GOVERNMENT OF WESTERN AUSTRALIA

Department of
Energy and Economic Diversification

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

Consultation paper

October 2026

Contents

Abbreviations **3**

Executive Summary **4**

Gas Pipelines Package 4

Other Gases Package 5

Call for submissions 6

1. Background **7**

1.1. Relevant legislation 7

1.2. Gas Pipelines Package 9

1.3. Other Gases Package 11

1.4. Paper structure 12

2. Gas Access Funding Regulations – Scheme pipelines **13**

2.1. Current cost recovery arrangements 13

2.2. Updating standing charge cost allocations in Schedule 1 15

2.3. Cost allocation comparison 18

2.4. Recommended option 18

2.5. Amending specific charges in Schedule 2 19

3. Gas Access Funding Regulations – Non-scheme pipelines **20**

3.1. Current funding arrangements 20

3.2. Introducing a cost recovery framework for non-scheme pipelines 20

4. Gas Access Funding Regulations – Stand-alone compression service and storage facilities (Part 18A) **24**

4.1. Background 24

4.2. Applying Part 18A to Western Australia 25

5. Local Provisions Regulations **28**

5.1. Current cost recovery arrangements 28

5.2. Updating standing charge cost allocations in Schedule 1 28

6. Other Gases Package **29**

6.1. Expanding Part 18A to blend processing facilities 29

6.2. Ring-fencing requirements—specific charges 30

Appendices **31**

Appendix 1: WA scheme and non-scheme pipelines 31

Appendix 2: List of ERA functions 33

Appendix 3: Stakeholder responses to 2020 paper on Part 23 pipelines.....40

Appendix 4: Key feedback themes of the 2020 consultation.....41

Abbreviations

Term	Definition
2020 Paper	Energy Policy WA, *Cost recovery for the non-scheme gas pipeline regime, Government of Western Australia*, 22 September 2020
AA	Access Arrangement(s)
AER	Australian Energy Regulator
DBNGP	Dampier to Bunbury Natural Gas Pipeline
DEED	Department of Energy and Economic Diversification
ERA	Economic Regulation Authority
ERA Act	*Economic Regulation Authority Act 2003* (WA)
Gas Access Funding Regulations	Economic Regulation Authority (National Gas Access Funding) Regulations 2009
Gas Pipelines Act	*Statutes Amendment (National Energy Laws) (Gas Pipelines) Act 2022* (SA)
GGP	Goldfields Gas Pipeline
KKP	Kalgoorlie to Kambalda Pipeline
Local Provisions Regulations	National Gas Access (WA) (Local Provisions) Regulations 2009 (WA)
MWSW GDS	Mid-West and South-West Gas Distribution Systems
NCC	National Competition Council
NGL	National Gas Law (contained in a Schedule to the *National Gas (South Australia) Act 2008* (SA))
Other Gases Rule	National Gas Amendment (Other Gases) Rule 2024
NGL Act	*National Gas Access (WA) Act 2009* (WA)
NGL(WA)	*National Gas Access (Western Australia) Law* (the NGL as applied by the NGL Act. Commonly referred to as Western Australia's National Gas Law)
NGR	National Gas Rules
NGR(WA)	National Gas Rules that apply to Western Australia under the NGL(WA)
RAB	Regulatory Asset Base
WA	Western Australia
WA Arbitrator	Western Australian Energy Disputes Arbitrator

Executive Summary

The Economic Regulation Authority (ERA) administers Western Australia's gas access framework under the *National Gas Access (WA) Act 2009* (WA), which applies a modified version of the National Gas Law and National Gas Rules to Western Australia (WA).

To recover the cost of these regulatory functions, the Economic Regulation Authority (National Gas Access Funding) Regulations 2009 (WA) (Gas Access Funding Regulations)[1] prescribes the fees and charges payable by regulated entities.

The National Gas Access (WA) (Local Provisions) Regulations 2009 (WA) (Local Provisions Regulations) provides a similar cost recovery framework for the Western Australian Energy Disputes Arbitrator's (WA Arbitrator) core arbitration costs.

The Western Australian Government is amending the Western Australian National Gas Law (NGL(WA)) by adopting two national reform packages that are already implemented elsewhere in Australia: the Gas Pipelines Package and the Other Gases Package.[2] These reforms expand the ERA's and the Arbitrator's regulatory functions, and therefore require the existing cost recovery frameworks to be updated.

Gas Pipelines Package

The Gas Pipelines Package will:

- abolish the category of lightly regulated scheme pipelines, reducing the number of pipeline categories from three to two (scheme and non-scheme);
- introduce additional transparency and information disclosure requirements;
- extend regulatory oversight to stand-alone compression service facilities and gas storage facilities; and
- expand the ERA's regulatory functions under the NGL(WA).

To support these reforms, amendments to the Gas Access Funding Regulations are proposed, including:

- amending Schedule 1 to remove the Kalgoorlie to Kambalda Pipeline (KKP) following its re-categorisation from a lightly regulated scheme pipeline to a non-scheme pipeline, with corresponding revisions to the cost allocation percentages for remaining scheme pipelines (Section 2.2);
- updating Schedule 2 to:

[1] Established under the *Economic Regulation Authority Act 2003* (WA).

[2] The Gas Pipelines consultation package was released on Wednesday, 28 October 2026 at https://www.wa.gov.au/government/document-collections/consultation-western-australias-adoption-of-the-national-gas-law-gas-pipelines-package. The Department of Energy and Economic Diversification aims to publicly consult on the draft instruments that will be used to apply the Other Gases Package to WA shortly.

- incorporate the new ERA functions introduced by the reforms; and
- update existing references to the NGL(WA) and WA National Gas Rules (Section 2.5);
- introducing new cost recovery frameworks to enable the ERA to recover costs incurred as part of its functions in relation to non-scheme pipelines (Section 3) and compression service and gas storage facilities (Section 4), with standing charges proposed to be allocated equally among each type of entity.

The Gas Pipelines Package's re-categorisation of the KKP also requires amendments to the cost recovery framework for the WA Arbitrator. Under the Local Provisions Regulations, the WA Arbitrator's core arbitration costs are recovered from scheme pipelines using the same cost allocation percentages as in the Gas Access Funding Regulations. Like the Gas Access Funding Regulations, these will need to be updated to reflect the KKP's removal as a scheme pipeline (Section 5).

All amendments, except those relating to the ERA's expanded functions in relation to compression service and gas storage facilities, are intended to commence with WA's adoption of the Gas Pipelines Package.[3]

Other Gases Package

In parallel, WA is preparing to adopt the Other Gases Package, which extends the regulatory framework to cover hydrogen, biomethane and other renewable gases (defined as 'covered gas' in the amended NGL(WA)).

These reforms will:

- expand the scope of the access regime to include covered gases and associated infrastructure;
- bring blend processing facilities within the regulatory framework and introduce additional ERA functions, including oversight of transparency, pricing and exemption processes, in relation to these facilities; and
- extend ring-fencing and associate contract provisions, requiring amendments to Schedule 2 of the Gas Access Funding Regulations to enable the recovery of associated regulatory costs.

While the number of blend processing facilities is expected to be small, these changes will incrementally increase the ERA's regulatory responsibilities and must be reflected in the cost recovery framework (Section 6).

[3] Part 18A cannot apply to WA until the Australian Energy Market Commission makes a rule change, extending its application to the State. Subject to public consultation on WA's adoption of the Gas Pipelines Package, WA intends to submit a rule change request following the commencement of the Gas Pipelines Package.

Call for submissions

The Department of Energy and Economic Diversification is seeking feedback on the proposed amendments to the Gas Access Funding Regulations and Local Provisions Regulations. Interested parties are directed to the questions at the end of each section and requested to provide detailed responses, including any direct impacts, providing supporting evidence where possible. A submission feedback template is provided on the consultation webpage (https://www.wa.gov.au/government/document-collections/consultation-proposed-changes-the-gas-access-funding-regulations-and-local-provisions-regulations) to assist stakeholders in preparing their feedback.

Submissions can be emailed to gasnetworkpolicy@deed.wa.gov.au.

All submissions received will be published at www.energy.wa.gov.au unless a specific request for confidentiality is made. If this is the case, please indicate which parts of your submission you wish to keep confidential and if you want to remain anonymous.

The consultation period closes at **5:00pm (AWST) on Wednesday 25 November 2026**. Late submissions may not be considered.

1. Background

Western Australia (WA) intends to adopt the Gas Pipelines Package, a set of national reforms that will amend WA's version of the National Gas Law (the NGL(WA)). The Gas Pipelines Package represents the most significant update to gas pipeline regulation to date, responding to longstanding concerns regarding market power, information access, and regulatory complexity.

The Department of Energy and Economic Diversification (DEED) is publicly consulting on the draft regulatory instruments that will be used to implement the Gas Pipelines Package in WA. A consultation package comprised of a consultation paper, the draft instruments, and a marked-up version of the NGL(WA) showing the amendments is available on the Energy Policy WA—DEED website.

Western Australia also intends to adopt a second National Gas Law reform package, the Other Gases Package, which establishes a regulatory pathway for renewable gases and hydrogen blends entering gas networks. DEED aims to publicly consult on the draft instruments that will be used to apply the Other Gases Package to WA shortly.

