



Notice

28 June 2023

2022 gas rate of return instrument

Consultation on proposed amendments

The ERA has published a [consultation paper](#) for proposed amendments to the 2022 gas rate of return instrument.

The gas instrument sets out the ERA's determination of the allowed rate of return on capital for regulated gas network service providers in Western Australia. The rate of return provides an allowance to service providers to help pay interest on loans and give a return on equity to investors.

The ERA utilises different data sources for market returns and information in implementing the gas instrument. For the purposes of calculating the risk free rate and inflation, the gas instrument utilises data sources from the Reserve Bank of Australia (RBA); specifically, the RBA's F16 statistical table, *Indicative Mid Rates of Australian Government Securities*.

On 31 March 2023 the RBA ceased publishing the F16 statistical table¹. Accordingly, this table cannot be relied upon as a source for calculating the risk free rate and expected inflation rate.

The gas instrument does not have a contingency or alternative source for the F16 statistical table. Given current circumstances the ERA proposes to amend the gas instrument.

The consultation paper outlines the issue presented by the removal of the data source and our preferred alternative data source for the purposes of the risk free rate and inflation.

Invitation for submissions

The ERA invites interested parties to make submissions on the consultation paper.

Submissions close 4:00 pm (WST) Monday, 24 July 2023.

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

Further information

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¹ RBA, *Changes to Statistical Tables*, March 2023, available [online](#).