



GOLDFIELDS GAS TRANSMISSION PTY LTD

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31 January 2017

Mr Greg Watkinson
Chief Executive Officer
Economic Regulation Authority
PO Box 8469
Perth BC WA 6849

Dear Mr Watkinson

Scheduled Reference Tariff Variation Notice for the Goldfields Gas Pipeline

Goldfields Gas Transmission Pty Limited (GGT) is proposing to vary the Reference Tariff for the Goldfields Gas Pipeline (GGP) in accordance with the mechanism for Scheduled Variation set out in section 4.5 of the revised GGP Access Arrangement. That mechanism, among other things, varies the tariff quarterly for a change in inflation.

If the Economic Regulation Authority (ERA) were to approve the proposed variation, the varied reference tariff would have effect from 1 April 2017.

Each of the components of the GGP Reference Tariff may be varied, quarterly, in accordance with the formula set out in section A1 of schedule A (Details) to the Access Arrangement. The formula is:

$$C_t = C_{t-1} \times \frac{1}{(1+K)} \times \frac{CPI_{t-2}}{CPI_{t-3}}$$

where:

- C_t is the (varied) tariff component in the Quarter t for which the adjustment is made;
- C_{t-1} is the tariff component for the Quarter commencing three months prior to the commencement of Quarter t ;
- K is $(1 + Z)^{0.25} - 1$;
- Z is 0.0146 (1.46% being the forecast annual percentage inflation rate used in the ERA's June 2016 Final Decision on the GGP Access Arrangement revisions);
- CPI_{t-2} is the Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, for the Quarter commencing 6 months prior to the commencement of Quarter t ; and
- CPI_{t-3} is the Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, for the Quarter commencing 9 months prior to the commencement of Quarter t .

The components of the Reference Tariff which are to be varied are the components applying at 1 January 2017, and are set out on the ERA's website (at <https://www.erawa.com.au/gas/gas-access/goldfields-gas-pipeline/tariff-variations>). They are:

Toll tariff	\$0.117231/GJ MDQ
Capacity reservation tariff	\$0.000625/GJ MDQ km
Throughput tariff	\$0.000230/GJ km

For the quarter commencing 1 April 2017:

$CPI_{t-2} = 110.0$ Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, for the December quarter 2016 (from Australian Bureau of Statistics, Catalogue No. 6401, Consumer Price Index Australia, Tables 3 and 4).

$CPI_{t-3} = 109.4$ Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, for the September quarter 2016 (from Australian Bureau of Statistics, Catalogue No. 6401, Consumer Price Index Australia, Tables 3 and 4).

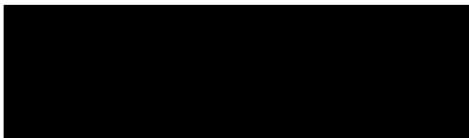
The factor $1/(1 + K)$ is 0.996383.

The varied Reference Tariff components to apply from 1 April 2017 are, then:

Toll tariff	\$0.117448/GJ MDQ
Capacity reservation tariff	\$0.000626/GJ MDQ km
Throughput tariff	\$0.000230/GJ km

Should GGT be able to further assist the ERA's process of approving the proposed tariff variation, please contact me on (08) 6189 4594, or at john.williams@apa.com.au.

Yours sincerely



John Williams
Manager Regulatory