The Gas Pipelines Package—and, to a lesser extent, the Other Gases Package—will expand the functions that WA's independent economic regulator, the Economic Regulation Authority (ERA) has under the NGL(WA). To ensure the ERA's expanded activities are appropriately funded, and to address other consequential amendments arising from WA's adoption of the national reforms, the ERA's cost recovery framework needs to be updated.

Western Australia's adoption of the Gas Pipelines Package also necessitates consequential amendments to the cost recovery framework used by the Western Australian Energy Disputes Arbitrator (WA Arbitrator), an independent statutory office that provides a dispute resolution service in relation to scheme pipelines.

This paper sets out the changes to the ERA and WA Arbitrator's cost recovery frameworks that are proposed because of the National Gas Law reforms. It provides all stakeholders with an opportunity to respond to the proposed amendments before the Gas Pipelines and Other Gases Packages are implemented.

1.1. Relevant legislation

Western Australian National Gas Law

The National Gas Law (NGL) provides the overarching framework for regulating gas pipelines and markets across Australia. It is established in accordance with the Australian Energy Market Agreement, an intergovernmental agreement under which all states and territories agree to develop and implement national energy laws.

The *National Gas Access (WA) Act 2009* (WA) (NGL Act) applies a modified version of the NGL to WA. This version, known as the National Gas Access (Western Australia) Law or NGL(WA), transfers:

- To the ERA—the economic regulation functions that are performed elsewhere in Australia by the Australian Energy Regulator (AER). Consequently, the ERA administers, monitors and enforces the economic regulatory regimes for gas pipelines in WA.
- To the WA Arbitrator—the arbitration functions that are performed elsewhere in Australia by the AER. Consequently, the WA Arbitrator provides independent arbitration services for access disputes involving scheme pipelines in WA.

Cost recovery frameworks

Both the ERA and WA Arbitrator operate under separate cost recovery frameworks that fund their regulatory functions. These frameworks are essential to ensure that:

- regulated entities contribute appropriately to the costs of oversight;
- the ERA and WA Arbitrator are adequately resourced to undertake their regulatory functions;
- costs are allocated fairly across different types of infrastructure; and
- regulatory costs remain efficient, predictable and reflective of the ERA and WA Arbitrator's workloads.

Gas Access Funding Regulations

The ERA's cost recovery framework is established under section 61 of the *Economic Regulation Authority Act 2003* (WA), which provides for regulations to be made for the imposition and payment of fees and charges in connection with the performance of the ERA's functions.

The Economic Regulation Authority (National Gas Access Funding) Regulations 2009 (WA) (Gas Access Funding Regulations) enable the ERA to recover its costs from pipeline service providers and other regulated entities, setting out the methodology for recovering these costs.

Local Provisions Regulations

The WA Arbitrator's cost recovery framework is established under section 21 of the NGL Act, which provides for regulations to be made for the imposition and payment of fees and charges in connection with the performance of the WA Arbitrator's functions. These fees and charges are only allowed to cover costs that are not already covered by fees collected under the National Gas Access (WA) (Part 3) Regulations 2009 (WA).

Part 3 of the National Gas Access (WA) (Local Provisions) Regulations 2009 (WA) (Local Provisions Regulations) sets out the methodology for recovering these costs from regulated entities.

1.2. Gas Pipelines Package

Current arrangements

Under the current NGL(WA), pipelines are categorised as either scheme or non-scheme.[4]

Scheme pipelines (also known as covered pipelines) may be:

- fully regulated, requiring an ERA-approved access arrangement setting out access terms, conditions and prices; or
- lightly regulated, where price regulation is not required, but transparency obligations support negotiations and arbitration of disputes remain available.

There are three fully regulated scheme pipelines in WA (the Dampier to Bunbury Natural Gas Pipeline, Goldfields Gas Pipeline and Mid-West and South-West Gas Distribution Systems) and one lightly regulated scheme pipeline (the Kalgoorlie to Kambalda Pipeline (KKP)).

Non-scheme pipelines (also known as uncovered pipelines) that provide third-party access to pipeline services are subject to the information disclosure and arbitration framework under Part 23 (Access to non-scheme pipelines) of the WA National Gas Rules (NGR(WA)), which sets out:

- information publication and exchange requirements to support timely and effective negotiations for access to non-scheme pipelines;
- a commercially-orientated arbitration process to resolve access disputes; and
- principles that must be regarded when determining access disputes, which are consistent with the outcomes of a workably competitive market.

There are 77 non-scheme pipelines in WA (see Appendix 1: WA scheme and non-scheme pipelines).[5]

The ERA is responsible for activities such as assessing and approving the access arrangements of scheme pipelines, compliance monitoring and enforcement, dispute resolution support, and the oversight of transparency and disclosure obligations.

The WA Arbitrator provides a dispute resolution service for users, providers of gas pipeline services, and other parties seeking access to scheme pipelines (see Box 1).

[4] Details on the current regulation of scheme and non-scheme pipelines by the Economic Regulation Authority (ERA) can be found here.

[5] All gas pipelines that are not scheme pipelines are currently subject to Part 23 of the WA National Gas Rules but can obtain partial or full exemptions from the Part 23 requirements upon application to the ERA. The ERA currently records 77 active non-scheme pipelines. In addition, there are three that have ceased to operate and are, or will be, seeking revocation of licences, and there are two new pipelines which are not yet in operation and unaccounted for in the 77.

Box 1 – Clarification of arbitration framework for non-scheme pipelines

To avoid confusion between Western Australia's dispute resolution arrangements and the separate dispute framework applying to non-scheme gas pipelines, it is important to note that access disputes involving non-scheme pipelines are not dealt with under the Local Provisions Regulations or by the WA Arbitrator.

Instead, non-scheme pipelines are currently subject to the information disclosure and negotiate–arbitrate framework established under Part 23 of the NGR(WA). This framework requires non-scheme pipeline operators to publish specified information, engage in good faith negotiations with prospective users, and, if negotiations fail, participate in binding arbitration administered under the Part 23 rules.

In WA, the ERA is responsible for administering this framework, including appointing an arbitrator in the event of an access dispute, monitoring compliance, information disclosure oversight, and managing exemption processes. This framework operates in parallel to—but separately from—the WA Arbitrator's role, which applies only to disputes involving scheme pipelines.

The arbitration framework for non-scheme pipelines will remain largely unchanged following WA's adoption of the Gas Pipelines and Other Gases Packages. Non-scheme pipelines will remain subject to the same commercially oriented access dispute mechanism that currently applies under Part 23.

Summary of changes

Once the Gas Pipelines Package is adopted in WA, the reforms will:

- expand the ERA's functions to include responsibilities relating to:
  - form of regulation decisions, which determine whether pipelines are scheme or non-scheme pipelines;
  - greenfields incentive determinations and greenfields price protection determinations;
  - classifying pipelines as either distribution or transmission pipelines;
  - exempting service providers from the prescribed transparency information and the ring-fencing and associate contract arrangements; and
  - actively monitoring the behaviour of service providers and compliance with their obligations under the NGL(WA) and NGR(WA).
- classify all pipelines that are not scheme pipelines as non-scheme pipelines;
- abolish the category of lightly regulated scheme pipelines, so pipelines are either categorised as fully regulated scheme pipelines or non-scheme pipelines. The KKP will become a non-scheme pipeline upon adoption;
- extend many existing scheme pipeline obligations to non-scheme pipelines, making non-scheme pipelines subject to safeguards such as:
  - strengthened information disclosure obligations (unless they have an exemption);

- the prohibition on preventing or hindering access and bundling services unless reasonably necessary; and
- ring-fencing and associate contract provisions.

Non-scheme pipelines will continue to be subject to the same commercially-oriented negotiate–arbitrate access dispute framework, while scheme pipelines will remain subject to the WA Arbitrator's regulatory dispute resolution mechanism. However, the scheme pipeline dispute resolution process will be strengthened by:

- clearly specifying the matters the dispute resolution body must have regard to;
- introducing a fast-track option that sets a maximum timeframe for decisions; and
- requiring the publication of specified materials associated with each decision.[6]

These changes broaden the scope of activities regulated by the ERA and reduce the number of scheme pipelines that can access the WA Arbitrator's dispute resolution service. To ensure that the ERA and WA Arbitrator's cost recovery frameworks reflect these changes and that both entities can continue to recover the costs associated with the performance of their functions, it is necessary to review and update the existing cost recovery frameworks.

1.3. Other Gases Package

Once the Other Gases Package is adopted in WA, the reforms will bring covered gases such as hydrogen, biomethane and synthetic methane under the national gas regulatory framework. The Other Gases Package seeks to:

- promote competition and efficient infrastructure use by extending the pipeline access regime to transmission and distribution pipelines transporting covered gases, including ring-fencing and associate contract provisions to limit market power;
- introduce a light-handed access regime for blend processing facilities to encourage competition in contestable parts of the industry;
- provide regulatory certainty for producers, retailers, and investors by ensuring reasonable access to key infrastructure; and
- enhance transparency and planning by expanding existing market transparency mechanisms under the National Gas Rules to include covered gases.

These changes will result in the ERA gaining a small number of additional functions, which will need also need to be captured in the Gas Access Funding Regulations.

[6] For more details see Energy Ministers, *Information Paper: Improving gas pipeline regulation*, Department of Climate Change, Energy, the Environment and Water, 2022.

1.4. Paper structure

Most of this consultation paper sets out the proposed amendments to the Gas Access Funding Regulations and Local Provisions Regulations arising from WA's adoption of the Gas Pipelines Package.

