

Attachment 1.1

Relevant Regulatory Framework

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PUBLIC

1 Introduction

This attachment explains the relevant regulatory framework governing the Access Arrangement (AA) review process applying to the Dampier Bunbury Natural Gas Pipeline (DBNGP). This attachment focuses on the overarching requirements that must be satisfied for the AA Proposal to be approved by the Economic Regulation Authority of Western Australia (ERA).

More specifically, this Attachment outlines:

1. Section 2 – the Overarching Regulatory Obligations, including the National Gas Objective.
 - These obligations set out the rules that apply to DBNGP (WA) Transmission Pty Ltd (DBP) in relation to the transportation of natural gas, as well as the responsibility of the ERA.
 - It is these rules, laws and objectives that govern the way in which we operate the DBNGP and as such, it is these elements that have guided our AA Proposal.
2. Section 3 – the Revenue and Pricing Principles, including Interrelationships.
3. Section 4 – Requirements of an AA Submission.
 - This covers the information we must provide in our AA Proposal and where we have addressed these requirements within the Final Plan (also known as an AA Information (AAI)) with supporting attachments and AA Document.

2 Overarching Regulatory Framework

The overarching regulatory framework for the DBNGP is set out in the National Gas Access (WA) Act 2009. Section 7 of this Act applies the National Gas Access (Western Australia) Law (NGL), which is set out in a Schedule to the Act, as a law of Western Australia.

The NGL, among other things, establishes the National Gas Objective (NGO) and the functions and powers of key administrative bodies. Importantly:

1. Section 26 of the NGL gives the National Gas Rules (NGR) the force of law in Western Australia. The NGR establishes the process for the review of an AA and sets out the detailed requirements of an AA revision proposal; and
2. Section 27 of the NGL makes the ERA (in Western Australia) responsible for making a decision in relation to an AA revision proposal submitted by DBP.

An AA sets out the terms and conditions under which DBP provides access to users of the DBNGP.

Rule 52 of the NGR requires that DBP submit by the 'review submission date' (2 January 2025) an AA proposal for the next AA period (1 January 2026 to 31 December 2030). Rule 43 requires DBP, when submitting an AA and the associated revision proposal, to submit Access Arrangement Information (AAI) for the AA. Rule 42 states that AAI is information that is reasonably necessary for users and prospective users to:

1. understand the background to the AA proposal; and
2. understand the basis and derivation of the various elements of the AA proposal.

National Gas Objective

Section 27 of the NGL prescribes the functions and powers of the ERA, which includes economic regulatory functions and powers. Section 28 of the NGL provides that the ERA must, in performing or exercising an economic regulatory function or power, perform or exercise that function or power in a manner that will or is likely to contribute to the achievement of the NGO, which is set out in Section 23 of the NGL.

The NGO is:

"...to promote efficient investment in, and efficient operation and use of, covered gas services for the long term interests of consumers of covered gas with respect to:

- a. price, quality, safety, reliability and security of supply of covered gas; and
- b. the achievement of targets set by a participating jurisdiction—
 - i. for reducing Australia's greenhouse gas emissions; or
 - ii. that are likely to contribute to reducing Australia's greenhouse gas emissions."

The NGO has been amended since the start of the current AA. The National Energy Laws Amendment (Other Gases) Bill 2022 identified the relevant services in the NGO as pertaining to “covered gas” which includes natural gas, hydrogen, biomethane and other renewable gas blends rather than just “natural gas”. The Statutes Amendment (National Energy Laws) (Emissions Reduction Objectives) Act 2023 (SA) further amended the NGL by incorporating a new emissions reduction objective into the NGO (set out in sub-paragraph (b) above). Both changes have since been reflected in subsequent amendments to the Act for WA.

The emissions reductions objectives are considered as complementary to the incentives provided by the Safeguard Mechanism for covered facilities like the DBNGP.

NGR 100 requires the provisions of an access arrangement to be consistent with the NGO.

Further, pursuant to Section 28(1)(b)(iii), where there are two or more possible decisions open to the ERA that will contribute to the achievement of the NGO, the ERA must make the decision that the ERA is satisfied will or is likely to contribute to the achievement of the NGO to the greatest degree.

