



Economic Regulation Authority

Promoting fair prices, quality services and choice

# PUBLICATION

## Goldfields Gas Pipeline

### PROPOSED ANNUAL TARIFF VARIATION

The Economic Regulation Authority has allowed an adjustment to the Reference Tariff for the Goldfields Gas Pipeline, as proposed by Goldfields Gas Transmission Pty Ltd (GGT).

A copy of GGT's notice to the Authority, dated 21 November 2011, is available on the Authority's [website](#).

The Authority has assessed GGT's notice and supporting information, and is satisfied that it complies with the approved reference tariff variation mechanism.

The Authority's approved reference tariff variation is shown in the table below. The adjusted reference tariff will apply from 1 January 2012 to 31 March 2012.

Tariff	Toll \$/GJ	Capacity reservation tariff \$/GJ km	Throughput \$/GJ km
1 January 2012 to 31 March 2012	0.249574	0.001485	0.000402

For further information contact:

#### General Enquiries

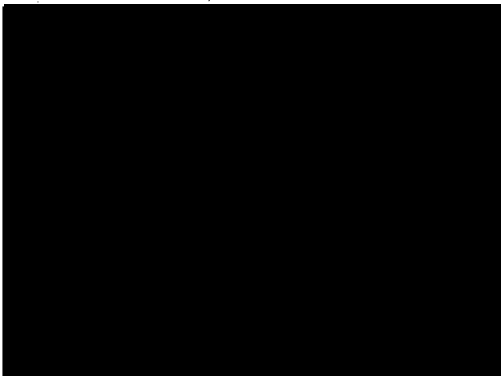
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LYNDON ROWE  
CHAIRMAN

28 December 2011



REF: ST-SRD-SCL-SL: 0246

21 November 2011

Mr L Rowe  
 Chairman  
 Economic Regulation Authority  
 Level 6, Governor Stirling Tower  
 197 St George's Terrace  
 Perth WA 6000

Dear Mr Rowe

**Goldfields Gas Pipeline – Annual Tariff Variation  
 Notice under Code section 8.3B**

Clause 5.3(a) of the approved Access Arrangement for the Goldfields Gas Pipeline provides that the Reference Tariff can be varied in accordance with the Reference Tariff Adjustment Mechanism set out in Schedule 1 of the Access Arrangement.

GGT proposes to vary the Reference Tariff from 1 January 2011 as permitted under Clause 5.3(a). This notice is given under section 8.3B(b)(2) of the National Gas Pipelines Access Code in relation to the proposed variation. The following information is provided as required by section 8.3C of the Code:

**(a) Proposed variations and proposed effective date for variations:**

GGT proposes that the Reference Tariff (excluding GST) is to be varied as follows:

Tariff	Toll \$/GJ	Capacity Reservation \$/GJ km	Throughput \$/GJ km
1 January 2012 to 31 March 2012	0.249574	0.001485	0.000402

The proposed effective date for the variations is 1 January 2012.

Consistent with Schedule 1, this variation to the Reference Tariff is conducted in lieu of the quarterly CPI adjustment which would otherwise have taken effect from 1 January 2011.

**(b) Explanation of how variations are consistent with the Approved Reference Tariff  
 Variation Method ("Approved Method")**

As the variation has been calculated in accordance with the formulae set out in Schedule 1 of the Access Arrangement it is consistent with the Approved Method. In particular the attached hard copy of the spreadsheet shows that:

- (i) the proposed Reference Tariff is within the limitation on movement of the January-on-January weighted average price basket;
- (ii) the Tariff Component variation being within the permitted range; and
- (iii) each variable used in calculating the varied Reference Tariff has been established in accordance with the relevant formulae and definitions in Schedule 1.

In support of this notice, we attach a spreadsheet showing the calculation of the varied the Reference Tariff.

Please contact Suzy Tasnady on 9320-5610 if you have any queries in relation to this notice.