The first two sections concern the Gas Access Funding Regulations, covering:

- proposed changes to existing standing charges and specific charges for scheme pipelines (Section 2); and
- the proposed cost recovery framework for non-scheme pipelines (Section 3).[7]

Section 4 of the paper covers the proposed cost recovery framework for stand-alone compression service facilities and gas storage facilities. While the Gas Pipelines Package introduces new information and transparency requirements for these facilities, they will not initially apply to WA. Section 4 therefore sets out the cost recovery framework that is proposed to be introduced through amendment to the Gas Access Funding Regulations once the obligations commence in WA.

Section 5 sets out the proposed changes to the Local Provisions Regulations, which also arise from the Gas Pipelines Package.

The final section of the paper (Section 6) concerns the proposed amendments to the Gas Access Funding Regulations arising from WA's adoption of the Other Gases Package. There will be no consequential amendments to the Local Provisions Regulations because of the Other Gases Package.

[7] Note: It is not being proposed that document fees and meeting fees, currently provided for by regulations 7 and 8 of the Economic Regulation Authority (National Gas Access Funding) Regulations 2009 (WA) (Gas Access Funding Regulations) respectively, be amended.

2. Gas Access Funding Regulations – Scheme pipelines

2.1. Current cost recovery arrangements

Under the current Gas Access Funding Regulations, scheme pipelines may be subject to two types of charges: standing charges and specific charges.

Standing charges

Standing charges recover the ERA's core function costs—general regulatory activities that apply across all scheme pipelines, such as staff time, administration, compliance monitoring and stakeholder engagement.

Regulations 4(1) and (2) of the Gas Access Funding Regulations provide that a pipeline that is a 'covered pipeline'[8] and specified in Schedule 1 is liable for standing charges on a quarterly basis to fund the ERA's functions.

The amount of standing charges payable by each scheme pipeline service provider is calculated using the standing charge formula in Regulation 4(3) (see Box 2).

Box 2 – Standing charge formula provided in Regulation 4(3)

$$S = C \times P \times \frac{D_P}{D_Q}$$

where –

S is the amount of the standing charge;

C is the amount of the core function costs for the quarter;

P is the percentage specified in Schedule 1 for the pipeline;

D_Q is the number of days in the quarter and

D_P is the number of days in the quarter during which —

(a) the pipeline is specified in Schedule 1 and is a covered pipeline; and

(b) the person is the service provider of the pipeline.

Schedule 1 of the Gas Access Funding Regulations fixes the percentages shown in Table 1 for WA's current four scheme pipelines.

[8] To date, WA's National Gas Law (NGL(WA)) regime has used the terms 'covered pipeline' and 'scheme pipeline' interchangeably.

Table 1 – Current percentages for calculating standing charges

	Scheme pipeline	Percentage
1.	Mid-West and South-West Gas Distribution Systems (WA:GDL8)	27.01%
2.	Dampier to Bunbury Natural Gas Pipeline (WA:PL40)	50.00%
3.	Goldfields Gas Pipeline (WA:PL24)	20.27%
4.	Kalgoorlie to Kambalda Pipeline (WA:PL27)	2.72%
Total		**100.00%**

Notes: WA:GDL refers to a gas distribution licence granted under the Energy Coordination Act 1994.
WA:PL refers to a pipeline licence granted under the Petroleum Pipelines Act 1969.

Specific charges

Specific charges apply when the ERA undertakes a function for a particular scheme pipeline or stakeholder, allowing it to recover external costs from the person for who the function is performed.

Under Regulation 6 of the Gas Access Funding Regulations, the ERA can recover the costs of:

- consultants or contractors (including their accommodation, travel and equipment costs);
- publishing, photocopying, advertising and mailing costs; and
- costs associated with public consultation conducted under the NGL(WA).

Schedule 2 of the Gas Access Funding Regulations lists the regulatory functions for which specific charges may be recovered and identifies who may be charged. Currently, the functions include coverage and light regulation matters, competitive tender process approvals, access arrangement approvals and variations, ring-fencing determinations and exemptions, and the revocation of greenfields pipeline incentives.

Historical ERA cost recovery for scheme pipelines

Table 2 provides an overview of historical ERA cost recovery for scheme pipelines. These figures, particularly specific charges, can vary significantly over time due to the cyclical nature of access arrangements and should be considered illustrative only.

Table 2 – ERA costs to administer scheme pipelines

Service provider	2022/23 ($'000)	2023/24 ($'000)	2024/25 ($'000)	2025/26 ($'000)*
Standing charges				
Mid-West and South-West Gas Distribution Systems	505.7	877.3	894.9	942.2
Dampier to Bunbury Natural Gas Pipeline	936.1	1,623.9	1,655.7	1,744.4
Goldfields Gas Pipeline	379.5	658.4	671.2	707.1
Kalgoorlie to Kambalda Pipeline	50.9	88.3	90.1	94.7
Total standing charges	**1,872.2**	**3,247.8**	**3,311.9**	**3,488.4**
Specific charges				
Mid-West and South-West Gas Distribution Systems	0	544.8	141.3	0
Dampier to Bunbury Natural Gas Pipeline	0	0	250.7	147.3
Goldfields Gas Pipeline	0	204.4	82.9	0
Kalgoorlie to Kambalda Pipeline	0	0	0	0
Total specific charges	0	749.2	474.9	147.3
Total charges	**1,872.2**	**3,991.1**	**3,786.8**	**3,635.7**

Sources: *Annual reports and the ERA.*
Notes: *Figures from 2022/23 to 2024/25 are actuals from the ERA annual reports (online). Standing charges for the Mid-West and South-West Gas Distribution Systems represent the cost of undertaking ERA's functions relating to access arrangement only, not the total across all functions as per the annual reports.*
(*) The ERA has provided estimates for 2025/26.

2.2. Updating standing charge cost allocations in Schedule 1

The commencement of the Gas Pipelines Package in WA will result in the recategorisation of the KKP from a scheme pipeline to a non-scheme pipeline. As a consequence, the Gas Access Funding Regulations will require amendment to:

- remove the KKP from Schedule 1; and
- revise the standing charge cost allocation percentages in Schedule 1 that are applied to the remaining scheme pipelines.

The Gas Access Funding Regulations do not prescribe a methodology for determining the cost allocation percentages. Based on historical information, DEED understands that the current percentages in Schedule 1 (as shown in Table 1):

- were derived from the Regulatory Asset Base (RAB) values calculated at a single point in time (most recently at 31 December 2005);[9]
- have changed very little since their introduction in 1999;[10] and

[9] Schedule 1 was last updated in 2006 and transitioned to the current framework when the Gas Pipelines Access (Western Australia) (Funding) Regulations 1999 were repealed in 2010.

[10] The Kalgoorlie to Kambalda Pipeline (KKP) was added in 2001, and the Parmelia and Tubridgi Pipelines were removed in 2002 and 2006, respectively.

- are subject to a 50 per cent cap per pipeline, with any excess redistributed among remaining pipelines.

There is limited documentation explaining the original policy rationale for adopting a RAB-based approach, or for imposing a 50 per cent cap. Neither element has been subject to a formal review since the Gas Access Funding Regulations were first introduced.

Because removing the KKP (and its 2.72 per cent share) from Schedule 1 requires recalculating the allocations for the remaining pipelines, and because RAB values have since changed significantly since 2005, DEED is consulting on two approaches for updating the cost allocation percentages:

- Option 1 - Use the most recent RAB values for scheme pipelines; or
- Option 2 - Apply an equal share allocation based on the number of scheme pipelines, similar to the proposed approach for non-scheme pipelines (Section 3) and Part 18A facilities (Section 4).

Without any documented policy rational for the 50 per cent cap, DEED considers the cap should not be retained. It is inconsistent with a cost-reflective methodology and applying an arbitrary cap does not align with a transparent, RAB-based approach based on actual RAB values in recent access arrangements. For these reasons, the cap is excluded from both options below.

Option 1 – Updated regulatory asset base (RAB) values

This option continues the original RAB-based methodology by using the current RAB values published in the most recent ERA-approved access arrangements adjusted for comparability. This updates the allocations to reflect the relative scale of regulated assets today, rather than relying on values provided 20 years ago.

Under this option, the removal of the KKP results in the updated allocations shown in Table 3.

Table 3 – Schedule 1 percentage for calculating standing charges

Scheme pipeline	Opening capital base ($m)	New allocation (%)	Existing allocation (%)	Change (%)
Mid-West and South-West Gas Distribution Systems	1,620.9	29.00	27.01	+1.99
Dampier to Bunbury Natural Gas Pipeline	3,541.0	63.36	50.00	+13.36
Goldfields Gas Pipeline	429.9	7.64	20.27	-12.63
Kalgoorlie to Kambalda Pipeline	-	-	2.72	-2.72
Total	**5,588.80**	**100.00**	**100.00**	

Sources: Annual reports and the ERA.

Notes: The Mid-West and South-West Gas Distribution Systems and Goldfields Gas Pipeline figures are drawn from their respective Access Arrangements (AA) and reflect the closing capital bases for 2024 in real December 2023 dollars. The Dampier to Bunbury Natural Gas Pipeline value from its AA represents the closing capital base for 2025 in real December 2024 dollars. To ensure comparability, all figures have been converted to a consistent basis by expressing them as 2024 closing capital bases in real terms (equivalent to the opening capital base on 1 January 2025). For more information about the respective AA, see the ERA's website (available here).