3 Revenue and pricing principles

Section 28 of the NGL provides that the ERA must also take into account the revenue and pricing principles when exercising a discretion in approving or making those parts of an AA relating to reference tariffs. Section 24 of the NGL sets out the revenue and pricing principles, which include the following:

1. under Sub-section 24(2), a service provider should be provided with a reasonable opportunity to recover at least the efficient costs the service provider incurs in providing reference services and complying with a regulatory obligation or requirement or making a regulatory payment;
2. under Sub-section 24(3), a service provider should be provided with effective incentives in order to promote economic efficiency with respect to reference services the service provider provides, including:
 - a. efficient investment in, or in connection with, a pipeline with which the service provider provides reference services;
 - b. the efficient provision of pipeline services; and
 - c. the efficient use of the pipeline;
3. under Sub-section 24(5), a reference tariff should allow for a return commensurate with the regulatory and commercial risks involved in providing the reference service to which that tariff relates;
4. under Sub-section 24(6), regard should be had to the economic costs and risks of the potential for under and over investment by a service provider in a pipeline with which the service provider provides pipeline services; and
5. under Sub-section 24(7), regard should be had to the economic costs and risks of the potential for under and over utilisation of a pipeline with which a service provider provides pipeline services.

Interrelationships

Pursuant to Section 28(1)(b)(ii) of the NGL, the ERA in making its decision must specify the manner in which the constituent components of the decision relate to each other and the manner in which that interrelationship has been taken into account in making the decision.

4 Requirements of an Access Arrangement Proposal

To ensure our AA Proposal complies with all the applicable regulatory requirements we have developed a compliance checklist. Table 1 cross-references the relevant NGR requirements with the applicable sections within our AA Proposal (comprising our Final Plan, supporting attachments and the AA Document) which addresses the requirement.

Table 1: Compliance checklist – NGR requirements

Provision	NGR Requirement	Our AA Proposal Reference
42(1)	<i>Access arrangement information</i> for an access arrangement or an <i>access arrangement proposal</i> is information that is reasonably necessary for users and prospective users: (a) to understand the background to the access arrangement or the <i>access arrangement proposal</i> ; and (b) to understand the basis and derivation of the various elements of the access arrangement or the <i>access arrangement proposal</i> .	Final Plan Section 15.1 AA Document submitted on or before 2 January 2025
42(2)	<i>Access arrangement information</i> must include the information specifically required by the <i>Law</i> .	Final Plan Section 15.1 and Attachment 15.5 AA Document submitted on or before 2 January 2025
43(1)	A service provider, when submitting an <i>access arrangement proposal</i> for the ERA's approval, must submit, together with the proposal, <i>access arrangement information</i> for the <i>access arrangement proposal</i> .	Final Plan Section 15.1 and Attachment 15.5 AA Document submitted on or before 2 January 2025
43(2)	If particular information (sensitive information) is confidential, and its public disclosure could cause undue harm to the legitimate business interests of the service provider, a user or prospective user, the ERA may permit the service provider to submit <i>access arrangement information</i> in a form, approved by the ERA, in which the sensitive information: (a) is aggregated or generalised so as to avoid disclosure of the elements that make it sensitive; or (b) if that is not possible – is entirely suppressed.	Attachment 1.4 Confidentiality Claims
48 (1)(a)	A full access arrangement must: (a) identify the pipeline to which the access arrangement relates and include a reference to a website at which a description of the pipeline can be inspected; and	AA Document Section 2
48 (1)(b)	A full access arrangement must: (b) describe all of the pipeline services that the service provider can reasonably provide on the pipeline, which must be consistent with the ERA's <i>reference service proposal decision</i> under rule 47A, unless there has been a material change in circumstances; and	Final Plan Chapter 7 AA Document Section 3
48 (1)(c)	A full access arrangement must: (c) specify the reference services, which must be consistent with the ERA's <i>reference service proposal decision</i> under rule 47A, unless there has been a material change in circumstances; and	Final Plan Chapter 7 AA Document Section 3

