



DBNGP (WA) Transmission Pty Limited

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Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY NSW 1235

Dear Sir

AER NATIONAL GAS RULES RULE CHANGE PROPOSAL – REFERENCE AND REBATEABLE SERVICES

DBNGP (WA) Transmission Pty Ltd (**DBP**) is the operator of the Dampier to Bunbury Natural Gas Pipeline (**DBNGP**), Australia's largest gas transmission pipeline.

DBP is an interested stakeholder in the above rule change, in respect of which the AEMC is undertaking a consultation process. DBP has worked with the Australian Pipeline Industry Association in the development of a submission that the APIA has made and fully supports the points made in the APIA submission.

Accordingly, DBP urges the AEMC to reject the AER's rule change proposal, specifically the change to the definition of rebateable services.

In addition to the APIA's submissions, DBP wishes to make submissions on two other matters that are specific to the circumstances of the DBNGP.

DBP submits that these additional submissions further justify a rejection, by the AEMC, of the AER's rule change proposal relating to the change of the definition of rebateable services.

The information contained in these additional submissions is confidential and of a commercially sensitive nature. Accordingly, DBP requests that the AEMC not place this submission on the public register.

1. Effect of proposed change to existing shipper contracts on the DBNGP

Despite the DBNGP being a covered pipeline under the National Gas Law, the firm full haul capacity of the DBNGP is fully contracted under contracts where the tariffs and services are outside of the framework of the NGR and NGL. These contracts are known as standard shipper contracts (**SSCs**). The tariffs that the shippers pay under these SSCs were agreed as a core part of the acquisition of the pipeline by DBP in 2004. [REDACTED]

Given the fundamental part that the tariffs played in justifying the purchase price paid by DBP in 2004, the regulator (the Economic regulation Authority) agreed to allowing a fixed principle to be included in the access arrangement for the DBNGP which prevents the ERA from clawing back any revenue that DBP might earn from the sale of pipeline services that is in excess of the Total Revenue approved under the Access Arrangement. That is in clause 7.13 of the Access Arrangement for the DBNGP. A copy is available on the ERA's website.

2. Impact of the Rule change on fixed principle in the DBNGP Access Arrangement

[REDACTED]

[REDACTED]

[REDACTED]

This could have extremely adverse effects on investment in pipelines if this were to occur.

Accordingly, it would not be consistent with the national gas objective.

It is DBP's recollection that this issue was discussed in detail as part of the industry consultation in the lead up to the implementation of the NGR and NGL and this is why the definition is drafted as it currently is.

Yours sincerely



Anthony Cribb
General Manager, Corporate Services
Company Secretary