



Economic Regulation Authority

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

Attachment 1: Access arrangement and services

7 July 2025

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.

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

© 2025 Economic Regulation Authority. All rights reserved. This material may be reproduced in whole or in part provided the source is acknowledged.

Contents

Note	ii
Attachment 1. Summary.....	1
Regulatory requirements.....	2
DBP proposal	3
Submissions.....	5
Additional reference services	5
Pilbara Service.....	5
Rebateable portion	6
Draft decision	7
Identification of the pipeline	7
Access arrangement review and commencement dates	7
Reference services	7
Reference service proposal.....	7
Access arrangement proposal.....	12
Rebateable non-reference services	13
Pilbara Service	14
Other rebateable services	15
Allocation of costs, rebateable portion and mechanism.....	16
List of appendices	
Appendix 1 List of Tables.....	17

Note

This attachment forms part of the ERA's draft 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 draft decision, which is comprised of the following document and attachments:

- Draft decision on revisions to the access arrangement for the Dampier to Bunbury Natural Gas Pipeline – Overview, 7 July 2025
 - Attachment 1: Access arrangement and services (this document)
 - 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
 - Attachment 9: Service terms and conditions

Attachment 1. Summary

In its access arrangement proposal, DBP:

- Identified the pipeline to which the access arrangement relates as the Dampier to Bunbury Natural Gas Pipeline (DBNGP), with a detailed description of the pipeline provided in Attachment 1 to the access arrangement. This and additional information about the pipeline are provided on DBP's website.
- Specified the access arrangement review submission date and revision commencement date as 1 January 2030 and 1 January 2031, respectively.
- Specified a total of three reference services to be offered under the access arrangement (full haul T1 Service, part haul P1 Service, and back haul B1 Service), which are consistent with the reference services approved in DBP's reference service proposal.

The ERA received no submissions from interested parties on the requirements for pipeline specification and access arrangement dates, and the ERA has no reason to require any changes to DBP's proposal for these elements. DBP's proposal for these elements met the regulatory requirements, and on that basis the ERA has approved these elements of DBP's access arrangement proposal.

A "reference service" is a pipeline service that has a reference tariff that is set (approved) by the regulator under the access arrangement framework.

The ERA received one submission that stated there was a need to reassess the reference services to be offered under the access arrangement due to a material change in circumstances since the ERA's July 2024 reference service proposal decision. The ERA has reconsidered the classification of the Ullage and Peaker Services, as requested. After reconsidering these services against the reference service factors, the ERA has decided to maintain its reference service proposal decision for the Ullage and Peaker Services to be offered as non-reference services because, on balance, these services do not meet the criteria to be considered reference services.

DBP's access arrangement proposal for reference and non-reference services is consistent with the services in its approved reference service proposal, except for the Pilbara Service. DBP has proposed to reclassify this service as a *rebateable* non-reference service.

To be a rebateable service, the service must not be a reference service and there must be substantial uncertainty concerning the extent of the demand for the service or the revenue to be generated from the service. As a rebateable service, a portion of the revenue from the sale of the service is rebated (refunded) back to users of reference services.

DBP stated that there is substantial demand variability for the Pilbara Service and on this basis should be reclassified as a rebateable non-reference service for the next access arrangement period. The information DBP has provided does not adequately substantiate its position that expected demand for the service is substantially different to current demand. On this basis, the ERA has decided that the Pilbara Service should continue to be classified as a non-reference (non-rebateable) service.

Summary of Required Amendments

Required Amendment 1.1

DBP must amend the specification of the Pilbara Service to be a non-reference service only (rather than a non-reference rebateable service).

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. Rule 48 specifies the required content for an access arrangement, including the need to:
 - Identify the pipeline to which the access arrangement relates and include a reference to a website where there is a description of the pipeline.
 - Describe all the pipeline services that the service provider can reasonably provide and specify the reference services to be offered.²
 - If there is to be a review submission date, state the review submission and revision commencement dates for the access arrangement.
3. Rules 49 to 52 set out further specific provisions for the setting of dates relevant to an access arrangement and the submission of an access arrangement revision proposal:
 - In most cases, an access arrangement must contain a review submission date and a revision commencement date (rule 49).
 - The proposed revision commencement date must be at least 12 months after the proposed review submission date (rule 50).
 - The review submission date may be brought forward to an earlier date if the access arrangement provides for, or the regulator requires an access arrangement to contain, one or more trigger events; and a trigger event occurs (rule 51):
 - Trigger events may consist of any significant circumstance or a combination of circumstances, including:
 - A redirection of the flow of natural gas through the pipeline.
 - A competing source of natural gas becomes available to customers served by the pipeline.
 - A significant extension, expansion or interconnection occurs.
4. The service provider must, on or before the review submission date of the access arrangement, submit an access arrangement revision proposal. The proposal must set out the service provider's proposed amendments to the access arrangement for the next access arrangement period and incorporate the proposed amendments in a revised access arrangement (rule 52).