Under Option 1, each scheme pipeline will experience a percentage change:

- The Dampier to Bunbury Natural Gas Pipeline (DBNGP): increases to 63.36 per cent due to its significantly larger asset base and the removal of the historical 50 per cent cap.
- The Mid-West and South-West Gas Distribution System (MWSW GDS): has a slight increase, consistent with its proportionate RAB under current arrangements.
- The Goldfields Gas Pipeline (GGP): has a large reduction, as its previous allocation was inflated by the DBNGP cap rather than its asset scale.

Limitations of approach

This option is not flexible and relies on RAB values at a single fixed point in time. As RABs change over time, there is a risk that the percentages will no longer reflect the scale or nature of the pipelines. Unless a regular review is introduced into the framework, RAB values may become no longer relevant.

Additionally, when a new pipeline becomes a scheme pipeline, Schedule 1 cannot be updated until a RAB is established, which can take 12–18 months for first access arrangements. During this period, the new pipeline contributes no standing charges, creating a funding gap that must be carried by existing scheme pipelines.

Option 2 – Equal share (number of scheme pipelines)

Under this option, standing charges would be calculated using a simple equal-share approach. Instead of relying on a RAB-based methodology, costs would be split equally across all scheme pipelines. With the KKP removed, each remaining scheme pipeline would therefore contribute one third of the ERA's core function costs.

This method aligns with the proposed approach for non-scheme pipelines (Section 3) and Part 18A facilities (Section 4), where all facilities are treated equally and cost allocations are not influenced by asset size, age, regulatory history or network scale.

This option also reflects the administrative purpose of standing charges, which is to fund general regulatory oversight rather than pipeline-specific costs. To implement this approach, it is proposed that Schedule 1 would be removed from the Gas Access Funding Regulations and replaced with a straightforward equal share calculation embedded directly in the provisions, avoiding reliance on values fixed at a particular point in time.

Limitations of approach

While the economic impact of an equal-share allocation across scheme pipelines is considered low, the distributional effects vary materially between pipelines. Under this option, there will be a large, single step change for the pipelines with lower asset bases when the equal-share allocation is first implemented.

2.3. Cost allocation comparison

Table 4 provides an illustrative comparison of the ERA's allocation costs for scheme pipelines under both options using the estimated standing charges for 2025/26.

Table 4 – Standing charge cost allocation comparisons between Options

Scheme pipeline	Option 1 ($'000)	Option 2 ($'000)
Dampier to Bunbury Natural Gas Pipeline	2,210	1,163
Mid-West and South-West Gas Distribution Systems	1,012	1,163
Goldfields Gas Pipeline	267	1,163
Total	**3,488**	**3,488**

Notes: Table 4 shows the estimated standing charges for 2025/26 but now allocated among the remaining three pipelines. The Option 1 allocation is based on the percentages calculated in Table 3. Note, numbers do not add up due to rounding.

2.4. Recommended option

DEED recommends adopting Option 2 – an equal-share allocation across scheme pipelines. Option 2 provides a simpler and more transparent mechanism for setting standing charge allocations and avoids the practical challenges created by the current RAB based methodology.

It better reflects the purpose of standing charges, which is to fund broad regulatory oversight rather than services linked to asset size. Option 2 is also more practical and flexible, as it avoids delays while waiting for RAB values when new scheme pipelines enter the regime, and prevents the associated funding gaps or complex recalculations when pipelines are removed or added, while waiting for the Gas Access Funding Regulations to be amended.

Option 2 also aligns with the proposed methods for non-scheme pipelines and Part 18A facilities, creating a consistent and simpler framework for all stakeholders. It eliminates the need to continually update and maintain a Schedule 1 table.

2.5. Amending specific charges in Schedule 2

Western Australia's adoption of the Gas Pipelines Package will expand the ERA's regulatory responsibilities (see Section 1.2), necessitating the amendment of Schedule 2 of the Gas Access Funding Regulations. Without these amendments, the ERA cannot recover the specific charges associated with its new functions and will have to undertake additional statutory functions without an appropriate cost recovery mechanism.

DEED proposes amending the Gas Access Funding Regulations to incorporate the ERA's new or amended functions for scheme pipelines. These functions include, but are not limited to, form of regulation determinations, enhanced information disclosure oversight and associated consultation processes.

DEED also proposes to introduce specific charges for non-scheme pipelines to recover costs directly attributable to particular functions. These proposed amendments are discussed further in Section 3.2.

Appendix 2: List of ERA functions outlines the ERA's proposed regulatory functions once the Gas Pipelines Package is implemented, for which the ERA may recover specific charges.

Section 2 questions

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?
2. Do you agree with the recommended option (Option 2 - Equal share) for allocating costs? Please provide your reasoning.
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?
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?

3. Gas Access Funding Regulations – Non-scheme pipelines

3.1. Current funding arrangements

Non-scheme pipelines are currently regulated in accordance with the pipeline information disclosure and arbitration framework set out in Part 23 of the NGR(WA).

It has always been intended that the ERA's costs of administering the pipeline information disclosure and arbitration framework would be recovered from non-scheme pipelines. In 2020, Energy Policy WA consulted publicly about future cost recovery mechanisms to fund the ERA's regulatory activities under Part 23. However, it was subsequently recognised that the Gas Pipelines Package, which was being consulted on nationally at the same time, would likely amend the pipeline information disclosure and arbitration framework. Delaying the introduction of the cost recovery mechanism for non-scheme pipelines would therefore avoid unnecessarily impacting stakeholders by implementing changes that would require further amendment shortly thereafter.

In the interim, the ERA's activities under Part 23 have been funded through internal balances. With the impending commencement of the Gas Pipelines Package in WA, it is now time to introduce a cost recovery framework for non-scheme pipelines.

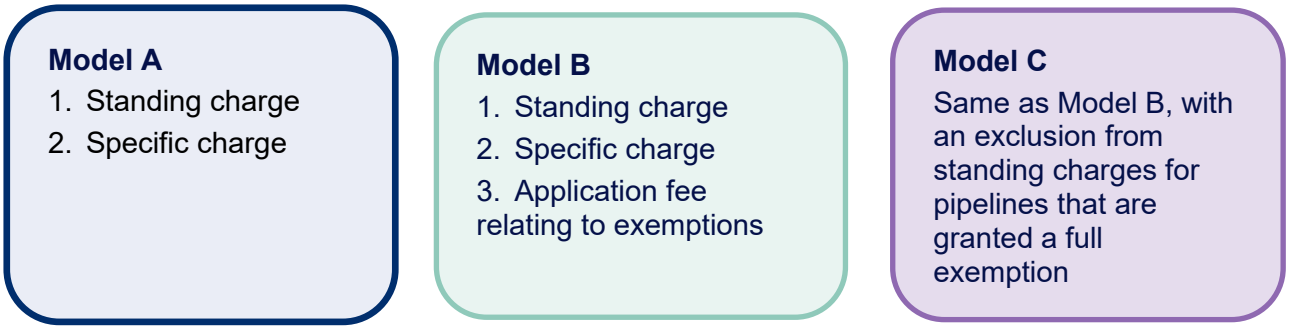
3.2. Introducing a cost recovery framework for non-scheme pipelines

Previous consultation on cost recovery for non-scheme gas pipelines

In October 2020, Energy Policy WA published a consultation paper (2020 Paper) proposing to introduce a cost recovery mechanism to fund the ERA's regulatory activities for non-scheme gas pipelines under Part 23 of the NGR(WA).[11]

[11] Energy Policy WA, *Cost recovery for the non-scheme gas pipeline regime*, Government of Western Australia, October 2020 (2020 Paper).

Figure 1 – Non-scheme funding models based on Part 23 consultation



Note: Under these models, standing charges recover the core costs, specific charges recover costs for functions performed for a particular party, and application fees cover Part 23 exemptions.

The 2020 Paper proposed three cost recovery models on the types of charges for non-scheme pipeline service providers (see Figure 1). It ultimately recommended Model A, which allocated costs based on pipeline length, due to administrative simplicity and financial capacity considerations.

The 2020 Paper did not propose to exempt non-scheme pipelines from Model A charges on the principle that, despite their exemption, they still benefited from regulatory oversight. The ERA incurs direct costs when assessing exemption applications, monitoring compliance with exemption conditions and ensuring the exemptions remain appropriate over time. In addition, the arbitration framework still applies to exempt pipeline operators unless they are specifically granted an exemption from the arbitration framework itself.[12,13]

2020 Paper stakeholder feedback

In response to the consultation process, eight stakeholders made submissions:

- most stakeholders (including those supporting Model A) raised concerns about the equity of allocating costs by pipeline length, and noted that the ERA's regulatory costs do not correlate with pipeline length;
- the majority favoured an approach where standing charges were distributed equally across all pipelines (or had a fixed component that did), rather than being solely proportional to length; and
- five stakeholders supported Model A (standing and specific charges) in some form while three stakeholders proposed alternative approaches including minimum fixed charges and exemption application costs.

Appendix 3: Stakeholder responses to 2020 paper on Part 23 pipelines contains a summary of stakeholder responses and Appendix 4: Key feedback themes of the 2020 consultation provides a table of key themes raised.

[12] Pipeline operators can apply for exemptions to certain parts of the non-scheme framework under Part 23 where specific criteria is met (such as the pipeline not being a third-party access pipeline or an average daily injection of natural gas below a threshold).