Provision	NGR Requirement	Our AA Proposal Reference
48 (1)(c1)	If the information provided under subrules (1)(b) or 1(c) is different to the ERA's <i>reference service proposal decision</i> under rule 47A, describe the material change in circumstances that necessitated the change having regard to the <i>reference service factors</i> .	Not applicable
48 (1)(d)	A full access arrangement must specify for each reference service: (i) the reference tariff; and (ii) the other terms and conditions on which each reference service will be provided.	AA Document Sections 3 (reference tariffs) and 4 (terms and conditions)
48 (1)(e)	A full access arrangement must: If the access arrangement is to contain queuing requirements – set out the queuing requirements; and	AA Document Section 5
48 (1)(f)	A full access arrangement must: set out the capacity trading requirements; and	AA Document Section 6
48 (1)(g)	A full access arrangement must: (g) set out the extension and expansion requirements; and	AA Document Section 7
48 (1)(h)	A full access arrangement must: (h) state the terms and conditions for changing receipt and delivery points; ...and	AA Document Section 8
48 (1)(i)	A full access arrangement must: (i) if there is to be a <i>review submission date</i> – state the <i>review submission date</i> and the revision commencement date; and	AA Document Section 14
48 (1)(j)	A full access arrangement must: (j) if there is to be an <i>expiry date</i> – state the <i>expiry date</i> .	There is no expiry date
49 (1)	A full access arrangement (other than a voluntary access arrangement): (a) must contain a <i>review submission date</i> and a revision commencement date; and (b) must not contain an <i>expiry date</i> .	AA Document Section 14
50 (1)	A service provider, as part of an access arrangement proposal for a full access arrangement (other than a voluntary access arrangement), must propose a <i>review submission date</i> and a revision commencement date. The proposed revision commencement date must be not less than 12 months after the proposed <i>review submission date</i> .	AA Document Section 14
52(1)	A service provider must, on or before the <i>review submission date</i> of an applicable access arrangement, submit an <i>access arrangement revision proposal</i> to the ERA.	AA Document submitted on or before 2 January 2025
52(2)	The access arrangement revision proposal must: (a) set out the amendments to the access arrangement that the service provider proposes for the ensuing access arrangement period; and (b) incorporate the text of the access arrangement in the revised form.	Final Plan Section 15.1 and Attachment 15.5 AA Document
72 (1)(a)(i)	The <i>access arrangement information</i> for a <i>full access arrangement proposal</i> (other than an access arrangement variation proposal) must include the following: (a) if the <i>access arrangement period</i> commences at the end of an earlier <i>access arrangement period</i> : (i) capital expenditure (by asset class) over the earlier <i>access arrangement period</i> ; and	Final Plan Chapter 9 and Attachment 9.6

Provision	NGR Requirement	Our AA Proposal Reference
72 (1)(a)(ii)	The <i>access arrangement information</i> must include the following: (a) if the <i>access arrangement period</i> commences at the end of an earlier <i>access arrangement period</i> ; (ii) operating expenditure (by category) over the earlier <i>access arrangement period</i> ; and	Final Plan Chapter 8 and Attachment 8.1
72 (1)(a)(iii)	The <i>access arrangement information</i> must include usage of the pipeline over the earlier <i>access arrangement period</i> : (A) for a distribution pipeline, minimum, maximum and average demand and, for a transmission pipeline, minimum, maximum and average demand for each receipt or delivery point ; and (B) for a distribution pipeline, customer numbers in total and by tariff class and, for a transmission pipeline, user numbers for each receipt or delivery point ;	Final Plan Section 13.3 and Attachment 14.1
72 (1)(b)	The <i>access arrangement information</i> must include the following: (b) how the capital base is arrived at and, if the <i>access arrangement period</i> commences at the end of an earlier <i>access arrangement period</i> , a demonstration of how the capital base increased or diminished over the previous <i>access arrangement period</i> ;	Final Plan Section 10.3
72(1)(c)	The <i>access arrangement information</i> must include the following: (c) the projected capital base over the <i>access arrangement period</i> , including: (i) a forecast of conforming capital expenditure for the period and the basis for the forecast; and (ii) a forecast of depreciation for the period including a demonstration of how the forecast is derived on the basis of the proposed depreciation method;	Final Plan Section 10.4 and Attachment 14.1 Final Plan Chapter 9, Attachments 9.5, 9.6 and 9.7
72(1)(d)	The <i>access arrangement information</i> must include the following: (d) to the extent it is practicable to forecast pipeline capacity and utilisation of pipeline capacity over the access arrangement period, a forecast of pipeline capacity and utilisation of pipeline capacity over that period and the basis on which the forecast has been derived;	Final Plan Chapter 13 Attachments 13.1, 13.2 and 14.1
72(1)(e)	The <i>access arrangement information</i> must include the following: (e) a forecast of operating expenditure over the <i>access arrangement period</i> and the basis on which the forecast has been derived;	Final Plan Chapter 8 Attachments 8.1, 8.2, 8.3, 8.4 and 8.5
72(1)(g)	The <i>access arrangement information</i> must include the following: (g) the allowed rate of return for each regulatory year of the access arrangement period;	Final Plan Chapter 11 and Attachment 14.1
72(1)(h)	The <i>access arrangement information</i> must include the following: (h) the estimated cost of corporate income tax calculated in accordance with rule 87A, including the <i>allowed imputation credits</i> referred to in that rule;	Final Plan Section 11.4
72(1)(i)	The <i>access arrangement information</i> must include the following: (i) if an incentive mechanism operated for the <i>previous access arrangement period</i> —the proposed carry-over of increments for efficiency gains or decrements for efficiency losses in the previous <i>access arrangement period</i> and a demonstration of how allowance is to be made for any such increments or decrements;	Final Plan Chapter 12 and Attachment 12.1 AA Document Section 15
72(1)(j)	The <i>access arrangement information</i> must include the following: (j) the proposed approach to the setting of tariffs including: (i) the suggested basis of reference tariffs, including the method used to allocate costs and a demonstration of the relationship between costs and tariffs; and (ii) a description of any pricing principles employed but not otherwise disclosed under this rule;	Final Plan Chapter 14 and Attachment 14.1

