



Notice

15 March 2022

2022 gas rate of return instrument review

Publication of consultant report on debt-raising and debt-hedging costs

The Economic Regulation Authority has published additional material for consultation for the 2022 review of the rate of return instrument for regulated gas pipelines.

The ERA has published a [report](#) by Chairmont Consulting (Chairmont) on debt-raising and debt-hedging costs, which are the administrative costs and other charges incurred by businesses when obtaining and hedging debt finance.

The report details the debt-raising and debt-hedging costs for a regulated benchmark energy network that is operating efficiently, consistent with the ERA's debt approach.

The gas rate of return instrument is used to determine the allowed rate of return on capital for regulated gas network service providers in Western Australia. The rate of return provides service providers with the funding to pay interest on any loans and give a return on equity to investors.

On 8 December 2021, the ERA released a [discussion paper](#) for consultation. The discussion paper set out the ERA's working views on the method for calculating the allowed rate of return on capital for gas network service providers and called for public submissions. In the discussion paper, the ERA outlined its working view to maintain allowances of 0.100 per cent for debt-raising costs and 0.114 per cent for debt-hedging costs. The ERA stated that it would consult on the findings of Chairmont's review when it was complete.

The ERA invites public submissions on the Chairmont report. The ERA will consider public submissions received in response to the report as part of its draft decision, which is expected to be published in June 2022.

Invitation for submissions

The ERA invites interested parties to make submissions on the Chairmont report.

Submissions close 4:00 pm (WST) Wednesday, 6 April 2022.

Submissions should be lodged online using the form on our website www.erawa.com.au/consultation.

Further information

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