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 July 2025). At the time of this decision, National Gas Rules – Western Australia version 12 (1 February 2024) was in effect.

² The NGR requires that this description and specification be consistent with the ERA's reference service proposal decision (made under rule 47A) for the pipeline unless there has been a material change in circumstances. Where the description and/or specification is different to the ERA's decision, an explanation of the material change in circumstances that necessitated the change must be provided.

DBP proposal

5. DBP set out the description of the pipeline and key dates for the access arrangement in sections 1, 2 and 14 of the proposed access arrangement.³
- The pipeline to which the access arrangement relates is the DBNGP. A description of the pipeline is provided in Attachment 1 to the access arrangement. This and additional information about the pipeline are provided on DBP's website.⁴
 - The proposed review submission date is 1 January 2030, and the proposed revision commencement date is 1 January 2031.
6. DBP's reference services for AA6 are set out in section 3 of the proposed access arrangement and are summarised in Table 1.1.

Table 1.1: DBP proposed reference services for AA6

Reference service	Description of service
T1 Service	T1 Service is a forward full haul service (subject to available capacity) with the outlet point downstream of CS9, regardless of the location of inlet point upstream of MLV31.
P1 Service	P1 Service is a forward part haul service (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.
B1 Service	B1 Service is a back haul service (subject to available capacity) where the inlet point is downstream of the outlet point.

Source: DBP, *DBNGP Access Arrangement 2026-2030, January 2025*.
DBP, *Final Plan 2026-2030, January 2025, Table 7.2, p. 64*.

7. Other pipeline services that DBP can provide are offered as non-reference services. Some of these non-reference services are further classified as rebateable non-reference services (Table 1.2). For AA6, DBP has proposed to reclassify the Pilbara Service from a non-reference service to a *rebateable* non-reference service.

Table 1.2: DBP proposed non-reference services for AA6

Non-reference service	Description of service
Rebateable non-reference services	
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.
Peaker/Peaking Service	A service where a shipper can obtain additional peaking limits to those set in standard terms (subject to available capacity).

³ DBP, *DBNGP Access Arrangement 2026-2030, January 2025* ([online](#)) (accessed July 2025).

⁴ AGIG, 'Dampier Bunbury Pipeline' ([online](#)) (accessed July 2025).

Non-reference service	Description of service
Pilbara Service [new rebateable classification for AA6]	An interruptible transportation service on the DBNGP where deliveries are within the Pilbara Zone (subject to available capacity).
Spot Capacity Service	A service to allow access to gas transmission capacity on a day ahead, interruptible basis where available via auction (subject to available capacity).
Ullage Service	A bespoke service for ullage to the Karratha Gas Plant from the Perth Basin (subject to available capacity).
Non-reference services	
Data Service	A service to assist gas marketers providing gas allocations on the behalf of shippers on the DBNGP (subject to operational availability).
Inlet Sales Service	A service that facilitates the trading of gas between shippers at a single inlet point on the DBNGP (subject to operational availability).
Park and Loan Service (Storage Service)	A service permitting limited gas storage in the DBNGP and/or the taking of additional gas from the DBNGP when required (subject to operational availability).
Pipeline Impact Agreement Service	Encompasses any service DBP may agree to provide to facilitate the receipt of gas into the DBNGP resulting from the application of the <i>Gas Supply (Gas Quality Specifications) Act 2009 (WA)</i> .

Source: DBP, *DBNGP Access Arrangement 2026-2030, January 2025*.
DBP, *Final Plan 2026-2030, January 2025, Table 7.2, p. 64*.

Submissions

8. The ERA received no submissions from interested parties that addressed DBP's information to identify the pipeline or proposed access arrangement dates. Several submissions made comments related to pipeline services.