Provision	NGR Requirement	Our AA Proposal Reference
72(1)(k)	The <i>access arrangement information</i> must include the following: (k) the service provider's rationale for any proposed <i>reference tariff variation mechanism</i> ;	Final Plan Section 14.4 AA Document Section 11 and Annexure A.
72(1)(l)	The <i>access arrangement information</i> must include the following: (l) the service provider's rationale for any proposed incentive mechanism;	Final Plan Chapter 12 Attachment 12.1
72(1)(m)	The <i>access arrangement information</i> must include the following: (m) the total revenue to be derived from pipeline services for each regulatory year of the access arrangement period.	Final Plan Section 14.2
72(2)	The <i>access arrangement information</i> for an <i>access arrangement variation proposal</i> related to a full access arrangement must include so much of the above information as is relevant to the proposal.	Final Plan Attachment 1.3 AA Document submitted on or before 2 January 2025
72(3)	Where the ERA has published financial models under Rule 75A, the <i>access arrangement information</i> for a <i>full access arrangement proposal</i> must be provided using the financial models.	The ERA's tariff model has been used - see Attachment 14.1
73(1)	Financial information must be provided on: (a) a nominal basis; or (b) a real basis; or (c) some other recognised basis for dealing with the effects of inflation.	All financial information quoted is in dollars of December 2024, unless otherwise labelled
73(2)	The basis on which financial information is provided must be stated in the <i>access arrangement information</i> .	Refer to responses to Rule 73(1) above.
73(3)	All financial information must be provided, and all calculations made, on the same basis and using any applicable financial models published by the ERA under the Rules.	Refer to responses to Rule 72(3) and 73(1) above.
74(1)	Information in the nature of a forecast or estimate must be supported by a statement of the basis of the forecast or estimate.	Final Plan Chapters 8 to 14 Attachments 8.1, 8.2, 8.3, 9.5, 9.6, 13.1, 13.2 and 14.1 The basis of all forecasts or estimates are set out in the relevant chapters of the Final Plan and relevant Attachments.
74(2)	A forecast or estimate: (a) must be arrived at on a reasonable basis; and (b) must represent the best forecast or estimate possible in the circumstances.	As above
75	Information in the nature of an extrapolation or inference must be supported by the primary information on which the extrapolation or inference is based.	All relevant primary information is identified in the Final Plan and its Attachments.