[13] For initial cost estimates per pipeline based on recommended model see the 2020 Paper.

Recommended cost recovery model for non-scheme pipelines

As the ERA's functions following WA's adoption of the Gas Pipelines Package are broadly comparable to those consulted on in 2020, DEED recommends adopting a modified Model A. However, consistent with stakeholder feedback, DEED proposes that costs be allocated based on the number of pipelines rather than pipeline length. This approach reflects the nature of the ERA's regulatory workload and addresses equity concerns raised in the 2020 consultation.

Amendments are proposed to mirror the structure of standing charges and specific charges that are currently applied to scheme pipelines in the Gas Access Funding Regulations.

Standing charges for non-scheme pipelines

DEED proposes that core function costs be allocated equally across all non-scheme pipelines. This would see the ERA calculate the core costs (salaries and overheads) connected with its performance of non-scheme pipeline functions under the NGL(WA) and NGR(WA) and divide the total cost by the number of non-scheme pipelines in WA (78 including the re-categorisation of the KKP to a non-scheme pipeline) (see Appendix 1: WA scheme and non-scheme pipelines).[14]

Standing charges would be calculated and charged quarterly.

This approach:

- aligns with most stakeholders' preferences expressed during consultation;
- is administratively simple and efficient;
- supports transparency and predictability, enabling service providers to anticipate regulatory costs;
- is equitable and cost reflective, as the ERA's regulatory functions relate to the asset itself rather than its length.

Estimated costs to deliver non-scheme pipeline framework

The ERA estimates the costs to deliver the non-scheme pipeline framework at $500,000 which equates to approximately $6,410 per non-scheme pipeline (based on 78 pipelines).

[14] All gas pipelines that are not scheme pipelines are subject to Part 23 of the WA National Gas Rules but can obtain certain exemptions from the ERA upon application. Currently, there are 77 non-scheme pipelines of which 63 have exemptions in place. Details can be found on the ERA's website (available here).

Specific charges for non-scheme pipelines

DEED also proposes introducing specific charges to recover the costs directly attributable to the performance of a regulatory function or undertaking work necessary or convenient to support those functions, for non-scheme pipelines. These functions are set out in Appendix 2: List of ERA functions and, as with the specific charges for scheme pipelines, include costs associated with:

- the ERA's engagement of consultants or contractors (including their accommodation, travel and equipment costs);
- photocopying, mailing, publishing and advertising expenses; and
- costs associated with public consultation.[15]

Section 3 questions

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.

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?

[15] Economic Regulation Authority (National Gas Access Funding) Regulations 2009, reg. 6(4).

4. Gas Access Funding Regulations – Stand-alone compression service and storage facilities (Part 18A)

4.1. Background

The Gas Pipelines Package introduces new information disclosure and transparency obligations for stand-alone compression service facilities and gas storage facilities through amendments to the NGL(WA) and the NGR(WA).[16] The specific obligations for these facilities will be detailed in a new Part 18A (Compression and storage terms and prices) of the NGR(WA) and, as a result, stand-alone compression service facilities and gas storage facilities will be known as 'Part 18A facilities'.

Under Part 18A, service providers of Part 18A facilities will be required to:

- publish standing terms for each compression or storage service offered, including the methodology used to calculate standing prices;
- publish actual prices payable for services procured by users under contracts with the service provider;
- notify the ERA that the required information has been published; and
- provide a copy of the published information to the ERA.

These obligations are intended to operate as transparency-based regulation rather than price control, with the objective of promoting informed commercial negotiation and discouraging the exercise of market power. By making prices and service terms more transparent, users will be able to more effectively assess price reasonableness and negotiate third-party access to essential gas infrastructure.

Role of the ERA

The ERA will be responsible for administering the Part 18A framework, including:

- publishing and maintaining price reporting guidelines;
- granting, varying, and revoking exemptions from reporting obligations;
- maintaining a public register of exemption decisions and revocations; and
- monitoring and enforcing compliance with publication, notification and reporting requirements.

[16] *Statutes Amendment (National Energy Laws) (Gas Pipelines) Act 2022*, s. 46 deletes existing NGL(WA), s. 83A and substitutes new ss. 83A and 83AA, which provide for rules to be made that set out information and transparency requirements for compression service facilities and storage facilities. National Gas Amendment (Gas Pipelines) Rule 2023, r. 78 inserts a new Part 18A that contain these information and transparency requirements in Division 2. The ERA can grant facilities an exemption from the Part 18A information and transparency requirements under new Part 18A, Division 3.

These functions represent a further expansion of the ERA's role beyond the regulation of scheme and non-scheme pipelines and introduces a new category of regulated gas infrastructure in WA. Unlike pipelines, compression and storage facilities may be stand-alone or integrated with other infrastructure, increasing the importance of clear guidance and proportionate regulatory oversight.

4.2. Applying Part 18A to Western Australia

While WA's adoption of the National Gas Amendment (Gas Pipelines) Rule 2023 will insert Part 18A into the NGR(WA), it will initially not apply to the State due to Rule 198C. Rule 198C sits in Part 18A and provides that the Part does not apply to a WA-based facility until activated by an order notice under section 20A of the NGL(WA). As section 20A was designed for the Natural Gas Services Bulletin Board provisions in the NGL(WA)—which WA has chosen not to activate—Part 18A cannot commence unless Rule 198C is amended or removed.[17]

As part of its consultation on the Gas Pipelines Package, DEED is currently seeking stakeholder feedback on the proposed application of Part 18A to WA. Subject to this consultation process, WA intends to submit a rule change request to the Australian Energy Market Commission (AEMC) to remove Rule 198C from Part 18A of the NGR(WA), thereby enabling the new transparency and reporting obligations for stand-alone compression and storage facilities to apply to WA. Other consequential amendments may also be required to ensure that Part 18A works in WA as intended.

In anticipation of the rule change request and commencement of Part 18A, DEED is seeking stakeholder feedback on the proposed cost recovery framework detailed below.

Recommended cost recovery model for Part 18A facilities

It is proposed that the Gas Access Funding Regulations be amended to enable the ERA to recover from Part 18A facilities the costs associated with their regulation. This approach is consistent with the State's broader policy of industry-funded economic regulation and ensures that costs arising from market participation are not borne by taxpayers or other regulated sectors.

Proposed framework

It is proposed the ERA's costs be recovered from Part 18A facilities using the same approach used for scheme pipelines and that is proposed to be used for non-scheme pipelines. The following key components would be included in the proposed cost recovery framework for Part 18A facilities:

[17] WA has a state-based Gas Bulletin Board established under the *Gas Services Information Act 2012*, Gas Services Information Regulations 2012 and Gas Services Information Rules.

- standing charges that are levied on a quarterly basis to recover the ERA's core function costs associated with administering the Part 18A regime, including general monitoring, guideline maintenance and stakeholder engagement. The standing charges will allocate the ERA's costs equally between Part 18A facilities; and
- specific charges applied on a cost-reflective basis where individual facilities require additional regulatory effort, for example in relation to exemption applications.

This framework will ensure that:

- the ERA can sustainably perform its expanded functions under Part 18A;
- costs are allocated transparently and in accordance with established ERA practices; and
- cost recovery from Part 18A facilities remains broadly consistent with the principles underpinning the Gas Access Funding Regulations.

Estimated standing charges for Part 18A facilities

The ERA estimates that the cost of administering Part 18A facilities, or its total core function costs, will be approximately $25,000 per annum. This estimate reflects the relatively narrow scope of facilities captured by Part 18A, as well as the transparency-based nature of the framework.

At present, WA has two commercial underground gas storage facilities and no stand-alone compression service facilities that are likely to be captured as Part 18A facilities.[18] Based on the ERA's estimates, the proposed approach would therefore result in each gas storage facility initially contributing approximately $12,500 per annum as standing charges.

As additional facilities are captured—for example, when blend processing facilities are added as Part 18A facilities under the Other Gases reforms (see Section 6.1)—the standing charge per facility may decrease, reflecting economies of scale.[19]

This approach reflects the small number of facilities currently captured and avoids disproportionate administrative complexity at the initial implementation stage.

Specific charges

It is proposed that specific charges will be introduced to recover the costs directly attributable to the performance of a regulatory function or undertaking work necessary or convenient to support those functions. As with the specific charges for pipelines, it is proposed that they will be used to recover costs associated with consultants, photocopying, mailing, publishing, advertising and public consultation. These ERA functions are set out in Appendix 2: List of ERA functions.

---

18 The gas storage facilities are Mondarra Gas Storage Facility (APA Group) and Tubridgi Gas Storage Facility (AGIG).

19 The Department of Energy and Economic Diversification understands that Western Australia currently has one blend processing facility.

Section 4 questions

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.

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?

9. Do you agree that standing charges should be charged on a quarterly basis? If not, what alternative billing cycle should it be?

5. Local Provisions Regulations

The WA Arbitrator's functions will remain broadly unchanged following WA's adoption of the Gas Pipelines Package. It will continue providing independent arbitration services for access disputes involving scheme pipelines under the NGL(WA). However, the re-categorisation of the KKP from a scheme pipeline to a non-scheme pipeline will reduce the number of pipelines accessing its services and therefore subject to its cost recovery framework.