Additional reference services

9. Wesfarmers Chemicals, Energy and Fertilisers (WesCEF) considered that there had been a material change in circumstances since the ERA's July 2024 reference service proposal decision; and that there was now a strong case for making both the Ullage Service and Peaking (Peaker) Service reference services for AA6.⁵ The material changes in circumstances cited by WesCEF were:
- The Western Australian Government's announcement on 19 September 2024 confirming changes to the Domestic Gas Reservation Policy to allow, up until 31 December 2030, new onshore gas projects to export up to 20 per cent of gas production to markets outside of Western Australia.
 - Based on WesCEF's modelling, forecast demand for both the Ullage Service and Peaker Service is likely to be high for the duration of AA6; and for the Ullage Service, demand is likely to be increasing significantly during AA6.
10. WesCEF submitted that given the above material changes in circumstances, the ERA was obliged to reassess the reference service proposal decision.

Pilbara Service

11. Alinta Energy and Horizon Power both supported DBP's proposal to classify the Pilbara Service as a *rebateable* non-reference service for AA6:
- Alinta submitted the "use of this interruptible service is difficult to forecast and making 70 per cent of this revenue rebateable reduces the risk of forecast error causing over-recovery".⁶
 - Horizon Power submitted that "non-reference services provide additional flexible options to shippers, and it is important [to provide] a reasonable incentive for continued service provision while ensuring efficiency in operating expenditure."⁷
12. NewGen Power Kwinana considered that DBP's proposal to make the Pilbara Service a rebateable service was not sufficiently supported by evidence.⁸ NewGen submitted that DBP must be required to provide such supporting evidence and that this evidence should be published.

⁵ Wesfarmers Chemicals, Energy & Fertilisers, *Submission in response to DBP proposal and/or ERA issues paper*, 31 March 2025, pp. 3-12.

⁶ Alinta Energy, *Submission in response to DBP proposal and/or ERA issues paper*, 1 April 2025.

⁷ Horizon Power, *Submission in response to DBP proposal and/or ERA issues paper*, 26 March 2025.

⁸ NewGen Power, *Submission in response to DBP proposal and/or ERA issues paper*, 31 March 2025, p. 13.

Rebateable portion

13. WesCEF, NewGen and Horizon Power all made submissions concerning the rebateable portion for rebateable non-reference services.
 - WesCEF submitted that if the ERA did not accept its submission to make the Ullage Service and Peaker Service reference services (that is, those services are to remain as non-reference rebateable services), the rebateable and non-rebateable portions from the sale of these services should be reviewed.⁹ WesCEF further submitted that there may be a case for having different rebateable portions for each specific non-reference rebateable service.
 - NewGen considered that the rebateable portion for rebateable services needed to be reviewed because it considered the portion retained by DBP (the non-rebateable portion of 30 per cent) is “unnecessarily generous to DBP.” NewGen submitted that the ERA should consider changing the rebateable portion ratio from 70:30 to 90:10 (after allowing for a share of DBP’s common costs).¹⁰
 - Horizon Power supported DBP’s proposal to retain the 70 per cent rebateable portion for rebateable services because it considered it was in line with other access arrangement decisions, such as, for example, the Australian Energy Regulator’s decision for the Roma to Brisbane Pipeline.
14. Consideration of the above submissions related to additional reference services and making the Pilbara Service a rebateable non-reference service is set out in the following sections of this draft decision attachment. Consideration of the above submissions made on the rebateable portion is considered in Draft Decision Attachment 3.

⁹ Wesfarmers Chemicals, Energy & Fertilisers, *Submission in response to DBP proposal and/or ERA issues paper*, 31 March 2025, pp. 11-12.

¹⁰ NewGen Power, *Submission in response to DBP proposal and/or ERA issues paper*, 31 March 2025, pp. 4-5, 13.

Draft decision

Identification of the pipeline

15. DBP identified the pipeline related to the access arrangement as the DBNGP in sections 1 and 2 of the proposed access arrangement. A description of the pipeline, including pipeline schematics, is provided in Attachment 1 to the proposed access arrangement. This and further information about the pipeline are also provided on DBP's website.
16. The NGR require DBP to identify the pipeline to which the access arrangement relates, and to reference a website where a description of the pipeline can be inspected. DBP has satisfied these requirements in sections 1 and 2 of the proposed access arrangement.
17. Noting that there were no submissions that disagreed with DBP's information to identify and describe the pipeline, the ERA's draft decision is to approve this information as set out in the proposed access arrangement.