Provision	NGR Requirement	Our AA Proposal Reference
76	<p>Total revenue is to be determined for each regulatory year of the <i>access arrangement period</i> using the building block approach in which the building blocks are:</p> <ul style="list-style-type: none"> (a) a return on the projected capital base for the year (See Divisions 4 and 5); and (b) depreciation on the projected capital base for the year (See Division 6); and (c) the estimated cost of corporate income tax for the year (See Division 5A); and (d) increments or decrements for the year resulting from the operation of an incentive mechanism to encourage gains in efficiency (See Division 9); and (e) a forecast of operating expenditure for the year (Division 7) 	<p>Final Plan Chapter 14 and Attachment 14.1</p> <ul style="list-style-type: none"> (a) Final Plan Chapters 10 and 11 (b) Final Plan Chapters 6 and 10 (c) Final Plan Chapter 11 (d) Final Plan Chapter 12 (e) Final Plan Chapter 8, Attachment 8.1
77(2)	<p>If an <i>access arrangement period</i> follows immediately on the conclusion of a preceding access arrangement period, the opening capital base for the later <i>access arrangement period</i> is to be:</p> <ul style="list-style-type: none"> (a) the opening capital base as at the commencement of the earlier <i>access arrangement period</i> adjusted for any difference between estimated and actual capital expenditure included in that opening capital base. This adjustment must also remove any benefit or penalty associated with any difference between the estimated and actual capital expenditure; <p>plus:</p> <ul style="list-style-type: none"> (b) conforming capital expenditure made, or to be made, during the earlier <i>access arrangement period</i>; <p>plus:</p> <ul style="list-style-type: none"> (c) any amounts to be added to the capital base under rule 82, 84 or 86; <p>plus:</p> <ul style="list-style-type: none"> (c1) in relation to any existing extension specified in the extension and expansion requirements in accordance with rule 104(2), the following value: <ul style="list-style-type: none"> (i) the cost of construction of the extension; <p>plus</p> <ul style="list-style-type: none"> (ii) capital expenditure on the extension since construction of the extension; <p>Less</p> <ul style="list-style-type: none"> (iii) depreciation of the extension since the date the extension was commissioned; and (iv) the value of pipeline assets constituting the extension disposed of since commissioning of the extension; <p>less:</p> <ul style="list-style-type: none"> (d) depreciation over the earlier <i>access arrangement period</i> (to be calculated in accordance with any relevant provisions of the access arrangement governing the calculation of depreciation for the purpose of establishing the opening capital base); and (e) redundant assets identified during the course of the earlier <i>access arrangement period</i>; and (f) the value of pipeline assets disposed of during the earlier <i>access arrangement period</i>. 	<p>Final Plan Chapters 9 and 10, Table 10.6</p>

Provision	NGR Requirement	Our AA Proposal Reference
78	The projected capital base for a particular period is: (a) the opening capital base; plus: (b) forecast conforming capital expenditure for the period; less: (c) forecast depreciation for the period; and (d) the forecast value of pipeline assets to be disposed of in the course of the period.	Final Plan 10, Table 10.6
79(1)	Conforming capital expenditure is capital expenditure that conforms with the following criteria: (a) the capital expenditure must be such as would be incurred by a prudent service provider acting efficiently, in accordance with accepted good industry practice, to achieve the lowest sustainable cost of providing services in a manner consistent with the achievement of the national gas objective; and (b) the capital expenditure must be justifiable on a ground stated in subrule (2); and (c) the capital expenditure must be for expenditure that is properly allocated in accordance with the requirements of subrule (6).	Final Plan Chapter 9 and Attachments 9.1, 9.2, 9.3, 9.4, 9.5, 9.6, 9.7, 9.8, 9.9 and 9.10
79(2)	Capital expenditure is justifiable if: (a) the overall economic value of the expenditure is positive, subject to subrule (3); or (b) the present value of the expected incremental revenue to be generated as a result of the expenditure exceeds the present value of the capital expenditure; or (c) the capital expenditure is necessary: (i) to maintain and improve the safety of services; or (ii) to maintain the integrity of services; or (iii) to comply with a regulatory obligation or requirement; or (iv) to maintain the service provider's capacity to meet levels of demand for services existing at the time the capital expenditure is incurred (as distinct from projected demand that is dependent on an expansion of pipeline capacity); (v) to contribute meeting <i>emissions reduction targets</i> through the supply of services; or (d) the capital expenditure is an aggregate amount divisible into 2 parts, one referable to incremental services and the other referable to a purpose referred to in paragraph (c), and the former is justifiable under paragraph (b) and the latter under paragraph (c).	Final Plan Chapter 9 and Attachments 9.1, 9.2, 9.3, 9.4, 9.5, 9.6, 9.7, 9.8, 9.9 and 9.10
79(6)	Conforming capital expenditure that is included in an <i>access arrangement revision proposal</i> must be for expenditure that is allocated between: (a) reference services (b) other services provided by means of the covered pipeline; and (c) other services provided by means of uncovered parts (if any) of the pipeline. in accordance with Rule 93.	Refer to response to Rule 93 below
85(1)	A full access arrangement may include (and the ERA may require it to include) a mechanism to ensure that assets that cease to contribute in any way to the delivery of pipeline services (redundant assets) are removed from the capital base.	No mechanism proposed (Redundant assets in Table 10.1)

