



# Notice

17 December 2015

## Proposed Revised Access Arrangement for the Goldfields Gas Pipeline - Draft Decision

### INVITATION FOR PUBLIC SUBMISSIONS

The Economic Regulation Authority (ERA) has published a [Draft Decision](#) on Goldfields Gas Transmission Pty Ltd's (GGT) proposed revised access arrangement for the Goldfields Gas Pipeline (GGP).

The Draft Decision has reduced GGT's expected reference service revenue for the GGP for the period 1 January 2015 to 31 December 2019, from GGT's proposed \$393.76 million to \$199.54 million which is 49.32 per cent lower. As a result, the reference tariffs expected to commence on 1 July 2016 would be lower than the current reference tariffs.

The ERA has not approved GGT's proposed changes to the access arrangement for the GGP. The main differences between the ERA's Draft Decision and GGT's revised proposal result from:

- A change to the cost allocation methodology, such that joint costs of the covered pipeline and uncovered pipeline should be shared and not solely recovered through reference services from the covered pipeline customers.
- A rate of return revised to yield a nominal post-tax WACC of 6.32 per cent compared to GGT's revised proposed value of 9.64 per cent.
- A reduced allowance for capital expenditure as a result of addressing concerns with GGT's proposed sustaining capital expenditure for receipt and delivery points, SCADA and communications, cathodic protection, maintenance on bases and depots and joint cost allocation.
- A reduced allowance for operating expenditure due to adjustments to GGT's proposed APA commercial operations, GGT operations, corporate cost expenditure and joint cost allocation.
- The amendment of GGT's calculation of depreciation and the forecast capital base via the application of straight-line depreciation with the Current Cost Accounting (CCA) approach.
- The calculation of estimated cost of taxable income being based on smoothed tariff revenue rather than building block revenue and tax depreciation being based on assets recognised as commissioned rather than on an incurred basis.
- Amending the reference tariff variation formulas and other sections of the reference tariff variation mechanism.

The ERA's detailed reasons are outlined in the Draft Decision document together with 22 amendments it requires to approve GGT's proposed revisions to the access arrangement for the period from 1 January 2015 to 31 December 2019.

## REVISION PERIOD

Under the National Gas Rules, if an access arrangement draft decision requires that revision of the access arrangement proposal is necessary, the ERA must fix a revision period of at least 15 business days in order for GGT to make its proposal acceptable. The ERA has decided to fix a revision period of six weeks from the date of this Draft Decision. Accordingly, GGT may submit revisions to its proposed revised access arrangement for the GGP, but must do so by **4:00 pm (WST) on Friday, 29 January 2016**.

## PUBLIC SUBMISSION

The ERA is also required to publish on its website and in a newspaper circulating generally throughout Australia a notice inviting written submissions on its Draft Decision, allowing a period of at least 20 business days from the end of the revision period stated above for consultation.

Accordingly, interested parties are invited to make submissions on the ERA's Draft Decision by **4:00 pm (WST) on Friday, 26 February 2016**.

Submissions should be marked to the attention of Tyson Self, Assistant Director, Gas Access.

Email address: [publicsubmissions@erawa.com.au](mailto:publicsubmissions@erawa.com.au)  
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## CONFIDENTIALITY

In general, all submissions from interested parties will be treated as being in the public domain and placed on the Authority's website. Where an interested party wishes to make a submission in confidence, it should clearly indicate the parts of the submission for which confidentiality is claimed, and specify in reasonable detail the basis for the claim.

The publication of a submission on the Authority's website shall not be taken as indicating that the Authority has knowledge either actual or constructive of the contents of a particular submission and, in particular, whether the submission in whole or part contains information of a confidential nature and no duty of confidence will arise for the Authority.

For further information contact:

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