Access arrangement review and commencement dates

18. DBP proposed the following dates for the review and commencement of the next (AA7) access arrangement:
 - Review submission date: 1 January 2030.
 - Revision commencement date: 1 January 2031.
19. Based on the above dates, the access arrangement for AA6 (and the subject of this decision) will be applicable for five years from 1 January 2026 to 31 December 2030.
20. The NGR require DBP to state the review submission and revision commencement dates for the access arrangement. DBP has satisfied these requirements in section 14 of the proposed access arrangement.
21. Noting that there were no submissions that disagreed with DBP's proposed dates, the ERA's draft decision is to approve the review submission and revision commencement dates as set out in the proposed access arrangement.

Reference services

Reference service proposal

22. The NGR requires the service provider to submit a reference service proposal to the ERA 12 months before submitting an access arrangement proposal.¹¹ The reference service proposal is focused on identifying the full range of pipeline services that can be offered by means of the pipeline and determining 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 that is set (approved) by the regulator

¹¹ NGR, rule 47A(3).

under the access arrangement framework. The “reference tariff” is the price that the pipeline operator can charge its customers.

23. DBP submitted its reference service proposal to the ERA in December 2023.¹² The ERA assessed DBP’s reference service proposal and published a decision to approve DBP’s proposed reference services (T1, P1 and B1 Services) in July 2024.¹³
24. The proposed reference services and other specified (non-reference) pipeline services in DBP’s access arrangement proposal are consistent with the ERA’s reference service proposal decision.

Change in material circumstances

25. WesCEF submitted that there has been a material change in circumstances since the ERA’s July 2024 reference service proposal decision, and the ERA should reconsider the reference services set out in DBP’s access arrangement proposal.
26. The ERA’s reference service proposal decision made the following statements:

A lift on export bans would constitute a material change and can be addressed accordingly during DBP’s access arrangement review.¹⁴

...

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.¹⁵
27. The ERA has reconsidered the reference services to be offered under the access arrangement. However, the ERA has limited its reconsideration to the Ullage and Peaker Services based on the specific submissions made by WesCEF for these services. The ERA’s considerations are set out below (paragraphs 30-35 for the Ullage Service, and 36-39 for the Peaker Service).
28. To decide whether a pipeline service should be offered as a reference service under the access arrangement, consideration must be given to the “reference service factors”. These factors are set out in rule 47A(15) of the NGR:

- (15) The reference service factors are:
 - (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:
 - (i) reference services serve as a point of reference from which pipeline services that are not reference services can be

¹² DBP, *Reference Service Proposal*, 8 December 2023.

¹³ ERA, *Reference service proposal decision*, 1 July 2024.

¹⁴ ERA, *Reference service proposal decision*, 1 July 2024, p. 8, paragraph 30.

¹⁵ ERA, *Reference service proposal decision*, 1 July 2024, p. 15, paragraph 69.

- 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 AER, users, prospective users and the service provider) in specifying the pipeline service as a reference service.
29. As part of reconsidering the reference services for AA6, the ERA maintains that the ‘on balance’ principle that was used to make its reference service proposal decision still applies. The reference service proposal decision stated:

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.¹⁶

Ullage Service

30. The Ullage Service was introduced in AA5 as a non-reference rebateable service to deliver gas from the Perth Basin to the Karratha Gas Plant following confirmation of the Western Australian Government’s support for the Waitsia Gas Project Stage 2.¹⁷ The Ullage (or Backflow) Service is described as “a bespoke capacity service” that was created to meet the specific operational needs of the Waitsia Gas Project.¹⁸
31. When assessing the Ullage Service as part of its July 2024 reference service proposal decision, the ERA considered a submission from South32, which raised an issue about gas market changes that could increase demand for the Ullage Service and recommended that the service be classified as a reference service.¹⁹ The ERA then stated that it “could be reconsidered in the future if the State Government changes the ban on onshore gas exports.”²⁰
32. The State Government changed the Western Australian Domestic Gas Policy in September 2024. The updated Policy provides that:

Onshore gas projects will be required to reserve 80 per cent of gas production for [Western Australian] domestic use up until 31 December 2030, after which projects will be required to reserve 100 per cent for the local market.