Provision	NGR Requirement	Our AA Proposal Reference
87	<p>The return on the projected capital base for a service provider for a regulatory year of an <i>access arrangement period</i> for an applicable access arrangement (RPCB_t) is to be calculated using the following formula:</p> $RPCB_t = a_t \times v_t$ <p>where:</p> <p>a_t is the <i>allowed rate of return</i> for the regulatory year; and</p> <p>v_t is the value, as at the beginning of the regulatory year, of the projected capital base for the regulatory year (as established under rule 78 and subject to rule 82(3)).</p> <p>The allowed rate of return for the regulatory year means the rate of return calculated in the way stated in the <i>applicable rate of return instrument</i>. Under NGL 30C, a rate of return instrument is binding on the ERA and each covered pipeline service provider.</p>	Final Plan Chapter 11
87A	<p>The estimated cost of corporate income tax of a service provider for each regulatory year of an <i>access arrangement period</i> (ETC_t) is to be estimated in accordance with the following formula:</p> $ETC_t = (ETI_t \times r_t) (1 - \gamma)$ <p>Where</p> <p>ETI_t is an estimate of the taxable income for that regulatory year that would be earned by a benchmark efficient entity as a result of the provision of reference services if such an entity, rather than the service provider, operated the business of the service provider;</p> <p>r_t is the expected statutory income tax rate for that regulatory year as determined by the ERA; and</p> <p>γ is the <i>allowed imputation credits</i> for the regulatory year.</p> <p>Allowed imputation credits for a regulatory year means the value of imputation credits stated, or calculated in the way stated in the <i>applicable rate of return instrument</i>. Under NGL 30C, a rate of return instrument is binding on the ERA and each covered pipeline service provider.</p>	Final Plan Chapter 11
88(1)	<p>The depreciation schedule sets out the basis on which the pipeline assets constituting the capital base are to be depreciated for the purpose of determining a reference tariff</p>	Final Plan Chapters 6, 10 and Attachment 14.1
88(2)	<p>The depreciation schedule may consist of a number of separate schedules, each relating to a particular asset or class of assets.</p>	Final Plan Chapters 6 and 10, and Attachments 9.6 and 14.1
89(1)	<p>The depreciation schedule should be designed:</p> <p>(a) so that reference tariffs will vary, over time, in a way that promotes efficient growth in the market for reference services; and</p> <p>(b) so that each asset or group of assets is depreciated over the economic life of that asset or group of assets; and</p> <p>(c) so as to allow, as far as reasonably practicable, for adjustment reflecting changes in the expected economic life of a particular asset, or a particular group of assets; and</p> <p>(d) so that (subject to the rules about capital redundancy), an asset is depreciated only once (ie that the amount by which the asset is depreciated over its economic life does not exceed the value of the asset at the time of its inclusion in the capital base (adjusted, if the accounting method approved by the ERA permits, for inflation)); and</p> <p>(e) so as to allow for the service provider's reasonable needs for cash flow to meet financing, non-capital and other costs.</p>	Final Plan Chapters 6 and 10, and Attachments 9.6 and 14.1