5.1. Current cost recovery arrangements

The WA Arbitrator's core function costs are recovered from scheme pipelines in accordance with the Local Provisions Regulations. Schedule 1 of the Local Provisions Regulations prescribes a set percentage allocation of these costs to each scheme pipeline, based on a standing charge model.

This approach directly mirrors the methodology used by the Gas Access Funding Regulations, which allocates regulatory costs to scheme pipelines using fixed percentages (see Table 1 and Section 2.2). This alignment provides consistency in the way that administrative and regulatory oversight costs are recovered across the gas access framework in WA.

5.2. Updating standing charge cost allocations in Schedule 1

The re-categorisation of the KKP from a scheme pipeline to a non-scheme pipeline upon commencement of the Gas Pipelines Package means it will no longer contribute to the WA Arbitrator's standing charges under the Local Provisions Regulations. As a result, the cost allocation percentages in Schedule 1 of the Local Provisions Regulations must be updated to redistribute the KKP's former share among the remaining scheme pipelines.

To maintain consistency across the gas access framework, the revised cost allocation percentages determined for scheme pipelines under the Gas Access Funding Regulations will be mirrored in the Local Provisions Regulations (either Option 1 or Option 2 in Section 2.2). This ensures that:

- standing charge allocations for the WA Arbitrator continue to align with the methodology applied by the ERA; and
- changes arising from pipeline re-categorisation are implemented uniformly across both regulatory cost recovery frameworks.

Section 5 questions

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.

6. Other Gases Package

In addition to the Gas Pipelines Package, the WA Government is separately progressing the adoption of the Other Gases Package, which establishes a regulatory pathway for renewable gases to enter gas networks. These changes will result in the ERA gaining some additional functions, which will need also need to be captured in the Gas Access Funding Regulations.

6.1. Expanding Part 18A to blend processing facilities

The Other Gases Package will further expand the scope of the NGL(WA) to include blend processing facilities. These facilities blend different types of gases (e.g. hydrogen, biomethane and synthetic methane) to meet pipeline specifications and are expected to play a role in supporting decarbonisation and energy transition objectives.

Under the Other Gases Package:

- blend processing facilities will be subject to transparency and reporting obligations under Part 18A of the NGR(WA), like those applying to stand-alone compression service facilities and storage facilities (see Section 4);
- the ERA is expected to assume additional regulatory functions, including oversight of standing terms, pricing, and exemption processes; and
- amendments to the NGR(WA) and associated regulations will be required to support these new functions.

Once the Other Gases Package is applied in WA and Part 18A commences,[20] blend processing facilities will become a Part 18A facility and thus liable for the costs that the ERA incurs in association with their regulation. This will ensure a consistent approach to cost recovery across compression, storage and blending infrastructure.

The ERA's estimated costs in relation to its new Part 18A functions are expected to be modest in the initial years (and included in the above cost of $25,000 per year, Section 4.2), reflecting the limited number of facilities anticipated to be captured at commencement.[21]

[20] Subject to public consultation on WA's adoption of the Gas Pipelines Package, Part 18A will not commence until the Australian Energy Market Commission (AEMC) makes a rule change that enables its application. Further details about this process can be found in DEED's Gas Pipelines Package consultation paper.

[21] Only one blend processing facility has been identified at present: ATCO's Hydrogen Blend Processing Facility.

6.2. Ring-fencing requirements—specific charges

The Other Gases Package extends ring-fencing provisions in the NGL(WA) to covered gases such as hydrogen, biomethane and synthetic methane. Amendments to the NGL(WA) and NGR(WA) will prevent pipeline service providers from providing blend processing services, producing primary or processable gases or biogas, or trading in covered, processable or biogas, except where necessary for safe and reliable pipeline operations or to provide balancing services. These restrictions will not apply to associates of the pipeline service provider.

Consistent with existing requirements, providers wishing to undertake these activities must do so through a separate entity. Contracts between the associate entity and the service provider for pipeline access must comply with the NGL(WA)'s associate contract provisions, which are designed to prevent preferential treatment and anti-competitive conduct. The ERA may grant exemptions from ring-fencing requirements, subject to specified conditions.

To ensure that the ERA can continue recovering specific charges in relation to all functions associated with the new ring-fencing requirements, Schedule 2 of the Gas Access Funding Regulations will need to be amended. The specific functions associated with the ERA's ring-fencing activities are identified as items 20, 22 and 23 in Table 7, Appendix 2: List of ERA functions.

Section 6 questions

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.

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?

Appendices

Appendix 1: WA scheme and non-scheme pipelines

Table 5 – Scheme pipelines

Dampier to Bunbury Natural Gas Pipeline (PL40) Mid-West and South-West Gas Distribution Systems (GDL8)	Goldfields Gas Pipeline (PL24)[22] Kalgoorlie to Kambalda Pipeline (PL27)[23]

Table 6 – Non-scheme pipelines

Agnew Gas Pipeline (PL120) Australian Gold Reagents Pipeline (PL57) Albany Gas Distribution System (GDL8) Ashburton West Lateral (PL19) Beharra Springs Lateral (PL18) Beyondie Gas Pipeline (PL117) Binduli Gas Pipeline (PL137) Boodarie Gas Lateral (PL104) Broome Natural Gas Pipeline (PL72) Bullsbrook (Rocla Quarries) Lateral Pipeline (PL46) Burrup Extension Pipeline (PL 38) Burrup Fertilisers Lateral (PL62) Canningvale Lateral Pipeline (PL44) Cape Lambert Gas Pipeline (PL8 & 106) Cape Preston Gas Lateral (PL77) Cockburn Cement Lateral (PL39) DCDP Sales Gas Pipeline (PL86) Eastern Goldfields Pipeline (PL108) Fortescue River Gas Pipeline (PL105) Goldfields Gas Transmission Pipeline (PL24) Gorgon DomGas Pipelines Onshore (TPL/24) Gorgon Domgas Pipelines Offshore (PL92) Gwalia Gas Lateral (PL76) HBI Lateral (PL31) HiSmelt Lateral Pipeline (PL61) Jundee Lateral (PL34) Kalgoorlie Gas Distribution System(GDL8) Karlawinda Gas Pipeline (PL121) Karratha Lateral Pipeline (PL82) Kens Bore Gas Pipeline (PL131) King of the Hills Pipeline (PL126)	Mid West Pipeline (PL43) Mt Keith Lateral Pipeline (PL25) Mt Magnet Lateral Pipeline (PL54) Mt Morgans Lateral Pipeline (PL113) Murrin Murrin Lateral, Compressor Station, Loop (PL36, 115 & 118) Neerabup Gas Lateral (PL75) Nifty Gas Lateral (PL68) Northern Goldfields Interconnect (PL129) Onslow Lateral (PL110) Oyster Harbour Distribution Network (GDL9) Paraburdoo Gas Lateral (PL67) Parkeston Lateral Pipeline (PL28) Parmelia Gas Pipeline Mainline (PL1, 2 & 3) Pilbara Energy Pipeline (PL22) Plutonic Lateral Pipeline (PL35) Rapids Landing Distribution Network (GDL9) Red Gully Export Gas Pipeline (PL96) Riverslea Distribution Network (GDL9) Rockingham Lateral Pipeline (Kwinana Nickel Refinery Lateral) (PL5) Telfer Gas Pipeline (PL60 & 63) Thunderbox Lateral (PL65) TiWest (Chandala) Lateral Pipeline (PL52) Tubridgi Lateral (PL16) Varanus Gas Sales Pipeline (Terr Sea) (TPL/8) Varanus Island Gas Sales and Gas Plant (TPL/13) Varanus Island to DBNGP onshore section (PL17) Varanus Island to DBNGP onshore section (PL42) Waitsia Export Pipeline (PL124 & 128) Walyering Gas Pipeline (PL130)

[22] Around 58 per cent of the Goldfields Gas Pipeline's capacity is regulated as a scheme (or 'covered') pipeline, while the remaining capacity is considered as a non-scheme (or 'uncovered') pipeline. See the *WA National Gas Law – Adoption of the Gas Pipelines Package – Information and consultation paper*, available at https://www.wa.gov.au/government/document-collections/consultation-western-australias-adoption-of-the-national-gas-law-gas-pipelines-package, for more information.

[23] Currently, the Kalgoorlie to Kambalda Pipeline is a lightly regulated scheme pipeline, subject to a negotiate–arbitrate model with limited oversight. Once the Gas Pipelines Package in applied to Western Australia, it will become a non-scheme pipeline.

Kambalda to Esperance Gas Pipeline (inc. Realignment Pipeline) (PL59 & 98)	West Angelas Gas Lateral (inc Pipeline Realignment (PL97 & 119)
Kwinana Supply Lateral Pipeline (Parmelia) (PL53)	Westlime Lateral Pipeline (PL32)
Lake Way Gas Pipeline (PL125)	Wheatstone Ashburton West Pipeline (inc deviated section) (PL103 & 112)
Leinster Distribution Network (GDL9)	Wiluna Lateral Pipeline (PL33)
Leinster Lateral Pipeline (PL26)	Wodgina 2 Lateral Gas Pipeline (PL116)
Leonora Lateral (PL48)	Wodgina Gas Pipeline (Wodgina 1) (PL55 & 56)
Macedon Sales Gas Pipeline (PL87)	Yamarna Gas Pipeline (PL114)
Magellan Lateral (PL73)	Yurralyi Maya Gas Pipeline (PL78)
Maitland Natural Gas Lateral (PL74)	

Notes: GDL refers to a gas distribution licence granted under the Energy Coordination Act 1994.
PL refers to a pipeline licence granted under the Petroleum Pipelines Act 1969.
TPL/ refers to a pipeline licence granted under the Petroleum (Submerged Lands) Act 1982.

