Australian Gas Infrastructure Group

25 November 2026

Energy Policy WA
Department of Energy and Economic Diversification (DEED)
Via email submission

Dear Energy Policy WA team,

Re: Proposed changes to the Gas Access Funding Regulations and Local Provisions Regulations

Australian Gas Infrastructure Group (AGIG) welcomes the opportunity to comment on the proposed amendments to the Economic Regulation Authority (National Gas Access Funding) Regulations 2009 and National Gas Access (WA) (Local Provisions) Regulations 2009.

AGIG's vision is to deliver infrastructure essential to a sustainable energy future. The Dampier to Bunbury Natural Gas Pipeline (DBNGP) is the backbone of Western Australia's domestic gas system, connecting gas supply with the industries and communities that depend on it. Delivering an average of 70 TJ of gas per day, the DBNGP supports electricity generation, mining and manufacturing across the state and plays an important role in Western Australia's energy security.

AGIG supports a fair, practical and transparent framework that enables the Economic Regulation Authority (ERA) to recover the reasonable and efficient costs of performing its statutory regulatory functions. Cost allocation should reflect the nature of the activities being funded, rather than differences in asset value or physical size that do not, of themselves, explain regulatory effort.

Common regulatory costs arise from maintaining and administering a framework that applies to all regulated entities. Sharing these costs equally recognises the baseline administration required for each entity and provides a straightforward, transparent basis for recovery. Costs reasonably and efficiently attributable to a particular pipeline, facility or regulatory process should be recovered separately from the relevant service provider. These arrangements should remain proportionate, avoiding detailed allocation exercises where the administrative effort would outweigh the benefits.

Expanded cost-recovery powers should be accompanied by commensurate oversight and accountability. Transparency about expenditure is important but is not a substitute for effective independent scrutiny of whether costs are reasonable, efficient, within the ERA's relevant statutory functions and appropriately allocated. The framework should clearly identify the audit and assurance arrangements that will provide this scrutiny, address any gaps in existing arrangements, and prevent double recovery. Service providers should also have a clear process for seeking explanations of charges and review of disputed amounts.

AGIG supports extending cost recovery to the ERA's new and expanded regulatory functions on a basis that preserves clear charging boundaries and provides confidence that expenditure passed on to service providers is subject to effective oversight.

If you have any questions about this submission, please contact Peter Bucki, Group Head of Regulation, at [redacted]

Kind Regards,

[redacted]

Roxanne Smith
Executive General Manager
Corporate and Regulation

Government of **Western Australia**
Department of **Energy and Economic Diversification**

Stakeholder feedback template

Submission from *Australian Gas Infrastructure Group*

The template below has been developed to enable stakeholders to provide feedback on the proposed amendments to the Economic Regulation Authority (National Gas Access Funding) Regulations 2009 and National Gas Access (WA) (Local Provisions) Regulations 2009 as per the *Proposed changes to the Gas Access Funding Regulations and Local Provisions Regulations: Consultation paper*.

The Department of Energy and Economic Diversification strongly encourage stakeholders to use this template, so that it can have due regard to the views expressed by stakeholders on each issue.

Number	Question	Response
1	Which option (updated RAB values or equal share) best reflects the purpose of standing charges (i.e. funding common administrative oversight across the scheme pipelines) and why?	Australian Gas Infrastructure Group (AGIG), owner and operator of the Dampier to Bunbury Natural Gas Pipeline (DBNGP), supports Option 2 – equal sharing. Standing charges recover the ERA's general costs of administering the regulatory framework across scheme pipelines. These are the costs of baseline oversight: monitoring, reporting, records management, general engagement or maintaining the systems and capability needed to administer the scheme. Equal sharing is the appropriate basis for allocating these common costs as each scheme pipeline requires baseline regulatory administration irrespective of its asset value. RAB measures asset value, not the routine administrative effort associated with a pipeline. A larger RAB does not, of itself, justify a larger contribution to common scheme-administration costs. Allocating standing charges by RAB would distribute those costs according to relative asset values rather than the nature of the activities being funded. Equal sharing also avoids the practical difficulties of comparing RAB values set at different times, choosing a common valuation basis, and setting an interim value for a new scheme pipeline that does not yet have an approved RAB.