Provision	NGR Requirement	Our AA Proposal Reference
90(1)	A full access arrangement must contain provisions governing the calculation of depreciation for establishing the opening capital base for the next <i>access arrangement period</i> after the one to which the access arrangement currently relates.	Final Plan Chapters 6 and 10, and Attachments 9.6 and 14.1 AA Document Section 9
90(2)	The provisions must resolve whether depreciation of the capital base is to be based on forecast or actual capital expenditure.	Final Plan Chapters 6, 9 and 10, and Attachments 9.6 and 14.1 AA Document Section 9
91(1)	Operating expenditure must be such as would be incurred by a prudent service provider acting efficiently, in accordance with accepted good industry practice, to achieve the lowest sustainable cost of delivering pipeline services in a manner consistent with the national gas objective.	Final Plan Chapter 8 and Attachments 8.1, 8.2, 8.3, 8.4 and 8.5
91(2)	The forecast of required operating expenditure of a pipeline service provider that is included in the full access arrangement must be for expenditure that is allocated between: <ul style="list-style-type: none"> (a) reference services; (b) other services provided by means of the covered pipeline; and (c) other services provided by means of uncovered parts (if any) of the pipeline, in accordance with Rule 93. 	Refer to response to Rule 93 below
92(1)	A full access arrangement must include a mechanism (a <i>reference tariff variation mechanism</i>) for variation of a reference tariff over the course of an <i>access arrangement period</i> .	AA Document Section 11, Annexure A
92(2)	Except to the extent that subrule(3) applies, the <i>reference tariff variation mechanism</i> must be designed to equalise (in terms of present values): <ul style="list-style-type: none"> (a) forecast revenue from reference services for the <i>access arrangement period</i>; and (b) the portion of total revenue allocated to reference services for the <i>access arrangement period</i>. 	AA Document Section 11, Annexure A
92(3)	If there is an interval between a revision commencement date stated in a full access arrangement and the date on which revisions to the access arrangement actually commence (the Interval of delay): <ul style="list-style-type: none"> (a) reference tariffs, as in force at the end of the <i>previous access arrangement period</i>, must continue without variation for the interval of delay; but (b) the operation of this subrule must be taken into account in fixing reference tariffs for the new access arrangement period, such that there may be an adjustment for any under-recovery by the service provider as a result of the continuation of reference tariffs from the previous access arrangement period during the interval of delay. 	AA Document Section 11, Annexure A
92(4)	For the avoidance of doubt, once the revisions to an access arrangement actually commence the access arrangement period to which the revised access arrangement applies includes the interval of delay.	AA Document Section 11, Annexure A
93(1)	Total revenue is to be allocated between reference and other services in the ratio in which costs are allocated between reference and other services.	Final Plan Section 14.4 and Attachment 14.1

Provision	NGR Requirement	Our AA Proposal Reference
93(2)	<p>Costs are to be allocated between reference and other services as follows:</p> <p>(a) costs directly attributable to reference services are to be allocated to those services; and</p> <p>(b) costs directly attributable to pipeline services that are not reference services are to be allocated to those services; and</p> <p>(c) other costs are to be allocated between reference and other services on a basis (which must be consistent with the revenue and pricing principles) determined or approved by the ERA.</p>	Final Plan Section 14.4 and Attachment 14.1
95(1)	<p>A tariff for a reference service provided by means of a transmission pipeline must be designed:</p> <p>(a) to generate from the provision of each reference service the portion of total revenue referable to that reference service; and</p> <p>(b) as far as is practicable consistently with paragraph (a), to generate from the user, or the class of users, to which the reference service is provided, the portion of total revenue referable to providing the reference service to the particular user or class of users.</p>	Final Plan Section 14.4 and Attachment 14.1
95(2)	<p>The portion of total revenue referable to a particular reference service is determined as follows:</p> <p>(a) costs directly attributable to each reference service are to be allocated to that service; and</p> <p>(b) other costs attributable to reference services are to be allocated between them on a basis (which must be consistent with the revenue and pricing principles) determined or approved by the ERA.</p>	Final Plan Sections 7.4 and 14.4, and Attachment 14.1
95(3)	<p>The portion of total revenue referable to providing a reference service to a particular user or class of users is determined as follows:</p> <p>(a) costs directly attributable to supplying the user or class of users are to be allocated to the relevant user or class; and</p> <p>(b) other costs are to be allocated between the user or class of users and other users or classes of users on a basis (which must be consistent with the revenue and pricing principles) determined or approved by the ERA.</p>	Final Plan Sections 7.4 and 14.4 and Attachment 14.1
97(1)	<p>A <i>reference tariff variation mechanism</i> may provide for variation of a reference tariff:</p> <p>(a) in accordance with a schedule of fixed tariffs; or</p> <p>(b) in accordance with a formula set out in the access arrangement; or</p> <p>(c) as a result of a cost pass through for a defined event (such as a cost pass through for a particular tax); or</p> <p>(c1) as a result of the application of a portion of the revenue generated from the sale of rebateable services to reduce the reference tariff as contemplated under Rule 93(3); or</p> <p>(d) by the combined operation of 2 or more of the above.</p>	Final Plan Section 14.5 AA Document section 11 and Annexure A
97(4)	<p>A <i>reference tariff variation mechanism</i> must give the ERA adequate oversight or powers of approval over variation of the reference tariff.</p>	Final Plan Section 14.5 AA Document section 11 and Annexure A
97(5)	<p>Except as provided by a <i>reference tariff variation mechanism</i>, a reference tariff is not to vary during the course of an <i>access arrangement period</i>.</p>	Final Plan Section 14.5 AA Document Section 4.3
98(1)	<p>A full access arrangement may include (and the ERA may require it to include) one or more incentive mechanisms to encourage efficiency in the provision of services by the service provider.</p>	Final Plan Chapter 12 and Attachments 12.1 AA Document Section 15

