are DBNGP's core service offerings.
 - The Pipeline Impact Agreement service has no direct regulatory substitute as it is a service agreement under the *Gas Supply (Gas Quality Specifications) Act 2009*.
 - The Inlet Sales Agreement has no direct regulatory substitute, which satisfies Factor B, but has been ruled out as a reference service due to its limited use to support other negotiations and high regulatory costs.
 - Spot capacity service can be directly substituted by capacity swaps between shippers and the other pipeline services (other reserved service, Pilbara service, peaking service, ullage service (backflow service)) can be substituted using the T1 Full Haul, P1 Part Haul and B1 Back Haul; therefore, they do not satisfy Factor B.
45. Noting DBP's assessment of pipeline services against Factor B, the ERA considers it to be reasonable that the T1 Full Haul, P1 Part Haul and B1 Back Haul services have no existing substitutes and therefore satisfies Factor B.

Factor C: *Feasibility of allocating costs to the service*

46. Factor C requires consideration of the feasibility of allocating costs to the service. The ERA considers that it is only feasible to allocate costs to a service if the direct and shared costs of providing the service can be determined.
47. DBP assessed each pipeline service against Factor C by considering whether costs can be allocated to each service. DBP assessed that:²⁶

²⁵ DBP, *Reference Service Proposal for the Dampier Bunbury Natural Gas Pipeline January 2026 – December 2030*, Table 3 (pp. 11-12).

²⁶ DBP, *Reference Service Proposal for the Dampier Bunbury Natural Gas Pipeline January 2026 – December 2030*, Table 3 (pp. 11-12).

- Costs can be allocated to the T1 Full Haul, P1 Part Haul and B1 Back Haul as they form the foundation of DBNGP's demand forecasts and cost allocation.
 - It is difficult to allocate costs to spot capacity service, Pilbara service, peaking service, and ullage service (backflow service) due to variability and temporariness of demand.
 - Separate costs are already directly allocated or allocated on the same basis as the reference service to the pipeline impact agreement service, inlet sales agreement and other reserved service.
48. The ERA considers DBP's assessment to be reasonable:
- It is feasible to allocate costs to the T1 Full Haul, P1 Part Haul and B1 Back Haul because they form the foundation of DBNGP's demand forecast and around 88 per cent of pipeline revenues continue to come from them.
 - It is not feasible to allocate costs to the other pipeline services as the demand for such services will vary depending on the operational needs of users at any given point in time.

Factor D: Usefulness of specifying service as a reference service to support access negotiations and dispute resolution

49. Factor D requires consideration of the usefulness of specifying a service as a reference service in supporting access negotiations and dispute resolution for other services, such that:
- Reference services serve as a reference point from which pipeline services that are not reference services can be assessed by a user (or prospective user) for the purpose of negotiating access to those other services.²⁷
 - A reference tariff (the approved price for a specified reference service) serves as a benchmark for the price of services that are not reference services.²⁸
 - The approved terms and conditions for a reference service serve as a benchmark for the terms and conditions of services that are not reference services.²⁹
50. The ERA considers that for a service to be most useful in supporting access negotiations and dispute resolution for other services, the service to be specified as a reference service would be an established service with a clearly defined service outcome, tariff structure and terms and conditions. Such features would enhance the ability of the parties involved in negotiations or resolutions to reach agreement by having a clear reference point and/or benchmark to work from.
51. DBP considered that a reference service should provide prospective users with an aid for use in access negotiations and dispute resolution for other pipeline services. DBP submitted that:³⁰
- The T1 Full Haul, P1 Part Haul and B1 Back Haul provide key benchmarks for negotiations for access to the DBNGP, including for other transportation services.

²⁷ NGR, rule 47(A)(15)(i).

²⁸ NGR, rule 47(A)(15)(ii).

²⁹ NGR, rule 47(A)(15)(iii).

³⁰ DBP, *Reference Service Proposal for the Dampier Bunbury Natural Gas Pipeline January 2026 – December 2030*, Table 3 (pp. 11-12).

- The pipeline impact agreement service and inlet sales agreement are an adjunct to other services and have limited use to support other negotiations.
 - As for the other pipeline services (other reserved service, Pilbara service, peaking service, and ullage service (backflow service)), the nature and specification of these services are not comparable to other DBNGP pipeline services. Consequently, the terms and conditions for these services do not provide a good benchmark for other pipeline services and are unlikely to assist access negotiations and dispute resolutions.
52. The ERA considers DBP's assessment of the pipeline services against Factor D to be reasonable.

