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1 November 2011

ASX RELEASE

DBP REGULATORY DECISION

DUET Group (DUET) notes that the Economic Regulation Authority (ERA) of Western Australia released its Final Access Arrangement Decision for the Dampier to Bunbury Natural Gas Pipeline (DBNGP) yesterday. A press release in respect of the final decision issued by DBP is attached.

The decision is not expected to impact DBP's revenues over the 2011-2015 period as DBP will continue to operate under existing negotiated tariffs. Tariffs for the 2016-20 period will be determined as part of the next regulatory decision to be published in 2015.

DBP will review the ERA's Access Arrangement counterproposal (due by the end of 2011) with a view to initiating a possible appeal before the Australian Competition Tribunal.

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Media release

1 November 2011

Final Regulatory Decision for the Dampier to Bunbury Natural Gas Pipeline (DBNGP)

The Economic Regulation Authority (ERA) of Western Australia yesterday released its final decision on DBP's proposed revisions to the 2011-2015 Access Arrangement for the Dampier to Bunbury Natural Gas Pipeline (DBNGP).

DBP notes that the ERA's final decision and any access arrangement that it gives effect to are not expected to impact the revenue DBP will earn over the 2011-2015 period as DBP will continue to operate under existing negotiated tariffs. The 2016 tariff will be determined as part of the next regulatory decision due to be published in 2015.

DBP is pleased that the ERA has allowed more than 98% of the \$1.8 billion in capital expenditure incurred by DBP since 2005 as well as approving a material uplift in allowed operating and capital expenditure to be incurred over the access period from that allowed in the draft decision.

The ERA has decided not to approve the revisions proposed by DBP. The decision represents an approximate 10% reduction in the regulated tariff from the draft decision primarily as a result of a lower forecast risk free rate and reflects a pre tax real WACC of 5.74% (8.60% nominal after tax ROE). However, the final decision results in the fixed or "take or pay" component of the tariff increasing to 95% of the total tariff from 90% in the draft decision.

DBP's Chief Executive Officer, Mr Stuart Johnston said "DBP believes the rate of return applied by the ERA is not commensurate with prevailing conditions in the market for funds and the risks involved in providing regulated pipeline services. It appears that the rate of return allowed is lower than for gas pipeline businesses in other jurisdictions".

Mr Johnston said that it is critical that DBP is allowed to earn an appropriate return on investment to ensure the continued investment in pipeline infrastructure.

As a result of the ERA's decision not to approve DBP's revised submission, the ERA will now draft its own access arrangement setting out the terms and conditions of access to spare capacity, incorporating the final regulated tariffs. This must be published by the end of December 2011. The ERA access arrangement submission may be subject to an appeal to the Australian Competition Tribunal.

The table below provides a summary between the ERA's draft decision, DBP's response to that decision and the ERA's final decision on key aspects of DBP's 2011 – 2015 Access Arrangement*:

Regulatory Building Block	ERA's Draft Decision of March 2011	DBP's Response to Draft Decision	ERA's Final Decision October 2011
	Real \$m as at 31 Dec 2010	Real \$m as at 31 Dec 2010	Real \$m as at 31 Dec 2010
Historical capital expenditure 2005-10	\$1,799.8	\$1,778.4	\$1,771.1
Regulatory Asset Base as at 1 January 2011	\$3,413.8	\$3,386.5	\$3,375.1
Forecast capital expenditure 2011-15	\$118.5	\$245.4	\$224.8
Forecast operating expenditure 2011-15	\$450.4	\$523.5	\$484.8

*This is based on DBP's preliminary review of the draft decision

A copy of the ERA's final decision is available on the ERA's website - www.erawa.com.au

ENDS

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

DBP is the owner and operator of the DBNGP, Western Australia's most important piece of energy infrastructure. The DBNGP is WA's key gas transmission pipeline stretching almost 1,600 kilometres and linking the gas fields located in the Carnarvon Basin off the Pilbara coast with population centres and industry in the south-west of the State

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