



Notice

18 December 2015

Rate of Return Guidelines for Gas Transmission and Distribution Networks - 2016 Review

The Economic Regulation Authority (ERA) has decided not to commence a review of the rate of return guidelines to apply to regulated gas networks and transmission pipelines unless it becomes apparent that the ERA's access functions will not transfer to the Australian Energy Regulator (**AER**).

On 6 March 2014, the Western Australian Government announced the Electricity Market Review. As part of this review, the Government intends to transfer gas transmission and distribution network access functions from the ERA to the AER. While the exact timing of this transfer is still to be finalised, the ERA understands that it is intended that the AER would be responsible for assessing the next set of access arrangement reviews expected to commence late 2018. The ERA understands that legislation to give effect to this transfer will be put before the Western Australian Parliament in late 2016.

Rule 87(16) of the National Gas Rules (**NGR**) requires the ERA to review the rate of return guidelines no later than three years from the date the first rate of return guidelines were published. The first rate of return guidelines were published by the ERA on 16 December 2013, thereby requiring the review to be completed by 16 December 2016. However, the NGR does allow for the ERA to extend this deadline in certain circumstances.

Given the Western Australian Government's intention, the ERA has decided that it is not in the interests of consumers, service providers and other stakeholders to commence a review of the existing rate of return guidelines at this stage. The ERA will not commence this review unless it becomes apparent that the transfer of access regulatory functions is likely to be delayed past the next set of access arrangement reviews. The ERA expects to have more certainty on the timing of the transfer of access regulatory functions during 2016.

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