...

¹⁶ ERA, *Reference service proposal decision*, 1 July 2024, p. 13, paragraph 58.

¹⁷ Government of Western Australia media statements:

17 August 2020, ‘Revised policy to secure domestic gas supply and create jobs’ ([online](#)) (accessed July 2025).

24 December 2020, ‘WA Government reaches agreement on job creating domestic gas project’ ([online](#)) (accessed July 2025).

¹⁸ *DBP, Final Plan 2026-2030*, January 2025, Table 7.2, p. 64.

¹⁹ South32, *Submission on reference service proposal*, 11 March 2024.

²⁰ ERA, *Reference service proposal decision*, 1 July 2024, p. 13, paragraph 62.

The Waitsia project will retain its domestic gas reservation obligations and export permit, issued under the 2020 COVID-19 exemption, however the State will consider options to facilitate other gas producers to share their infrastructure – providing faster access to market for new projects.²¹

33. The ERA notes that the change to the Domestic Gas Policy aims to encourage new onshore gas projects by allowing new projects to export up to 20 per cent of gas production. The ERA is currently not aware of any producers that have taken steps to advance plans to export onshore gas. DBP has confirmed that it has not been approached by any gas producers to obtain a backflow service (or any other service) to take advantage of the change to the Domestic Gas Policy applying to onshore gas.²²
34. While the State Government’s updated Domestic Gas Policy announcement constitutes a material change in circumstances since the ERA’s July 2024 reference service proposal, the lifting of export bans for onshore gas has not resulted in a material change to the pipeline services offered by means of the DBNGP. As noted by WesCEF, the lifting of the export ban applies only until 31 December 2030. Given this short time frame, it would be reasonable to expect that prospective users (gas producers) looking to export onshore gas would have made enquiries about obtaining a relevant pipeline service soon after the State Government’s announcement. The ERA further considers that even if there had been enquires to DBP from prospective users for the Ullage Service, the service would still, on balance, not satisfy the reference service factors for the following reasons:
- As indicated above (at paragraph 33), demand for the Ullage Service has not materially changed since the 2024 reference service proposal decision. Additionally, given delays with the Waitsia Gas Project, actual demand for the service has been lower than originally expected.
 - The Ullage Service could be substituted with the existing B1 Service (backhaul reference service) given that both services are characterised by the inlet point being downstream of the outlet point and there being a notional backhaul or backflow of gas.
 - To allocate costs for a service, the demand for the service must be predictable and/or stable. The predictability and/or stability of demand for the Ullage Service has been directly affected by delays to the Waitsia Gas Project.
 - There is currently only one user of the Ullage Service, with the terms and conditions for the service having been directly negotiated with the user to meet their operational needs. As a reference service, this contract may be useful to create a generic contract to support access negotiations for additional services, especially given the limited timeframe for the export of additional onshore gas. However, given the bespoke nature of the existing Ullage Service, the contract may be limited in its application as a reference service contract (that is, the contract would need to be rewritten as a standard reference service contract to remove any specific operational and/or confidential provisions).

²¹ Government of Western Australia media statement, 19 September 2024, ‘Updated domestic gas policy to secure WA’s energy future’ ([online](#)) (accessed July 2025).

²² DBP response to ERA information request ERA12.

- The limited timeframe for the export of additional onshore gas would increase regulatory costs relative to the benefits - the Ullage Service will not be relevant after 31 December 2030, unless the State Government extends this date.
35. Based on the above considerations, the ERA's draft decision is to maintain the July 2024 reference service proposal decision to classify the Ullage Service as a non-reference rebateable service for AA6.

