

Decision on a Non-Material Revision to the Access Arrangement for the Goldfields Gas Pipeline Amending the Extensions and Expansions Policy

As submitted by Goldfields Gas Transmission Pty Ltd

17 December 2008

Economic Regulation Authority



WESTERN AUSTRALIA

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DECISION

The Economic Regulation Authority (**Authority**) has decided to:

1. Exercise its discretion pursuant to Section 2.33 of the *National Third Party Access Code for Natural Gas Pipeline Systems* (**Code**).
2. Dispense with the requirement to produce Access Arrangement Information in relation to the proposed revisions and to consider the revisions without consultation with, or receiving submissions from, persons other than Goldfields Gas Transmission Pty Limited (**GGT**).
3. Approve amendments to Clause 10.3 of the Access Arrangement for the Goldfields Gas Pipeline (**GGP Access Arrangement**), as follows:

Clause 10.3

Application of Arrangement to Pipeline Extension/Expansion

If GGT expands the capacity of the Pipeline, GGT will elect:

- a) that the expanded capacity will be treated as part of the Pipeline for the purposes of the Access Arrangement and GGT will exercise its discretion to submit proposed revisions to the Access Arrangement under Section 2 of the Code; or
- b) that the expanded capacity will not be treated as part of the Pipeline for the purposes of this Access Arrangement and that GGT will lodge a separate Access Arrangement for such expanded capacity; or
- c) that the expansion will not be covered, subject to GGT notifying the Regulator of this fact prior to the expansion coming into operation.

GGT may at any time, change an election made under clause 10.3(c) to an election made under clause 10.3(a).

REASONS FOR DECISION

4. On 3 October 2006, GGT notified the Authority that it was electing, under Clause 10.3(c) of the GGP Access Arrangement Extensions and Expansions Policy, to exclude from coverage under the Code new capacity resulting from the installation of an additional compressor at the Paraburdoo compressor station.
5. GGT subsequently advised the Authority that the expansion of capacity (about seven terajoules per day) through the addition of the new compressor at the Paraburdoo compressor station was significantly greater than had been forecast in the GGP Access Arrangement because an increase in demand had resulted in a larger compressor than originally expected being installed.
6. The Authority issued a notice on 20 November 2006 which noted the above election by GGT and advised that the Authority will not include the cost of adding the new compressor at Paraburdoo in the capital base for the Goldfields Gas Pipeline when the current Access Arrangement is considered in 2009.
7. On 2 December 2008, GGT submitted a proposed revision to the GGP Access Arrangement to the Authority for approval under the Code.

8. The proposed revision was not required to be submitted under the GGP Access Arrangement. The amendment relates solely to Clause 10.3 of the Extensions and Expansions Policy. This amendment is to add the following sentence immediately following Clause 10.3(c):

GGT may at any time, change an election made under clause 10.3(c) to an election made under clause 10.3(a).

9. The Authority has considered the information provided in GGT's application and is satisfied that the revision is not material in that the revision would allow GGT to elect for expanded capacity, which it had previously elected to exclude from coverage (such as the 2006 capacity expansion resulting from the installation of a new compressor at Paraburdoo), to be treated as part of the Goldfields Gas Pipeline for the purposes of the Access Arrangement. Further, this amendment will have no effect on Reference Tariffs during the Access Arrangement Period, nor will it change the Reference Services under the Access Arrangement.
10. Consequently, in accordance with the provisions of Section 2.33 of the Code, the Authority has decided to exercise its discretion to approve the proposed revisions without the requirement to produce Access Arrangement Information in relation to the proposed revisions and without consultation with, or receiving submissions from, persons other than GGT.
11. The approved Revision will commence on 1 January 2009.