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## **ASX RELEASE**

### **DBNGP DRAFT REGULATORY DECISION**

DUET Group (DUET) notes that the Economic Regulation Authority (ERA) of Western Australia released its Draft Access Arrangement Decision for the Dampier to Bunbury Natural Gas Pipeline (DBNGP) yesterday. In response, DBP's media release is attached.

The draft decision does not change DUET's FY16 distribution guidance of 18 cents per stapled security or distribution growth target announced in July 2015.

The ERA's final decision, expected in mid 2016, will set tariffs for approximately 15% of DBP's firm full haul contracted capacity. DBP successfully recontracted most of its firm full haul capacity in August 2014.

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## MEDIA RELEASE

23 December 2015

### DBNGP ACCESS ARRANGEMENT DRAFT DECISION

The Economic Regulation Authority (**ERA**) of Western Australia yesterday released its Draft Decision on DBP's Proposed Revisions to the 2016-2020 Access Arrangement (**AA**) for the Dampier to Bunbury Natural Gas Pipeline (**DBNGP**) which was lodged on 31 December 2014.

This Draft Decision will be the subject of further review and consultation with interested parties including DBP. The ERA has allowed DBP until 22 February 2016 to submit a revised AA addressing the matters in the Draft Decision before it then considers the AA further and makes a Final Decision. The timing of the Final Decision is not known, but DBP currently expects it to be issued in late Q2 2016.

As a result of the successful recontracting with its shippers in 2014, DBP has tariff certainty for more than 85% of DBNGP's aggregate firm full haul contracted capacity (including Alcoa's exempt contract) meaning that, until 2020, less than 15% of DBNGP's firm full haul contracted capacity is subject to the regulatory tariff determination that will be reflected in the AA once it is finally approved by the ERA.

The Draft Decision proposes a 9.2% decrease in the firm full haul (T1) reference tariff from the current 2011-2015 reference tariff.

The table below provides a summary of the key building blocks used to calculate the reference tariff:

Regulatory Building Block	DBP's AA Proposal (\$2015)	ERA Draft Decision (\$2015)
Regulatory Asset Base as at 1 January 2016	\$3,537m	\$3,497m
Forecast capital expenditure 2016-2020	\$107m	\$78m
Forecast operating expenditure 2016-2020	\$561m	\$509m
Post tax nominal WACC	8.36%	6.02%

DBP will review the reasons why the ERA proposes not to accept all of DBP's submitted operating and Stay in Business capital expenditure and provide further information to the ERA to support DBP's proposal.

DBP's CEO, Mr Stuart Johnston said: "We are committed to working with the ERA to ensure it has all information to understand the requirements of our high pressure gas pipeline operations to enable it to approve all of our proposed capital and operating expenditure and to ensure that we can earn an appropriate return on investment."

"That return must be commensurate with the efficient financing costs of a benchmark efficient entity with a similar degree of risk to that of DBP in the provision of pipeline services. As a result, we will closely review these aspects of the Draft Decision."

Mr Johnston also said, "DBP is proud of its track record over the past 30 years of safely and reliably operating the DBNGP and wants to ensure continued safe operations for many decades to come."

A copy of the ERA's Draft Decision, together with a copy of DBP's initial AA submission and supporting submissions are available on the ERA's website.



***Media Contact***

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**BACKGROUND**

***DBP***

DBP Transmission is the trading name of the DBNGP group of entities that purchased the Dampier to Bunbury Natural Gas Pipeline in October 2004. DBP is owned by DUET Group (80%) and Alcoa (20%).

***The DBNGP***

The Dampier to Bunbury Natural Gas Pipeline (DBNGP) is the only natural gas pipeline connecting the Carnarvon Basin on Western Australia's North-west Shelf with industrial, commercial and residential customers in Perth and the surrounding region. The pipeline runs from the Burrup Peninsula, near Dampier, to Bunbury in the south-west of the State.