Factor E: Likely regulatory cost for all parties in specifying service as a reference service

53. Factor E requires consideration of the likely regulatory costs involved for all parties (including users and prospective users, the ERA and DBP) in specifying a pipeline service as a reference service. The ERA considers that the overall benefits in specifying a service as a reference service should be greater than the regulatory costs involved, and that such regulatory costs may include, for example:
- Administrative and legal costs incurred by DBP to develop the required tariff and terms and conditions for each relevant reference service.
 - Operational costs incurred by the ERA to assess and approve the required tariff and terms and conditions for each relevant reference service.
 - The costs incurred by users and prospective users to review and implement the tariff and terms and conditions for each relevant reference service.
54. DBP considered that a pipeline service satisfies Factor E if it minimises the cost and regulatory burden. Additionally, the cost should not exceed the benefits of specifying the service as a reference service.
55. DBP assessed each pipeline service against Factor E and considered that:³¹
- The cost of specifying the T1 Full Haul, P1 Part Haul and B1 Back Haul as a reference service and administering the service is low relative to the potential benefit.
 - The cost associated with specifying other pipeline services (pipeline impact agreement service, inlet sales agreement, other reserved service, Pilbara service, peaking service, and ullage service (backflow service)) as reference services imposes a high regulatory cost burden relative to the benefits, specifically where revenues generated are small relative to the likely regulatory cost and variable demand. Additionally, individual non-reference services all make up less than 5 per cent of revenues in the current AA period.
56. The ERA considers DBP's assessment of the pipeline services against Factor E to be reasonable.

³¹ DBP, *Reference Service Proposal for the Dampier Bunbury Natural Gas Pipeline January 2026 – December 2030*, Table 3 (pp. 11-12).

'On balance' consideration of factors

57. A pipeline service that does not meet all the reference service factors can still be considered a reference service.
58. The ERA considers that pipeline services that: are high in demand (or are increasing in demand); can have costs allocated; are useful in supporting access negotiations and dispute resolutions; and/or have minimal regulatory costs are services that, on balance, should be specified as reference services. Services that cannot be substituted with another service should also be specified as reference services, given their unique service characteristics, unless there is a specific reason not to after considering the other reference service factors. In all cases, the benefits of specifying a pipeline service as a reference service should outweigh the costs of doing so.
59. The ERA agrees with DBP's assessment that the current reference services (Full Haul, Part Haul and Back Haul) should remain as reference services as these services meet all of the reference service factors. These services should continue to be specified as reference services in AA6.
60. The ERA notes that the spot capacity service has higher demand than forecast in current period and has no specific service substitute.³² This service is currently a non-reference service in the access arrangement, and DBP has proposed that this classification be retained for the next access arrangement period on the basis that the demand has high variability and it will be difficult to allocate costs accordingly, it has limited support in negotiations, and high regulatory cost. On top of this, DBP has acknowledged that the Pipeline Impact Agreement service and Inlet Sales Agreement have no direct regulatory substitute.³³ Again, these two services will remain non-reference services due to their low revenue, variable demand and difficulty in allocating costs. The ERA understands that on balance, the benefits of specifying these services as a reference service do not outweigh the costs of doing so and accepts DBP's classification of these three services as non-reference services.
61. For the remaining pipelines services that DBP nominated, the ERA notes that other reserved service, Pilbara service, peaking service, and ullage service (backflow service) do not meet any of the reference service factors and agrees with DBP's submission for them to remain non-reference services.
62. Furthermore, the ERA notes that South32 raised an issue in its submission regarding gas market changes that may increase demand for the ullage services. The shipper recommended classifying the ullage service as a reference service. The ERA has noted this recommendation, which could be reconsidered in the future if the State Government changes the ban on onshore gas exports.
63. The ERA has also assessed the two additional pipelines services it included (data services and the storage service) against the reference service factors in Table 3.

³² DBP, *Reference Service Proposal for the Dampier Bunbury Natural Gas Pipeline January 2026 – December 2030*, Table 3 (p. 11).