Appendix 2: List of ERA functions

The below table sets out the Economic Regulation Authority's proposed regulatory functions once the Gas Pipelines and Other Gases Packages are implemented, for which the Economic Regulation Authority (ERA) may recover specific charges. The provisions used in the table will appear in Western Australia's version of the National Gas Law (NGL(WA)) and WA National Gas Rules (NGR(WA)) *after* the packages commence and do not reflect the current NGL(WA) or NGR(WA).

For those rules that cannot be identified by reference to the current NGR(WA),[24] please refer to the National Gas Rules in force elsewhere in Australia from 12 June 2024 to 30 July 2024 (version 80).[25] Although not identical to what will be in place in WA following the adoption of the Gas Pipelines and Other Gases Packages, it should provide an indication of the ERA's future functions.

The terminology used in the table reflects Schedule 2 of the Economic Regulation Authority (National Gas Access Funding) Regulations 2009 (WA), so references to:

- 'the Authority' means the ERA;
- 'NGL' means the NGL(WA); and
- 'NGR' means the NGR(WA).

Table 7 – Updated Schedule 2 table

Item	Description	Function	Person liable to pay charge
Scheme framework			
1	Scheme pipeline determinations and decisions	Functions under NGL, Chapter 3, Part 1, Division 1 or s. 112 or NGR, Part 4, Division 1 exercised in connection with making the determination or decision not to make the determination.	A service provider that is subject to a scheme pipeline determination or a decision not to make the determination by the Authority under NGL, Chapter 3, Part 1, Division 1 or NGR, Part 4, Division 1.
2	Scheme pipeline elections	Functions under NGL, Chapter 3, Part 1, Division 2 or NGR, Part 4, Division 2 exercised in connection with scheme pipeline elections.	A service provider for a non-scheme pipeline that makes a scheme pipeline election under NGL, s. 95 or NGR, Part 4, Division 2.
3	Scheme pipeline revocation determinations and decisions	Functions under NGL, Chapter 3, Part 2 or s. 112 or NGR, Part 4, Division 3 exercised in connection with making the revocation determination or decision not to make a revocation determination.	A service provider that is subject to a scheme pipeline revocation determination or a decision not to make the revocation determination by the Authority under NGL s. 97 or NGR, Part 4, Division 3.

[24] Version 14 of the WA National Gas Rules (NGR(WA)) are available here.

[25] Version 80 of the National Gas Rules are available here.

Pipeline classification			
4	Pipeline classification decisions	Functions under NGL, Chapter 3, Part 6 or NGR, Part 4, Division 5 exercised in connection with making the classification decision or decision not to make a classification decision.	A service provider that applies for a pipeline to be classified as a distribution or transmission pipeline under NGL, s. 117 or NGR, Part 4, Division 5.
5	Pipeline reclassification decisions	Functions under NGL, Chapter 3, Part 6 or NGR, Part 4, Division 5 exercised in connection with making the reclassification decision or a decision not to make a reclassification decision.	A service provider that applies for a pipeline reclassification decision or that is subject to a pipeline reclassification decision under NGL, s. 118 or NGR, Part 4, Division 5.
6	Designated pipeline reviews	Functions under NGL, s. 121 exercised in connection with the review.	A service provider that provides pipeline services by means of the designated pipeline, which is subject to review under NGL, s. 121.
Approval of tender process			
7	Tender approval decisions *Transitional provisions*	Functions under the pre-amended NGR, r. 23(2), 25, 26(1)(a), or 28 exercised in connection with — (a) the tender approval decision; or (b) the approved competitive tender process.	A person who is subject to NGR, Schedule 6, r. 2.
8	Receipt and assessment of report on the conduct of the tender process *Transitional provisions*	Functions under the pre-amended NGR, r. 24 exercised in connection with the report.	A proponent that: (a) is subject to a tender approval decision under the pre-amended NGR that has not become irrevocable before the Gas Pipelines Package commences in WA; and (b) is required to provide a report on a competitive tender process under NGR, Schedule 6, r. 2 and the pre-amended NGR, r. 24.
9	Assessing competitive tender process (CTP) access arrangement proposals *Transitional provisions*	Functions under the pre-amended NGR, r. 27 exercised in connection with a CTP access arrangement proposal.	A service provider that is: (a) subject to a tender approval decision under the pre-amended NGR that has not become irrevocable before the Gas Pipelines Package commences in WA; and (b) required to submit a CTP access arrangement proposal for approval under NGR, Schedule 6, r. 2 and the pre-amended NGR, r. 27.

10	Assessing applications to amend approved CTP access arrangements *Transitional provisions*	Functions under the pre-amended NGR, r. 27 exercised in connection with the application.	A service provider that is: (a) subject to a tender approval decision under the pre-amended NGR that has not become irrevocable before the Gas Pipelines Package commences in WA; and (b) applies to amend an approved CTP access arrangement under NGR, Schedule 6, r. 2 and the pre-amended NGR, r. 27(5).
Approval of access arrangements			
11	Approving voluntary access arrangements submitted before the Gas Pipelines Package commenced in WA *Transitional provisions*	Functions under pre-amended NGR, r. 47(1) to (2); post-amended NGR, Part 4, Division 1; or the National Gas Access (WA) (Local Provisions) Regulations 2009 Part 2 exercised in connection with dealing with a voluntary access arrangement submission.	A service provider that is subject to a voluntary access arrangement that was: (a) submitted under s. 127 of the pre-amended NGL; and (b) approved by the Authority under NGL, Schedule 3, Part 19, cl. 108 or NGR, Schedule 6, r. 8.
12	Approving access arrangement submissions or revisions to applicable access arrangement	Functions under NGR, Part 8, Divisions 2, 4, 5, 6, 8 or 9 or Part 9 or the National Gas Access (WA) (Local Provisions) Regulations 2009, Part 2 exercised in connection with the submission.	A service provider that is required to submit: (a) an access arrangement; or (b) revisions to an applicable access arrangement, for approval under NGL, s. 113.
13	Access arrangement variation proposal decisions	Functions under NGR, Part 8, Division 10 exercised in connection with the submission. Plus if the proposal is referred under NGR, r. 66 to be dealt with as an access arrangement proposal — the functions described in existing Item 12.	A service provider that submits a proposal for variation of an applicable access arrangement under NGR, r. 65.
14	Varying or revoking an access arrangement due to material error or deficiency	Functions under NGR, Part 8, Division 11 exercised in connection with the varying or revoking of the arrangement.	A service provider whose applicable access arrangement is varied or revoked under NGR, Part 8, Division 11.
15	Future capital expenditure determinations and decisions	Functions under NGR, Part 9, Division 4 exercised in connection with the application.	A service provider that applies for an advance determination with regard to future capital expenditure under NGR, r. 80.
Matters relating to information			
16	Serving and making of regulatory information instruments	Functions under NGL, Chapter 2, Part 1, Division 4 exercised in connection with the notice.	A service provider or related provider named in a regulatory information notice under NGL, s. 48.

17	Issuing a notice that requires a scheme pipeline service provider to provide specified information to a prospective user *Transitional provision*	Functions under pre-amended NGR, r. 107 exercised in connection with the notice.	A service provider to which a notice requiring provision of information to prospective users is given under the pre-amended NGR, r. 107(2) and is subject to NGR, Schedule 6, r. 15.
18	Information disclosure notices	Functions under NGL, s. 329 exercised in connection with— (a) giving the notice under NGL, s. 329(2) and any related notice under NGL, s. 329(3); or (b) considering representations made in response to the notices; or (c) giving a notice under NGL, s. 329(6) in relation to the information.	A person to whom an initial disclosure notice is given under NGL, s. 329(2).
Ring-fencing requirements[26]			
19	Ring-fencing determinations	Functions under NGL, Chapter 4, Part 2, Division 3 or NGR, Part 5, Division 1 exercised in connection with the determination.	A service provider named in a ring-fencing determination under NGL, s. 143.
20	Varying or revoking ring-fencing decisions due to material error or deficiency	Functions under NGR, Part 5, Division 6 exercised in connection with the varying or revoking of the ring-fencing decision.	A service provider whose applicable ring-fencing decision is varied or revoked under NGR, Part 5, Division 6.
21	Ring-fencing exemptions	Functions under NGL, Chapter 4, Part 2, Division 5 or NGR, Part 5, Division 3 exercised in connection with— (a) the application; or (b) if the exemption is granted — monitoring compliance with the exemption.	A service provider that applies for an exemption from the minimum ring-fencing requirements under NGR, r. 34(1).
22	Varying or revoking ring-fencing exemptions	Functions under NGR, Part 5, Division 3 exercised in connection with the varying or revoking of the ring-fencing exemption.	A service provider whose applicable ring-fencing exemption is varied or revoked under NGR, Part 5, Division 3.
23	Approving associate contracts or variations to approved associate contracts	Functions under NGL, Chapter 4, Part 2, Division 4 or NGR, Part 5, Division 2 exercised in connection with the approval or variation of the contract.	A service provider that applies for approval of— (a) an associate contract; or (b) a variation of an approved associate contract, under NGL, ss. 147 or 148.