Number	Question	Response
		This approach is consistent with the principle reflected in the Australian Government's charging guidance that levy allocation should reasonably reflect regulatory effort. The Australian Government charging framework requires regulatory levies to be allocated using a proxy that reasonably reflects the regulatory effort each entity causes. ASIC applies this through a combination of flat levies, which share common costs equally across entities in a subsector, graduated levies, where entity size or activity increases regulatory risk and effort, and fees for service, which recover the cost of activities performed for individual entities. Under the charging framework, a graduated charge needs a metric with a demonstrated link to the regulator's workload. RAB has no such link.
2	Do you agree with the recommended option (Option 2 - Equal share) for allocating costs? Please provide your reasoning.	AGIG supports Option 2 for the reasons set out in response to Question 1. In addition to the reasons set out above, equal allocation is also simpler to administer. RAB values set at different times do not need to be normalised, and pipelines can enter or leave the scheme without interim asset values or revised allocation percentages. It is also transparent, as each pipeline can verify its charge by reference to the total standing-charge cost pool and the number of scheme pipelines over which that pool is divided. Consistent with broader cost-recovery practice, the ERA should publish: • the activities included in the standing-charge pool; • the budget and actual expenditure for those activities; • the number of pipelines used to calculate the equal share; • the basis for allocating costs between scheme pipelines, non-scheme pipelines and Part 18A facilities; and • any over- or under-recovery and the resulting reconciliation.
3	Do you agree that the historical 50 per cent cap should not be retained? If you do not agree and consider that the 50 per cent cap should be retained, what policy objective would a cap serve and how should it be calculated and applied?	AGIG agrees that the 50 per cent cap does not need to be retained if Option 2 is adopted, as each of the three scheme pipelines would bear one-third of the standing charges, meaning the cap would have no practical effect. If, however, the Department instead adopts Option 1, AGIG considers that the cap should be retained. In that circumstance, the cap would continue to serve an important policy objective by preventing any one pipeline from bearing a disproportionate share of common regulatory costs merely because it has a larger RAB.

Number	Question	Response
		This outcome highlights the limitation of RAB as a basis for allocating the costs of general regulatory activities. The cap would moderate the result, but it would not address the underlying mismatch between asset value and the ERA's regulatory workload. AGIG's support for removing the cap is therefore conditional on the adoption of Option 2
4	Do you support the proposed amendments to Schedule 2 of the Gas Access Funding Regulations to enable the recovery of ERA costs associated with the new and expanded regulatory functions under the Gas Pipelines Package from scheme pipelines? If not, how should these costs be recovered?	AGIG supports the proposed amendments to Schedule 2 to enable the ERA to recover the reasonable and efficient costs of performing its regulatory functions under the Gas Pipelines Package in relation to scheme pipelines. The cost-recovery framework should maintain the distinction between functions that form part of the ERA's general oversight of scheme pipelines and work undertaken in relation to a particular pipeline or regulatory process. Common administrative costs should be recovered through standing charges and allocated in accordance with Option 2. Costs that can be directly attributed to an individual pipeline or process should be recovered separately from the relevant service provider. The amendments should define the recoverable functions with sufficient precision to provide service providers with certainty about the circumstances in which a charge may be imposed. They should not create a broad or open-ended power to recover expenditure associated with general policy development, legislative implementation or activities that are not part of the ERA's statutory regulatory functions. Nor should they permit the same expenditure to be recovered through both standing and specific charges. The ERA should provide appropriate transparency regarding costs recovered under the amended Schedule 2. For material pipeline-specific expenditure, this should include identifying the relevant statutory function, explaining the work undertaken and providing an estimate before significant external costs are incurred, where practicable. However, transparency about expenditure is not a substitute for effective oversight of the costs passed on to service providers. The expanded cost-recovery framework should be supported by appropriate independent scrutiny of whether costs recovered are reasonable and efficient, relate to the relevant statutory regulatory functions, are correctly allocated between common and pipeline-specific activities, and do not involve double recovery. The consultation response and explanatory material should identify how that scrutiny will be provided, including whether existing audit and assurance

Number	Question	Response
		arrangements address these matters and, where they do not, what additional arrangements will apply. Service providers should also have a clear process for seeking explanations of charges and review of disputed amounts. To support this oversight, the ERA should provide sufficient information for service providers to understand the statutory basis for material charges, the work undertaken and the basis of cost allocation. Where practicable, estimates of significant external costs should be provided before those costs are incurred, to the extent equivalent information has not already been supplied. AGIG supports recovery of the ERA's reasonable and efficient regulatory costs, but an expanded power to recover expenditure should be accompanied by commensurate oversight and accountability. The amendments and supporting arrangements should provide service providers with confidence that charges are properly incurred, appropriately allocated and subject to effective scrutiny.
5	Do you agree with the recommendation to adopt Model A of the 2020 consultation paper, modified to allocate costs equally across non-scheme pipelines? Please explain your reasoning, including whether you consider the approach to be fair, practical and transparent.	AGIG supports the modified Model A for allocating costs across non-scheme pipelines. Allocating common costs equally is fair, practical and transparent, while keeping common and pipeline-specific costs separate. The proposed modification is consistent with feedback received during the 2020 consultation. The original Model A proposed allocating standing charges based on pipeline length, which stakeholders considered a poor proxy for the ERA's regulatory workload. Most stakeholders favoured some form of equal allocation. The same cost-allocation principle underpins AGIG's support for Option 2 in response to Question 1. Pipeline length and RAB are different measures of pipeline size or value, but neither, of itself, explains a pipeline's contribution to the common regulatory costs being recovered. AGIG therefore supports equal sharing of those common costs across both scheme and non-scheme pipelines. The modified Model A also avoids the need to establish and maintain pipeline-length data solely for cost allocation and to determine how extensions, laterals, interconnected systems or changes in operational status should affect each pipeline's share.
6	Do you support the proposed amendments to Schedule 2 of the Gas Access Funding Regulations to enable the recovery of ERA costs associated with the new and expanded regulatory functions under the Gas Pipelines Package from non-scheme pipelines? If not, how should these costs be recovered?	AGIG supports the proposed amendments to Schedule 2 to enable the ERA to recover the reasonable and efficient costs of its new and expanded regulatory functions from non-scheme pipelines. The amendments are a necessary component of the proposed Model A framework. Standing charges should recover the ERA's common costs of maintaining and administering the regulatory framework for non-scheme

