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## ASX RELEASE

### DBP APPEALS THE ERA'S ACCESS ARRANGEMENT

DUET Group notes the attached announcement by Dampier Bunbury Pipeline (DBP).

DBP has lodged an appeal with the Australian Competition Tribunal in relation to the Economic Regulation Authority of Western Australia's proposed Access Arrangement for DBP.

The appeal points include, among others, the cost of capital, CPI indexation of the regulated asset base and tariffs, capital expenditure allowances and the definition of a Regulated Reference Service under the regulated framework.

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**Media release**

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**DBP Appeals ERA Access Arrangement Decision**

On 17 January 2012, DBP made an application to the Australian Competition Tribunal (ACT) for a merits review of the Economic Regulation Authority (ERA) of WA's decision to make revisions to the access arrangement for the Dampier to Bunbury Natural Gas Pipeline (DBNGP) for the 2011 to 2015 regulatory period.

The ERA's revised access arrangement is based on the Final Decision issued by the ERA on 31 October 2011. In that decision, the ERA decided not to accept the revisions previously proposed by DBP.

While the tariffs under DBP's standard shipper contracts are set under negotiated contracts until 2015, they will move to a regulated tariff in 2016. The tariffs to apply from 2016 will be determined by a subsequent regulatory decision to be handed down in 2015. Nevertheless, there are some aspects of the current decision that may set precedents or otherwise have a bearing on the 2015 decision.

DBP's CEO, Mr Stuart Johnston said "While we are satisfied that the regulator has accepted most of the \$1.8 billion DBP has invested in expanding the pipeline since 2005, there are a number of matters that DBP believes should be raised."

One of the issues that DBP has challenged is the rate of return allowed by the ERA. Mr Johnston said, "We do not believe that the rate of return set by the regulator reflects the prevailing conditions in the market for funds and the risks involved in providing the services on the pipeline – this is one of the core principles of the law governing gas transmission and is crucial both for the existing business and for attracting new capital for future investment in WA's infrastructure."

Other matters that DBP has challenged include:

- Whether inflation should be based on a Perth based measure or the national average measure. This affects the value of DBP's starting capital base for 2011, the rate of return and the tariff variation mechanism;
- The ERA's refusal to allow approximately \$7 million in historical capital expenditure and \$6 million in forecast capital expenditure;
- The type of service that should be classified a Regulated Reference Service; and
- A number of issues DBP has with the terms and conditions adopted by the ERA.

DBP expects the ACT to make its decision on the appeal during the second half of 2012.

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 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 populated centres and industry in the South-west of the State.

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