[26] The National Gas Amendment (Other Gases) Rule 2024 (Other Gases Rule) will introduce divisions into Part 5 of Western Australia's National Gas Rules (NGR(WA)). The references in items 19 to 23 therefore reflect the NGR(WA) as it will appear following the commencement of the Other Gases Rule in WA.

Greenfields incentives			
24	Greenfields incentive determinations and decisions	Functions under NGL, Chapter 3, Part 3, Division 1 or s. 112 or NGR, Part 4, Division 4, Subdivision 1 exercised in connection with the application for a greenfields incentive determination.	A service provider that applies for a greenfields incentive determination under NGL, s. 100.
25	Amending the descriptions of pipelines subject to greenfield incentive determinations	Functions under NGL, s. 104 exercised in connection with the pipeline description amendment.	A service provider subject to a greenfield incentive determination that applies to amend the pipeline description under NGL, s. 104.
26	Extending the three-year commissioning deadlines for pipelines subject to greenfields incentive determinations	Functions exercised in connection with the extension of the greenfields incentive determination under NGL, s. 105.	A service provider subject to a three-year greenfields incentive commissioning deadline that is extended under NGL, s. 105.
27	Revoking greenfields incentive determinations	Functions exercised in connection with the revocation of the incentive under NGL, Chapter 3, Part 3, Division 2.	A service provider subject to a greenfields pipeline incentive determination that is revoked under NGL, Chapter 3, Part 3, Division 2.
28	Greenfields price protection determinations and decisions	Functions under NGL, Chapter 3, Part 3, Division 3 or s. 112 or NGR, Part 4, Division 4, Subdivision 2 exercised connection with the greenfields price protection application.	A service provider who applies for a greenfields price protection determination under NGL, s. 109.
Performance matters			
29	Preparing financial performance reports or operational performance reports	Functions under NGL, s. 64 or NGR, r. 140 exercised in connection with the report to the extent that the report relates to that service provider.	A service provider in respect of which the Authority prepares a performance report under NGL, s. 64.
30	Compliance audits	Functions under NGL, Chapter 2, Division 5A in connection with carrying out or arranging compliance audits under NGL, s. 64B.	A service provider to whom a compliance audit under NGL, s. 64B relates.[27]
Access disputes			
31	Non-scheme pipeline access dispute notices	Functions under NGL, Chapter 5, Part 2 or NGR, Part 12 exercised in connection with the access dispute notice.	Each party to a non-scheme pipeline access dispute in respect of which an access dispute notice is given under NGL, s. 152.[28]

[27] New s. 64E(1) of Western Australia's version of the National Gas Law (NGL(WA)) will provide that compliance audit costs will be determined in accordance with the Economic Regulation Authority's Compliance Procedures and Guidelines. New s. 64E(1) will be inserted into the NGL(WA) by the *Statutes Amendment (National Energy Laws) (Gas Pipelines) Act 2022* (Gas Pipelines Act), s. 45.

[28] Under new NGL(WA), s. 188, arbitration costs for non-scheme pipeline access disputes (including costs associated with the arbitration process and the cost of the arbitrator) must be shared equally between the parties to the arbitration. New NGR(WA), r. 113ZM provides that an independent arbitrator can allocate costs other than in equal shares, but only after considering the circumstance specified in new r. 113ZM(2). New s. 188 and new r. 113ZM(2) will be applied to WA by the Gas Pipelines Act and National Gas Amendment (Gas Pipelines) Rule 2023 respectively.

32	Appointing an arbitrator or an alternative arbitrator for a non-scheme pipeline access dispute	Functions under NGL, Chapter 5, Part 4 or NGR, Part 12, Division 6 exercised in connection with: (a) the appointment of a pool arbitrator; or (b) the referral of the access dispute to the pool arbitrator; (c) the appointment of an alternative arbitrator; or (d) the referral of the access dispute to the alternative arbitrator.	Each party to a non-scheme pipeline access dispute in respect of which an access dispute notice is given under NGL, s. 152.[29]
33	Dealing with interim or final access determinations	Functions under NGR, Part 12, Division 7 exercised in connection with interim or final access determinations.	Each party to a pipeline access dispute for which an interim or final access determination is made under NGL, Chapter 5, Part 5 or NGR, Part 12, Division 7.
34	Mediation of access disputes involving a small shipper	Functions under NGL, Chapter 5, Part 3, Division 2 or NGR, Part 12 exercised in connection with: (a) the election for mediation; (b) the referral of the access dispute to the pool mediator; (c) the appointment of a pool mediator; (d) the referral of the access dispute to an alternative mediator; or (e) the appointment of an alternative mediator.	Each party to the mediation of an access dispute involving small shippers under NGL, s. 156.[30]
35	Dealing with the correction of access determinations	Functions under NGR, Part 12, Division 10 exercised in connection with a request for correction and/or any correction.	Each party to an access dispute whose applicable access determination is corrected under NGL, s. 195.
Exemptions			
36	Non-scheme pipeline exemption decisions under NGR, Part 10	Functions under NGR, Part 10, Division 2, Subdivision 2 or r. 35B exercised in connection with— (a) the application; or (b) if the exemption is granted — monitoring compliance with the exemption.	A service provider for a non-scheme pipeline that is subject to an exemption decision under NGR, Part 10, Division 2, Subdivision 2.
37	Varying or revoking non-scheme pipeline exemptions under NGR, Part 10	Functions under NGR, Part 10, Division 2, Subdivision 2 or r. 35B exercised in connection with the varying or revoking of the exemption for a non-scheme pipeline.	A non-scheme pipeline service provider whose exemption is varied or revoked under NGR, Part 10, Division 2, Subdivision 2.

[29] ibid.

[30] Under new NGL(WA), s. 189 mediation costs (including costs associated with the mediation process and the cost of the mediator) must be shared equally by parties unless there is an agreement between the parties about who will bear the costs. New s. 189 will be inserted into the NGL(WA) by Gas Pipelines Act, s. 75.

38	Non-pipeline infrastructure exemption decisions under NGR, Part 18A	Functions under NGR, Part 18A, Division 3 exercised in connection with— (a) the Part 18A exemption application; or (b) if the exemption is granted — monitoring compliance with the exemption.	A service provider of a Part 18A facility that is subject to an exemption decision under NGR, Part 18A, Division 3.
39	Varying or revoking a non-pipeline infrastructure exemption under NGR, Part 18A	Functions under NGR, Part 18A, Division 3 exercised in connection with the varying or revoking of the exemption for a Part 18A facility.	A Part 18A facility service provider whose exemption is varied or revoked under NGR, Part 18A, Division 3.

Appendix 3: Stakeholder responses to 2020 paper on Part 23 pipelines

Stakeholder	Model preference	Pipeline length	Number of pipelines	Alternative suggestion
ATCO	**Model B** suggested minimum fixed standing charge	Combination	Combination	Suggested a minimum fixed fee to reflect Economic Regulation Authority (ERA) fixed cost spread across all pipelines with the remainder based on pipeline length.
AGIG	Suggested alternative: Costs should be allocated amongst those that incur them: • Standing charge for arbitration and basic information. • Standing charge for financial information monitoring and compliance. • Specific costs (e.g. exemption applications).	Standing charges for arbitration and basic info. by pipeline length.	Standing charges for financial information monitoring and compliance based on number of pipelines regulated.	Standing charges based on different approaches for the different categories of costs incurred by the ERA.
Alinta	**Model A**	X	✓	Standing charge based on 60% of costs equally allocated to non-exempt pipelines and 40% to exempt pipelines.
APA	**Model A**	X	✓	
APGA	**Model A** Standing charge, model not specified	X	✓	
Citi Pacific	**Model A**	✓		
Energy Matrix Group	**Model A** Suggested alternatives for cost allocation	Partly	✓ Suggested a poll tax	Suggested two alternatives for standing charges: • Poll tax model (i.e. costs allocated equally); or • Model where 50% of costs allocated equally and 50% of costs allocated based on pipeline length and diameter.
EDL	**Model C** Supports standing charges for non-exempt pipelines	✓	X	

Appendix 4: Key feedback themes of the 2020 consultation

Key themes	Energy Policy WA comment
The Economic Regulation Authority (ERA) costs should not be funded by industry. Cost recovery for scheme and non-scheme pipelines does not occur in other jurisdictions where the Commonwealth funds the Australian Energy Regulator.	The State's policy is that the ERA's costs are recovered from industry, and this was the State's intention when the ERA was established under the *Economic Regulation Authority Act 2003*. The ERA's recovery of costs for regulating scheme pipelines is already in place via existing regulations. The Commonwealth does not provide funds to the ERA to perform its regulatory functions.
The ERA's costs are unrelated to pipeline length (or any other pipeline metric), and it does not provide any indication of a service provider's ability to pay. Equal allocation is more equitable.	These arguments are reasonable and have been incorporated in the final recommendation.
Service providers are restricted in their ability to pass on these costs, as most tariffs are set under existing long-term gas transportation agreements.	These arguments are not considered compelling, noting that regulatory costs can be passed on. In addition, the magnitude of the cost per pipeline, would appear to be of a nature that would not materially affect the financial position of the companies.
There should be greater transparency of the costs incurred by the regulator.	This is separate issue to establishing a cost recovery mechanism. The ERA's costs are scrutinized via internal and external audits, and the expenditure limits are reviewed through the State Budget process.