Peaker Service

36. The Peaker Service is an interruptible pipeline service where the shipper can obtain additional peaking limits to those set in standard terms (subject to operational availability). In the July 2024 reference service proposal decision, the ERA determined that the Peaker Service (along with other pipeline services) did not, on balance, satisfy the reference service factors.
37. The ERA considers that the regulatory process for determining reference services may be undermined if subsequent reassessments are undertaken without due cause. Rules 48(1)(c) and (c1) of the NGR do allow the service provider to specify different reference services in its access arrangement proposal if there has been a "material change in circumstances" since the regulator's reference service proposal decision. DBP's access arrangement proposal for reference services and non-reference services (including the Peaker Service) was consistent with the ERA's reference service proposal decision, meaning that DBP did not (at the time of its submission) consider there to be any material change in circumstances. WesCEF however raised concerns over a material change in circumstances that would affect the ERA's reference service proposal decision, and the ERA has reconsidered the Peaker Service against the reference service factors.
38. The ERA's reconsideration of the Peaker Service notes the following:
- There has been no material change to the demand for the Peaker Service. Information from DBP confirms that while there have been some changes to the profiles of demand for existing users of the service, demand overall is not materially different.²³ Additionally, while there is a degree of certainty for the reservation component of demand (because it is determined as part of the service contract), the throughput component of demand is still somewhat uncertain with annual variations. While annual throughput appears to be stabilising, this cannot be sufficiently determined based on four years of actual usage data.²⁴
 - Demand for the Peaker Service may increase over future access arrangement periods when decisions to retire baseload coal generation plants for electricity production come into effect. At this time, demand for the Peaker Service may increase given the need to have peaking gas generation plants to maintain and/or support electricity production (in place of coal). However, there is still some uncertainty about the effect of the renewable energy transition on peak gas use.
 - While the Peaker Service could technically be substituted with other haulage services (T1/P1/B1 Service) or spot services (on the basis that the contracts for these services all contain general peaking provisions), these service substitutes are not economically viable. Users with "peaking" requirements require a pipeline

²³ DBP response to ERA information request ERA12.

²⁴ The ERA considers that a period of at least 10 years (two access arrangement periods) would be needed to make a more informed decision.

service that is available sporadically throughout the year, and can accommodate high volumes.

- Until demand for the Peaker Service becomes more predictable and/or stable, allocating costs to the service remains problematic. However, at the time when demand becomes predictable and/or stable, the Peaker Service would not meet the criteria to remain as a non-reference rebateable service (refer paragraph 45).
 - The Peaker Service may be useful to support access negotiations and dispute resolution, especially in the circumstance where there is additional and/or increasing demand for peaking services.
 - Specifying the Peaker Service as a reference service is unlikely to materially increase regulatory costs given that the service is an existing service with contract terms that would be used as a starting point to develop the required reference service terms and conditions.
39. Consistent with the ERA's July 2024 reference service proposal decision, the above considerations show that the Peaker Service satisfies some reference service factors to support the classification of the service as a reference service, but not others. This draft decision maintains the ERA's July 2024 reference service proposal decision to classify the Peaker Service as a non-reference service for AA6 on the basis that there has not been any material change in circumstances since the reference service proposal decision to affect the classification of the Peaker Service for AA6. The ERA's consideration of retaining the Peaker Service as a *rebateable* non-reference service is discussed below (paragraph 54).

Access arrangement proposal

40. Consistent with the ERA's July 2024 reference service proposal decision, DBP included three reference services in the access arrangement for AA6: T1 Service, P1 Service and B1 Service. Descriptions of these reference services are set out in section 3 of the proposed access arrangement and are unchanged from the current (AA5) access arrangement.
41. Based on the ERA's consideration of WesCEF's submission suggesting a material change in circumstances since the reference service proposal decision above (paragraphs 25-39), there are no changes to the reference services to be offered for AA6. The ERA maintains its decision to approve the T1, P1 and B1 Services as the only reference services to be provided by DBP under the access arrangement for AA6.
42. The other pipeline services set out in DBP's proposed access arrangement are to be offered as non-reference services and are materially consistent with service descriptions set out in the reference service proposal. However, for AA6, DBP has proposed to reclassify the Pilbara Service as a *rebateable* non-reference service. The ERA's consideration of this proposal is set out below (commencing at paragraph 45).
43. The NGR requires the access arrangement to set out the terms and conditions for each reference service, along with the reference tariff:²⁵

²⁵ NGR, rule 48(1)(d).