Number	Question	Response
		pipelines, while specific charges should recover costs that can be directly attributed to an individual pipeline, service provider or regulatory process. This maintains the distinction proposed in the 2020 consultation between common regulatory costs and costs arising from identifiable work for a particular party.
7	Do you agree with implementing a cost recovery framework for Part 18A facilities that is consistent with the approach adopted for scheme pipelines and proposed for non-scheme pipelines? If not, please explain your reasons.	AGIG supports implementing a cost-recovery framework for Part 18A facilities based on the same broad structure applying to scheme pipelines and proposed for non-scheme pipelines. A consistent framework would provide a clear distinction between the ERA's common costs of administering Part 18A and costs directly attributable to a particular facility or regulatory process. Standing charges should recover the reasonable and efficient costs of maintaining the Part 18A framework, including routine administration, maintaining reporting guidance and the public register, and general compliance monitoring. Costs arising from a facility-specific matter, should be recovered separately from the relevant facility operator. Consistency across the three regulatory classes would also make the overall framework easier to administer and understand. However, consistency should apply to the structure and cost-recovery principles rather than result in the three classes being combined into a single cost pool. Part 18A costs should be separately identified and recovered only from facilities subject to Part 18A. Scheme and non-scheme pipeline operators should not subsidise functions performed solely in relation to Part 18A facilities.
8	Do you agree that the costs of administering Part 18A obligations should be shared equally among Part 18A facilities? If not, what alternative framework and/or cost allocation approach do you consider appropriate, and why?	AGIG supports the equal allocation of the common costs of administering Part 18A among the facilities subject to the regime. Each Part 18A facility requires the ERA to maintain the same regulatory framework, including reporting guidelines, the public register and general compliance capability. Sharing these common costs equally is therefore more practical than introducing a variable allocation methodology that would require additional data and assumptions without necessarily producing a more cost-reflective outcome. This is consistent with the broader approach proposed for scheme and non-scheme pipelines. Common regulatory costs should be shared equally, while costs that can reasonably and efficiently be attributed to a particular facility or facility-specific regulatory activity should be recovered separately from the relevant service provider. Cost allocation should be proportionate and should not require detailed attribution where the administrative effort would outweigh the benefits of greater precision. For example, material costs arising from an

Number	Question	Response
		exemption application, an investigation or targeted compliance activity should not be distributed across all Part 18A facilities.
9	Do you agree that standing charges should be charged on a quarterly basis? If not, what alternative billing cycle should it be?	AGIG has no specific feedback to provide on this matter.
10	Do you have any concerns with aligning the cost allocation percentages of the Local Provisions Regulations with the Gas Access Funding Regulations, should either option be adopted? Please explain your response.	AGIG does not have concerns with aligning the cost allocation percentages in the National Gas Access (WA) (Local Provisions) Regulations 2009 with those adopted under the Economic Regulation Authority (National Gas Access Funding) Regulations 2009, provided the same pipelines are subject to each allocation and the relevant costs are of a common nature.
11	Do you agree that blend processing facilities should be included in the cost recovery framework for Part 18A facilities? If not, please explain your reasons.	AGIG agrees that blend processing facilities should be included in the Part 18A cost-recovery framework where they become subject to Part 18A obligations under the Other Gases Package. Including these facilities would ensure that all facilities subject to the Part 18A transparency framework contribute to the costs of administering the framework. Excluding blend processing facilities would require storage and stand-alone compression facilities to fund regulatory activities undertaken for a broader class of facilities, creating an avoidable cross-subsidy. Blend processing facilities should be included in the standing-charge calculation only from the date on which the relevant Part 18A obligations commence, with any partial billing period calculated on a pro rata basis.
12	Do you support the proposed amendments to Schedule 2 of the Gas Access Funding Regulations to enable recovery of ERA costs associated with the expanded ring-fencing framework under the Other Gases Package? If not, how should these costs be recovered?	AGIG supports the proposed amendments to Schedule 2 to enable the ERA to recover the reasonable and efficient costs of performing its functions under the expanded ring-fencing framework.