

OFFICE OF GAS ACCESS REGULATION

6th Floor, 197 St Georges Terrace, Perth WA 6000
GPO Box 8469, Perth Business Centre WA 6849

Telephone: (08) 9213 1900
Facsimile: (08) 9213 1999

Email: enquiry@offgar.wa.gov.au
Website: <http://www.offgar.wa.gov.au>



19 October 2001

NOTICE

FINAL DECISION AND FINAL APPROVAL TUBRIDGI PIPELINE SYSTEM

This is to advise that I have today issued the Final Decision and Final Approval on the proposed Access Arrangement for the Tubridgi Pipeline System.

The Access Arrangement sets out the terms and conditions including transmission charges on which third parties may obtain access to the Tubridgi Pipeline System.

The Tubridgi Joint Venture Parties originally lodged the proposed Access Arrangement on 21 October 1999 and re-submitted revised documents on 28 September 2001.

I have examined the revisions made and am satisfied that the revised documents are in accordance with the requirements of section 2.16A of the *National Third Party Access Code for Natural Gas Pipeline Systems* (Code). The Final Decision is to therefore approve the revised Access Arrangement.

The Reference Tariff applicable for access to the Tubridgi Pipeline System has been determined at 29.7 cents per gigajoule (GST inclusive) as at 1 July 1999, comprising a capacity charge of 22.3 cents per gigajoule and a throughput charge of 7.4 cents per gigajoule. This represents an increase of 17.9 percent on the Reference Tariff of 25.2 cents per gigajoule (GST inclusive) determined in the Draft Decision.

The increased tariff, relative to that determined in the Draft Decision, follows reviews of the initial capital base, non capital costs and gas throughput.

The initial capital base has been determined at \$18.471 million compared to a value of \$16.943 million presented in the Draft Decision. The increase follows a detailed review of the asset cost structure.

A redundant capital policy has been included in the Access Arrangement such that the asset base would be reduced at the commencement of the next Access Arrangement period if the average pipeline system throughput is less than 20.5 terajoules per day. The redundant capital policy provides the opportunity to stabilise tariffs should average throughput decrease below this benchmark in the next Access Arrangement period.

The rate of return on equity for the Tubridgi Pipeline System has been determined at 13.9% (nominal post-tax) corresponding to a Weighted Average Cost of Capital of 8.2% (real pre-tax).



The gas throughput forecast for the Tubridgi Pipeline System has also been increased as compared with that in the Draft Decision.

A number of other changes have been made to the Access Arrangement including to the terms and conditions for access to the pipeline system.

This decision to approve the revised Access Arrangement gives consideration to the interests of all stakeholders and the risks faced by the Tubridgi Joint Venture Parties.

A copy of the Final Decision and Final Approval together with a copy of the approved Access Arrangement can be obtained from the Office of Gas Access Regulation and is accessible on the Internet at <http://www.offgar.wa.gov.au/>.

For further information contact:

Mr K Peter Kolf
Executive Director
Phone (08) 9213 1902
Fax (08) 9213 1999

KEN MICHAEL
GAS ACCESS REGULATOR