- The proposed terms and conditions for the T1 Service, P1 Service and B1 Service are set out in separate attachments to the proposed access arrangement (Attachments 2, 3, and 4, respectively).
 - The proposed reference tariffs to apply from 1 January 2026 for the T1 Service, P1 Service and B1 Service are set out in section 3 of the proposed access arrangement and form part of the service descriptions for each reference service.
44. The ERA has considered DBP's proposed terms and conditions for the reference services, and the associated reference tariffs, in separate draft decision attachments.²⁶

Rebateable non-reference services

45. A non-reference service can be classified as a rebateable non-reference service under the NGR.²⁷ As a "rebateable service", a portion of the revenue from the sale of the service must be rebated (refunded) back to users of reference services. To be a rebateable service, the service must meet the following criteria:

A pipeline service is a **rebateable service** if:

- (a) the service is not a reference service; and
 - (b) substantial uncertainty exists concerning the extent of the demand for the service or of the revenue to be generated from the service.
46. For AA6, DBP has proposed to reclassify the Pilbara Service as a rebateable non-reference service, which, if approved, will increase the number of rebateable services under the access arrangement from four to five. DBP considers that there is now enough evidence from AA5 to suggest that demand for Pilbara Service is sufficiently uncertain and hence meets the criteria for a rebateable service.²⁸
47. DBP further submits that the four existing rebateable non-reference services should remain as rebateable services because "the demand and revenue outlook for these services continues to be uncertain in AA6."²⁹ Specifically:
- The Spot Capacity Service and Other Reserved Service are "inherently uncertain" as they are services that relate to available capacity or the bespoke needs of new projects.
 - The Peaker Service and Ullage Service were services both introduced in AA5. The demand for these services is "highly unpredictable" as shown by actual demand.³⁰

²⁶ See Draft Decision Attachment 9 and Attachment 3, respectively.

²⁷ NGR, rule (4).

²⁸ DBP, *Final Plan 2026-2030*, January 2025, p. 65.

²⁹ DBP, *Final Plan 2026-2030*, January 2025, p. 65.

³⁰ DBP, *Final Plan 2026-2030, Attachment 7.1: Further Information on Pipeline and Reference Services (confidential)*, January 2025.

Pilbara Service

AA5 proposal

48. During the AA5 review, DBP had proposed to classify the Pilbara Service as a rebateable non-reference service.³¹ The ERA's AA5 final decision was to require DBP to specify the Pilbara Service as a non-reference service only (and not, as proposed by DBP, a non-reference rebateable service). The ERA's reasoning for that decision was:

The requirement for a pipeline service to be a rebateable service is that "substantial uncertainty exists concerning the extent of demand for the service or of the revenue to be generated from the service" (rule 93(4)(b) of the NGR). While there is some uncertainty concerning the extent of demand for, and the revenue to be generated from, the Pilbara Service, the ERA considers that this uncertainty is not substantial because:

- DBP has actual (AA4) demand and revenue data for the Pilbara Service and can explain anomalies for this data.
- Based on DBP's understanding of actual data for the Pilbara Service, DBP can (and has) forecast demand and revenue data for AA5, with the forecasts being a consistent average over the access arrangement period.³²

AA6 proposal

49. Alinta and Horizon Power both supported DBP's proposal to make the Pilbara Service rebateable, however NewGen did not:

- Alinta submitted that it is difficult to forecast demand for the Pilbara Service and that the risks associated with forecasting errors that result in over-recovery of revenue can be mitigated by the service being rebateable. That is, as a rebateable service, a set portion of Pilbara Service revenue (currently 70 per cent) would be rebated back.
- Horizon Power submitted that shippers want to have continued access to non-reference services given the operational flexibility that these services provide to shippers; and an understanding that DBP needed to be incentivised to continue to provide such services.
- NewGen's opposition to making the Pilbara Service rebateable is based on DBP having provided insufficient information to substantiate that there is substantial uncertainty of demand for the Pilbara Service.

50. The ERA requested additional data from DBP to substantiate its proposal to make the Pilbara Service rebateable.³³ While there is substantial daily demand variability (as claimed by DBP), annual demand is relatively stable and predictable when the following is taken into consideration:

³¹ DBP's revised access arrangement proposal in response to the ERA's draft decision and position paper. See: ERA, *Final decision on proposed revisions to the Dampier to Bunbury Natural Gas Pipeline access arrangement 2021 to 2025* (paragraphs 242 to 249) for background information.

³² ERA, *Final decision on proposed revisions to the Dampier to Bunbury Natural Gas Pipeline access arrangement 2021 to 2025*, paragraph 267.

³³ DBP response to ERA information request ERA12.

