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Mr L Rowe
Chairman
Economic Regulation Authority
Level 4, Albert Facey House
469 Wellington Street
PERTH WA 6000

Dear Mr Rowe

Goldfields Gas Pipeline: Adjustment to Reference Tariff (CPI adjustment) for the period 1 October 2013 to 31 December 2013

Clause 5.3 of the Access Arrangement for the Goldfields Gas Pipeline (GGP Access Arrangement) allows adjustment of the Reference Tariff consequent upon a change in the Consumer Price Index. The adjustment may be made each quarter, by adjusting each of the components of the Reference Tariff in accordance with the formula set out in clause 9.8 of the GGP Access Arrangement General Terms and Conditions.

The adjustment to the Reference Tariff is made by applying the change in the Consumer Price Index (CPI) two quarters before the quarter during which the adjusted tariff is to have effect. In consequence, once the index number for the quarter ending June 2013 has been released by the Australian Bureau of Statistics, the adjusted Reference Tariff to apply during the period 1 October 2013 to 31 December 2013 can be determined.

Goldfields Gas Transmission has applied the formula in clause 9.8 the GGP Access Arrangement General Terms and Conditions, using the All Groups Weighted Average of Eight Capital Cities CPI released by the Australian Bureau of Statistics on 24 July 2013. The index number was 102.8.

The Reference Tariff for the GGP applicable during the period 1 October 2013 to 31 December 2013 should, therefore, be as shown in the following table:

Tariff	Toll Charge \$/GJ	Capacity Reservation Charge \$/GJ km	Throughput Charge \$/GJ km
1 October 2013 to 31 December 2013	0.213718	0.001466	0.000379

The calculations which support the adjusted Reference Tariff are set out in the attachment to this letter.

Although the adjusted Reference Tariff will not have effect until 1 October 2013, GGT has made the calculations well in advance of that date to allow their review by the Economic Regulation Authority, and the Authority's notification of the tariff change on its web site.

Yours sincerely

Steve Lewis
General Manager

Goldfields Gas Pipeline

Adjustment to Reference Tariff (CPI adjustment) for the period 1 October 2013 to 31 December 2013

Clause 5.3 of the Access Arrangement for the Goldfields Gas Pipeline (GGP Access Arrangement) allows adjustment of the Reference Tariff for the Pipeline consequent upon a change in the Consumer Price Index. The adjustment may be made each quarter by adjusting each of the components of the Reference Tariff in accordance with the formula set out in clause 9.8 of the GGP Access Arrangement General Terms and Conditions.

Clause 9.8 of the GGP Access Arrangement General Terms and Conditions is as follows:

9.8 Tariffs and Charges Adjustment for Inflation

For the purpose of this clause the component charges of the Reference Tariff are to be determined as follows:

$$C_t = C_{t-1} \times \frac{1}{1+K} \times \frac{CPI_{t-2}}{CPI_{t-3}} \quad \text{where}$$

C_t is the relevant charge in the Quarter t in which the Billing Period occurs.

C_{t-1} is the charge for the Quarter commencing three months prior to the commencement of Quarter t. For the Quarter commencing 1 April 2012, C_{t-1} is the relevant charge shown in clause 1 of the fourth schedule of this Appendix 3.

CPI_{t-2} is the CPI for the Quarter commencing six months prior to the commencement of Quarter t.

CPI_{t-3} is the CPI for the Quarter commencing nine months prior to the commencement of Quarter t.

$$K = \left[1 + \frac{R}{100} \right]^{0.25} - 1 \quad \text{and}$$

R is 2.5 (the forecast annual percentage inflation rate in the Final Decision).

For the purpose of clause 9.8:

- Quarter t is the Quarter commencing 1 October 2013;
- Quarter t – 1 is the Quarter commencing three months prior to Quarter t; it is the Quarter commencing 1 July 2013;



- Quarter t – 2 is the Quarter commencing six months prior to Quarter t; it is the Quarter commencing 1 April 2013;
- Quarter t – 3 is the quarter commencing nine months prior to Quarter t; it is the Quarter commencing 1 January 2013;
- the component charges of the Reference Tariff in the Quarter commencing three months prior to the commencement of Quarter t, represented by C_{t-1} , are as follows:

Component charge (C_{t-1}) during Quarter commencing three months prior to the Quarter commencing 1 October 2013	
Toll charge	\$0.214205/GJ
Capacity Reservation charge	\$0.001469/GJ km
Throughput charge	\$0.000380/GJ km

- CPI_{t-2} is the CPI for the Quarter commencing 1 April 2013; it is 102.8; and
- CPI_{t-3} is the CPI for the Quarter commencing 1 January 2013; it is 102.4.

The Reference Tariff applicable to the GGP from 1 October 2013 to 31 December 2013 is calculated as follows:

$$K = \left[1 + \frac{2.5}{100} \right]^{0.25} - 1 = 0.006192$$

$$\frac{1}{1+K} \times \frac{CPI_{t-2}}{CPI_{t-3}} = \frac{1}{1+0.006192} \times \frac{102.8}{102.4} = 0.997728$$

Component charge (C_t) during Quarter commencing 1 October 2013				
Toll charge	\$0.214205/GJ	x	0.997728	= \$0.213718/GJ
Capacity Reservation charge	\$0.001469/GJ km	x	0.997728	= \$0.001466/GJ km
Throughput charge	\$0.000380/GJ km	x	0.997728	= \$0.000379/GJ km