



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
Toll Tariff \$/GJ as applied in 1st quarter of year			0.243262	0.245517	0.249574
Reservation Tariff \$/GJ.km as applied in 1st quarter of year			0.001439	0.001461	0.001485
Throughput Tariff \$/GJ.km as applied in 1st quarter of year			0.000401	0.000402	0.000402
Price Basket Limit check: RHS minus LHS (must be > 0)				1.3E-06 OK	3.1E-07 OK
Tariff Component Variation check				OK	OK
September CPI		168.6	173.3	179.4	n/a
assumed future annual rate of CPI increase	2.50%				
Arc actual Regulatory Costs \$m			0.712486	0.761936	n/a
Frc forecast Regulatory Costs \$m			0	0	n/a
WACC (from FFD) %			10.48%	10.48%	10.48%
Rrev Total Revenue (AAI Table 1) \$m			86.7	83.8	85.0
R	2.5				
Y	0.02				
Drc deadband	0.5%				
rounding (number of decimal places) for tariff components	6				
x	0.025				
Drc as calculated \$m			0.712486	0.761936	n/a
Drc as used after applying deadband \$m			0.712486	0.761936	n/a
Rt (note: formula for 2011 is different to later years)				0.009393252	0.000505376
PRICE BASKET LIMIT CALCULATION					
RHS of price basket limit 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
LHS of price basket limit i.e. (sum:Pt*Qt-2)/(sum:Pt-1*Qt-2)				1.011592118	1.009828872
RHS of Price Basket Limit minus LHS of Price Basket Limit				1.32429E-06	3.13291E-07
TARIFF COMPONENT VARIATION CALCULATION					
Tariff Component Variation multiplier (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
PRICE BASKET CALCULATION:			n/a	Year t-1	Year t
TOLL REVENUE: \$000's			n/a	9,531	9,624
RESERVATION REVENUE: \$000's			n/a	60,629	61,252
THROUGHPUT REVENUE: \$000's			n/a	13,385	13,382
TOTAL REVENUE: \$000's			n/a	83,546	84,258
		31-Mar-2010	30-Jun-2010	30-Sep-2010	31-Dec-2010
LOAD: MDQ FOR YEAR t-2	105.22	105.74	106.13	105.56	
LOAD: THROUGHPUT: FOR YEAR t-2	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	