- As noted by DBP, there is a degree of certainty/predictability for the reservation component of demand for the service because there is a known [REDACTED] reservation charge.
 - While throughput is variable due to the nature of the service, nearly 80 per cent of throughput is accounted for by two shippers that are well established in their operations (the throughput from these shippers has been relatively stable since 2021).
 - For AA6, DBP has provided a throughput forecast for the service that is not materially different from actual 2024/2025 throughput.
51. In terms of revenue generated from the Pilbara Service, Regulatory Information Notice data from DBP for 2024 confirms that DBP has received \$21.65 million of revenue from the service over the first four years of AA5 (2021 to 2024).³⁴
52. When determining the total revenue requirement for AA5, the ERA did not forecast revenue for individual non-reference services. The ERA instead determined forecast non-reference service revenue as being one per cent of the total cost base. Revenue from the Pilbara Service has been relatively stable on an annual basis, which is consistent with the ERA's observations on annual demand being relatively stable (refer paragraph 50).
53. Given the above considerations, the ERA considers that there has been no material change to the demand situation for the Pilbara Service. The information that DBP has provided does not adequately substantiate DBP's claims that demand for the Pilbara Service is substantially different to that of AA5. On this basis, the ERA maintains that the Pilbara Service should continue to be non-reference (non-rebateable) service for AA6.

Required Amendment 1.1

DBP must amend the specification of the Pilbara Service to be a non-reference service only (rather than a non-reference rebateable service).

Other rebateable services

54. DBP has proposed to retain the Ullage and Peaker Services as *rebateable* non-reference services for AA6 on the basis that demand for these services is still "highly unpredictable". The ERA considers that annual demand for these services appears to be stabilising, however with only four years actual usage data there is still significant uncertainty about future demand. Until further usage data becomes available over the course of AA6, the ERA considers it reasonable for these services to continue to be specified as rebateable non-reference services.
55. DBP has also proposed to retain the as Spot Capacity Service and Other Reserved Service as rebateable non-reference services for AA6. As submitted by DBP, these services are uncertain in nature as they are services related to available capacity and the bespoke needs of new projects.

³⁴ DBP, 2024 Regulatory Information Notice data.

56. Apart from WesCEF, there were no submissions to the ERA that raised any issues with the specification of services, and the ERA is not aware of any reasons to change the specifications. On this basis the ERA considers it reasonable for the Ullage, Peaker, Spot Capacity and Other Reserved Services to continue to be specified as rebateable non-reference services for AA6.

Allocation of costs, rebateable portion and mechanism

57. The NGR states how costs are to be allocated between reference and other services, including rebateable services.³⁵ Specifically, the costs of rebateable non-reference services may be allocated, in whole or part, to reference services if an appropriate portion of the revenue generated from the sale of rebateable services is rebated (refunded) back to reference service users via a reduction in the reference tariff.
58. For AA6, DBP has proposed:
- To change the allocation ratio between reference and rebateable non-reference services, and other non-reference services from '99:1' to '99.5:0.5'. For AA6, DBP expects 99.5 per cent of its revenue to be derived from reference services and rebateable non-reference services, and only 0.5 per cent of its revenue to be derived from non-reference services (that are not rebateable).
 - To maintain the portion of rebateable services revenue to be returned (rebated) to customers at 70 per cent. For AA6, DBP will reduce its total revenue requirement by the rebateable amount, which will lower the reference service tariffs that are calculated. DBP has also proposed to maintain the mechanism to calculate and apply the rebateable portion as an annual calculation that is applied to reference service tariffs through the tariff variation mechanism.
59. Horizon Power indicated support for DBP's proposal to retain the 70 per cent rebateable portion for AA6, whereas both WesCEF and NewGen indicated that review of the rebateable portion was needed (refer paragraph 13).
60. The ERA has considered DBP's proposed allocation of costs for non-reference services, including the rebateable portion and mechanism for rebateable services, as part of its revenue and tariff considerations in Draft Decision Attachment 3. In summary, the ERA's draft decision is:
- To allocate costs between reference and non-reference services using a ratio of 95:5.
 - To increase the rebateable portion for rebateable services revenue from 70 per cent to 90 per cent.

³⁵ NGR, rule 93.

Appendix 1 List of Tables

Table 1.1: DBP proposed reference services for AA6.....	3
Table 1.2: DBP proposed non-reference services for AA6	3