Yours faithfully



**Steve Lewis**  
**General Manager**

attached:

Goldfields Gas Pipeline - Tariff Adjustment Mechanism

Goldfields Gas Pipeline - Access Arrangement 2010-14 Further Final Decision by ERA					
Tariff Calculation: Schedule 1 "Reference Tariff Adjustment Mechanism" for year			2012		
year		2009	2010	2011	2012
<b>Toll Tariff \$/GJ as applied in 1st quarter of year</b>			0.243262	0.245517	<b>0.249574</b>
<b>Reservation Tariff \$/GJ.km as applied in 1st quarter of year</b>			0.001439	0.001461	<b>0.001485</b>
<b>Throughput Tariff \$/GJ.km as applied in 1st quarter of year</b>			0.000401	0.000402	<b>0.000402</b>
Price Basket Limit check: RHS minus LHS (must be > 0)				1.3E-06 OK	3.1E-07 OK
Tariff Component Variation check				OK	OK
<b>September CPI</b>		<b>168.6</b>	<b>173.3</b>	<b>179.4</b>	<b>n/a</b>
assumed future annual rate of CPI increase	<b>2.50%</b>				
<b>Arc</b> actual Regulatory Costs \$m			<b>0.712486</b>	<b>0.761936</b>	<b>n/a</b>
<b>Frc</b> forecast Regulatory Costs \$m			<b>0</b>	<b>0</b>	<b>n/a</b>
<b>WACC</b> (from FFD) %			<b>10.48%</b>	<b>10.48%</b>	<b>10.48%</b>
<b>Rrev</b> Total Revenue (AAI Table 1) \$m			<b>86.7</b>	<b>83.8</b>	<b>85.0</b>
<b>R</b>	<b>2.5</b>				
<b>Y</b>	<b>0.02</b>				
Drc deadband	<b>0.5%</b>				
rounding (number of decimal places) for tariff components	<b>6</b>				
<b>x</b>	<b>0.025</b>				
Drc as calculated \$m			0.712486	0.761936	n/a
Drc as used after applying deadband \$m			0.712486	0.761936	n/a
<b>Rt</b> (note: formula for 2011 is different to later years)				<b>0.009393252</b>	<b>0.000505376</b>
<b>PRICE BASKET LIMIT CALCULATION</b>					
<b>RHS of price basket limit</b> i.e. (SepCPIt-1/SepCPIt-2)*(1-x)*(1+Rt)				1.011593442	1.009829185
transport revenue for numerator of LHS of price basket limit \$m				83.55	84.26
transport revenue for denominator of LHS of price basket limit \$m				82.59	83.44
<b>LHS of price basket limit</b> i.e. (sum:Pt*Qt-2)/(sum:Pt-1*Qt-2)				1.011592118	1.009828872
<b>RHS of Price Basket Limit minus LHS of Price Basket Limit</b>				1.32429E-06	3.13291E-07
<b>TARIFF COMPONENT VARIATION CALCULATION</b>					
<b>Tariff Component Variation multiplier</b> (RHS of formula) i.e. (SepCPIt-1/SepCPIt-2)*(1-x)*(1+Rt)*(1+Y)				1.031825311	1.030025769
toll tariff using history or year t permitted Tariff Component Variation \$/GJ			0.243262	0.245517	0.252889
reservation tariff using history or year t permitted Tariff Component Variation \$/GJ.km			0.001439	0.001461	0.001505
throughput tariff using history or year t permitted Tariff Component Variation \$/GJ.km			0.000401	0.000402	0.000414
<b>PRICE BASKET CALCULATION:</b>					
TOLL REVENUE: \$000's			n/a	Year t-1	Year t
RESERVATION REVENUE: \$000's			n/a	9,531	9,624
THROUGHPUT REVENUE: \$000's			n/a	60,629	61,252
<b>TOTAL REVENUE: \$000's</b>			n/a	13,385	13,382
			n/a	83,546	84,258
	<b>31-Mar-2010</b>	<b>30-Jun-2010</b>	<b>30-Sep-2010</b>	<b>31-Dec-2010</b>	
<b>LOAD: MDQ FOR YEAR t-2</b>	105.22	105.74	106.13	105.56	
<b>LOAD: THROUGHPUT: FOR YEAR t-2</b>	87.01	85.64	85.80	84.00	
flow weighted average distance (MDQ) km	1068.91	1070.43	1070.03	1068.49	
flow weighted average distance (Throughput) km	1069.24	1068.59	1064.30	1059.38	