

04 November 2015

Rob Pullella
Executive Director Access
Economic Regulation Authority
Level 4, 469 Wellington Street
PERTH WA 6000

Dear Mr Pullella,

**RE: ATCO GAS AUSTRALIA PTY LTD: ACCESS ARRANGEMENT – REFERENCE
TARIFF VARIATION FOR PERIOD BEGINNING 1 JANUARY 2016**

ATCO Gas Australia (AGA) provides this tariff variation report in accordance with clause 3 of Annexure B of the Revised Access Arrangement for the ATCO Gas Australia Mid-West and South-West Gas Distribution Systems as released 10 September 2015 and published as final on 29 September 2015 (Access Arrangement). This variation report provides information to support the proposed variation to reference tariffs, which will come into effect on 1 January 2016.

As provided in Annexure B of the Access Arrangement, tariffs may be varied annually to account for:

- Inflation (CPI: All Groups, Weighted Average of Eight Capital Cities)
- The annual update of the debt risk premium
- Cost pass-through events described in section 2.1 of Annexure B

AGA submits that the 1 January 2016 tariff variation includes an adjustment for CPI and the annual update of the debt risk premium only. AGA does not submit any cost pass-through events for the period 1 July 2014 to 31 October 2015.

Attachment A contains the variation report detailing the proposed haulage tariffs and varied tariff components in accordance with clause 3.1 of Annexure B of the Access Arrangement.

The proposed haulage tariffs expressed as dollars per GJ, dollars per GJ per kilometre or annual standing charge are summarised in the table below:



Charging parameter	Units	Tariffs applied from 1 October 2015 (\$ nominal)	Tariffs varied by formula applying from 1 January 2016 (\$ nominal)
Reference tariff A1			
Standing charge	\$/year	46,027.88	42,220.77
Demand charge			
First 10 km	\$/GJ km	193.99	177.94
Distance > 10 km	\$/GJ km	102.11	93.66
Usage charge			
First 10 km	\$/GJ km	0.04116	0.03776
Distance > 10 km	\$/GJ km	0.02056	0.01896
Reference tariff A2			
Standing charge	\$/Year	25,483.48	23,375.64
First 10 TJ	\$/GJ	2.46	2.26
Volume > 10 TJ	\$/GJ	1.32	1.21
Reference tariff B1			
Standing charge	\$/Year	1,283.72	1,180.53
First 5 TJ	\$/GJ	4.90	4.49
Volume > 5 TJ	\$/GJ	4.21	3.86
Reference tariff B2			
Standing charge	\$/Year	321.67	295.07
First 100 GJ	\$/GJ	8.19	7.51
Volume > 100 GJ	\$/GJ	4.87	4.47
Reference tariff B3			
Standing charge	\$/Year	78.77	82.37
First 2 GJ	\$/GJ	0.00	0.00
Volume > 2 ≤ 10 GJ	\$/GJ	15.57	13.29
Volume > 10 GJ	\$/GJ	6.72	5.73

Should you have any questions relating to this matter please do not hesitate to contact me.

Yours sincerely,



Simon Byrne

General Manager Corporate Service & Legal

Att.



Attachment A: Variation Report

Proposed Haulage Tariffs and varied Tariff Components in accordance with clause 1.3 of Annexure B

This variation report details the varied tariff components of the reference tariffs applicable from 1 January 2016 to 31 December 2016.

The determination of the varied tariff components has been undertaken in accordance with Annexure B of the Access Arrangement for the Mid-West and South-West Gas Distribution Systems.

All haulage tariffs commencing 1 January 2016 have been recalculated to reflect the annual update of the trailing average debt risk premium, in accordance with clause 1.4 of Annexure B, where

- $DRP_{2016} = 2.676\%$; and
- no cost pass-throughs have been included in the update.

Varied reference tariffs applicable from 1 January 2016 have been calculated in accordance with the equations set out in clause 1.3 of Annexure B, where:

- $X\text{-Factor}_{2016} = -9.63\%$;
- $CPIMar_{(2013)} = 102.4$;
- $CPISep_{(2015)} = 106.40$; and
- $CPISep_{(2014)} = 108.00$.

The varied reference tariffs, excluding GST, are listed below and will be applicable from 1 January 2016. Details of the individual calculations are provided in the attached spreadsheet.

1.1 Varied Reference TARIFF A1

- i. the Standing Charge is \$42,220.77 per twelve month period;
- ii. the Demand Charge Rate is:
 - a) \$177.94 for the first 10 kilometres of the Interconnection Distance; and
 - b) \$93.66 for any part of the Interconnection Distance in excess of 10 kilometres;
- iii. the Usage Charge Rate is:



- a) \$0.03776 per Gigajoule per kilometre for the first 10 kilometres of the Interconnection Distance; and
- b) \$0.01896 per Gigajoule per kilometre for any part of the Interconnection Distance in excess of 10 kilometres

1.2 Varied Reference TARIFF A2

- i. the Standing Charge is \$23,375.64 per twelve month period;
- ii. the Usage Charge Rate is:
 - (A) \$2.26 per gigajoule for the first 10 Terajoules of gas delivered to the User at a Delivery point per year; and
 - (B) \$1.21 per gigajoule for usage in excess of the first 10 Terajoules of gas delivered to the User at a Delivery point per year

1.3 Varied Reference TARIFF B1

- i. the Standing Charge is \$1,180.53 per twelve month period
- ii. the Usage Charge Rate is:
 - (A) \$4.49 per Gigajoule for the first 5 Terajoules of gas delivered to the User at a Delivery point per year; and
 - (B) \$3.86 per Gigajoule for any usage in excess of the first 5 Terajoules of gas delivered to the User at a Delivery Point per year;

1.4 Varied Reference TARIFF B2

- i. the Standing Charge is \$295.07 per twelve month period and
- ii. the Usage Charge Rate is:
 - (A) \$7.51 per Gigajoule for the first 100 Gigajoules of gas delivered to the User at a Delivery point per year; and
 - (B) \$4.47 per Gigajoule for any usage in excess of the first 100 Gigajoules of gas delivered to the User at a Delivery Point per year.



1.5 Varied Reference TARIFF B3

- i. the Standing Charge is \$82.37 per twelve month period; and
- ii. the Usage Charge Rate is:
 - (A) \$0.00 per Gigajoule for the first 2 Gigajoules of gas delivered to the User at a Delivery Point per year;
 - (B) \$13.29 per Gigajoule for the next 8 Gigajoules of gas delivered to the User at a Delivery Point per year; and
 - (C) \$5.73 per Gigajoule for any usage in excess of the first 10 Gigajoules of gas delivered to the User at a Delivery Point per year.