³³ DBP, *Reference Service Proposal for the Dampier Bunbury Natural Gas Pipeline January 2026 – December 2030*, Table 3 (p. 12).

Table 3: Assessment of data service and storage service for the AA6 period

Pipeline service	Actual and forecast demand and number of prospective customers (15)(a)	Substitutability (15)(b)	Feasibility of allocating costs (15)(c)	Usefulness in supporting negotiations and dispute resolution for other pipeline services (15)(d)	Likely regulatory costs (15)(e)
Data service	<p>Low demand and revenue to date.</p> <p>DBP notes that there have been few requests for this service in recent years. Average revenue has been low (\$8,000 to \$30,000 for each service) over 2021, 2022 and 2023.</p>	<p>There is no substitutability for gas producers but there is for Shippers.</p> <p>Data services assist gas producers in providing gas allocations. Shippers are able to provide allocations under Clause 6.4 of the reference service terms and conditions.</p> <p>Further, metering data and information can be provided under cl.15.5 of the Standard Shipper Contract (SSC).</p>	Difficult to allocate costs due to low demand.	Unique service and unlikely to be useful in supporting negotiations and dispute resolution for other pipeline services.	High costs relative to low revenue.
Storage service	<p>Low demand.</p> <p>DBP notes that since 2021, no shippers have used the Storage service on the pipeline.</p>	While there maybe be other storage options such as the Mondarra and Tubridgi gas storage facilities, there is no substitutability with another pipeline services to be specified as a reference services.	Difficult to allocate costs due to low demand.	Unique service and unlikely to be useful in supporting negotiations and dispute resolution for other pipeline services. May be useful to support negotiations for non-pipeline services such as dedicated storage facilities but that is not the factor to be assessed here.	High costs relative to revenue.

64. The ERA has found the data services to gas producers and the storage service only meet the 'no substitutability' factor and on balance, the ERA does not consider these services should be classified as reference services.

Decision

65. The ERA agrees with DBP's proposal to retain the T1 Full Haul, P1 Part Haul and B1 Back Haul as reference services in the next access arrangement for the DBNGP. However, the ERA has decided to not approve DBP's reference service proposal. The ERA disagrees with DBP's decision to remove data services and storage services from its list of pipeline services for AA6 due to low or no forecast demand for these services. The reason for this decision is due to the fact that DBP has offered these services in

the current and previous access arrangement periods and it has stated that it is able to provide these services if there is demand for them. The ERA considers that low or no forecast demand is not a factor for not being able to reasonably provide these services if requested. This would be a factor in determining which pipeline services could be a reference service.

66. As a result, the ERA has determined that data services and storage services should remain as pipeline services in the upcoming (AA6) access arrangement.
67. Consequently, the ERA has revised DBP's reference service proposal and published its own reference service proposal as required under the NGR.
68. The ERA's revised reference services will form part of DBP's access arrangement proposal for AA6, which is due to commence on 1 January 2026. DBP must submit its access arrangement proposal to the ERA by 1 January 2025.³⁴ The proposal will set out DBP's proposed terms, conditions and prices for the reference services, along with proposed revisions to other access arrangement provisions.
69. Should any material change arise (for instance, a demand for another pipeline service to be specified as an additional reference service), the ERA is prepared to depart from this decision as part of its review of DBP's access arrangement proposal.³⁵

³⁴ 1 January 2025 is the review submission date for the access arrangement.

³⁵ Rules 48(1) and (2) of the NGR allow for a different reference service (or set of reference services) in the access arrangement or access arrangement proposal if there has been a material change in circumstances since the ERA's reference service proposal decision.

Appendix 1 List of Tables

Table 1:	Pipeline services provided by means of the DBNGP	4
Table 2:	Preliminary ERA compliance check of DBP's proposal against the NGR.....	7
Table 3:	Assessment of data service and storage service for the AA6 period.....	14

Appendix 2 Abbreviations

ERA	Economic Regulation Authority
DBNGP	Dampier to Bunbury Natural Gas Pipeline
DBP	DBNGP Transmission Pty Limited
NGL	National Gas Law
NGR	National Gas Rules

Appendix 3 Submissions received

The ERA received two submissions, from South 32 and DBP, in response to the ERA's invitation for submissions on the DBP's reference service proposal. DBP's submission is published on the ERA's [website](#).