Provision	NGR Requirement	Our AA Proposal Reference
98(2)	An incentive mechanism may provide for carrying over increments for efficiency gains and decrements for losses of efficiency from one <i>access arrangement period</i> to the next.	Final Plan Chapter 12 and Attachments 12.1 AA Document Section 15
98(3)	An incentive mechanism must be consistent with the revenue and pricing principles.	Final Plan Chapter 12 and Attachments 12.1 AA Document Section 15
99(1)	A full access arrangement may include a principle declared in the access arrangement to be fixed for a stated period.	AA Document Section 13
99(2)	A principle may be fixed for a period extending over 2 or more <i>access arrangement periods</i> .	AA Document Section 13
99(3)	A fixed principle approved before the commencement of these rules, or approved by the ERA under these rules, is binding on the ERA and the service provider for the period for which the principle is fixed.	AA Document Section 13
100	(1) The provisions of an access arrangement must be consistent with: (a) the national gas objective; and (b) these rules and the Procedures as in force when the terms and conditions of the access arrangement are determined or revised. (2) In deciding whether the non-tariff terms and conditions of an access arrangement are appropriate, the ERA must have regard to the risk-sharing arrangements implicit in the reference tariff.	AA Document submitted on or before 2 January 2025
103(1)	An access arrangement must contain queuing requirements if: (a) the access arrangement is for a transmission pipeline; or (b) the access arrangement is for a distribution pipeline and the ERA notifies the service provider that the access arrangement must contain queuing requirements.	AA Document Section 5
103(3)	Queuing requirements must establish a process or mechanism (or both) for establishing an order of priority between prospective users of spare or developable capacity (or both) in which all prospective users (whether associates of, or unrelated to, the service provider) are treated on a fair and equal basis.	AA Document Section 5
103(5)	Queuing requirements must be sufficiently detailed to enable prospective users: (a) to understand the basis on which an order of priority between them has been, or will be, determined; and (b) if an order of priority has been determined – to determine the prospective user's position in the queue.	AA Document Section 5
104(1)	Extension and expansion requirements may state whether the applicable access arrangement will apply to incremental services to be provided as a result of a particular extension to the pipeline made during the access arrangement period or may allow for later resolution of that question on a basis stated in the requirements.	AA Document Section 7
104(2)	Extension and expansion requirements may, if the service provider agrees, state that the applicable access arrangement will apply to incremental services to be provided as a result of a particular extension to the pipeline made before the revision commencement date for the applicable access arrangement.	AA Document Section 7
104(3)	Extension and expansion requirements must state that the applicable access arrangement will apply to incremental services to be provided as a result of any expansion to the capacity of the pipeline during the access arrangement period and deal with the effect of the expansion on tariffs.	AA Document Section 7

Provision	NGR Requirement	Our AA Proposal Reference
104(4)	Extension and expansion requirements included in a full access arrangement must, if they provide that an applicable access arrangement is to apply to incremental services provided as a result of an extension to the pipeline: <ul style="list-style-type: none"> (a) in the case of extensions made before the revision commencement date for the applicable access arrangement deal with: <ul style="list-style-type: none"> (i) the effect of the extension on the opening capital base under rule 77(2)(c1); and (ii) the effect of the extension on the description of reference services specified in the <i>access arrangement proposal</i>; and (b) in all cases, deal with the effect of the extension on tariffs. 	AA Document Section 7
105(1)	Capacity trading requirements must provide for transfer of capacity: <ul style="list-style-type: none"> (a) in accordance with the rules of a gas market that are applicable to the service provider; or (b) if there are no such applicable rules governing transfer of capacity – in accordance with this rule. 	AA Document Section 6
105(6)	The capacity trading requirements may specify in advance conditions under which consent will or will not be given, and conditions to be complied with if consent is given.	AA Document Section 6
106(1)	An access arrangement must provide for the change of a <i>receipt or delivery point</i> in accordance with the following principles: <ul style="list-style-type: none"> (a) a user may, with the service provider's consent, change the user's <i>receipt or delivery point</i>; (b) the service provider must not withhold its consent unless it has reasonable grounds, based on technical or commercial considerations, for doing so. 	AA Document Section 8
106(2)	The access arrangement may specify in advance conditions under which consent will or will not be given, and conditions to be complied with if consent is given.	AA Document Section 8