

**ACCESS ARRANGEMENT FOR THE MID-WEST AND SOUTH-WEST GAS
DISTRIBUTION SYSTEMS
VARIATION REPORT FOR VARIATION YEAR 2007**

This variation report details the varied tariff components of the reference tariffs for application during variation year 2007.

The determination of the varied tariff components has been undertaken in accordance with Clauses 3 to 10 of Part B of the AlintaGas Networks Pty Ltd Access Arrangement for the Mid-West and South-West Gas Distribution Systems.

The varied reference tariffs, excluding GST, are listed below and will be applicable from 1 January 2007. Details of the individual calculations are provided in the attached spreadsheet.

Varied Reference Tariff A1:

- (i) the standing charge is \$44,286.96 (ex GST) per year;
- () the demand charge rate is:
 - A. \$182.86 (ex GST) per gigajoule per kilometre per year for the first 10 kilometres of the interconnection distance; and
 - B. \$91.43 (ex GST) per gigajoule per kilometre per year for any part of the interconnection distance in excess of 10 kilometres;
- () the usage charge rate is:
 - C. \$0.0446 (ex GST) per gigajoule per kilometre for the first 10 kilometres of the interconnection distance; and
 - D. \$0.0223 (ex GST) per gigajoule per kilometre for any part of the interconnection distance in excess of 10 kilometres;

Varied Reference Tariff A2:

- (i) the standing charge is \$526.04 (ex GST) per year;
- (ii) the usage charge rate is:
 - A. \$4.85 (ex GST) per gigajoule for the first 5 terajoules of gas delivered to the user per year;
 - B. \$4.60 (ex GST) per gigajoule for gas delivered to the user in excess of 5 terajoules per year and up to 10 terajoules per year; and
 - C. \$1.21 (ex GST) per gigajoule for gas delivered to the user in excess of 10 terajoules per year;

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Varied Reference Tariff B1:

- (ii) the standing charge is \$526.04 (ex GST) per year;
- (iv) the usage charge rate is:
 - A. \$4.85 (ex GST) per gigajoule for the first 5 terajoules of gas delivered to the user per year;
 - B. \$4.60 (ex GST) per gigajoule for gas delivered to the user in excess of 5 terajoules per year and up to 10 terajoules per year; and

Varied Reference Tariff B2:

- (i) the standing charge is \$210.39 (ex GST) per year; and
- (ii) the usage charge rate is:
 - A. \$5.36 (ex GST) per gigajoule for the first 100 gigajoules of gas delivered to the user per year; and
 - B. \$4.84 (ex GST) per gigajoule for gas delivered to the user in excess of 100 gigajoules per year;

Varied Reference Tariff B3:

- (i) the standing charge is \$26.82 (ex GST) per year; and
- (ii) the usage charge rate is:
 - A. \$8.99 (ex GST) per gigajoule for the first 15 gigajoules of gas delivered to the user per year;
 - B. \$5.69 (ex GST) per gigajoule for gas delivered to the user in excess of 15 gigajoules per year and up to 45 gigajoules per year; and
 - C. \$3.86 (ex GST) per gigajoule for gas delivered to the user in excess of 45 gigajoules per year;

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Existing Distribution Tariffs

Tariff Category	Tariff Component	P _{t-1}	Q _{t-2}	P _{t-1} * Q _{t-2}	Proposed Increase/decrease
Tariff A1	Fixed Charge	44,734.3000	41	1,834,106	-1.00%
Tariff A1	First 10 km's	0.04502	23,925,807	1,077,140	-1.00%
Tariff A1	> 10 km's	0.02249	9,418,955	211,832	-1.00%
Tariff A1	Demand1 (<10)	184.7100	12,716	2,348,712	-1.00%
Tariff A1	Demand 2 (>10)	92.3500	4,234	391,036	-1.00%
Tariff A2	Fixed Charge	508.1800	79	40,146	3.52%
Tariff A2	First 5 TJ	4.6900	426,983	2,002,550	3.52%
Tariff A2	> 5 TJ's < 10 TJ's	4.4500	392,530	1,746,758	3.52%
Tariff A2	> 10 TJ's	1.1700	1,054,767	1,234,078	3.52%
Tariff B1	Fixed Charge	508.18	1,074	545,785	3.52%
Tariff B1	First 5 TJ	4.69	1,439,439	6,750,967	3.52%
Tariff B1	> 5 TJ's	4.4500	269,777	1,200,510	3.52%
Tariff B2	Fixed Charge	203.2500	6,553	1,331,897	3.52%
Tariff B2	First 100 GJ's	5.1800	330,541	1,712,202	3.52%
Tariff B2	> 100 GJ's	4.6800	716,399	3,352,748	3.52%
Tariff B3	Fixed Charge	25.9100	513,580	13,306,858	3.52%
Tariff B3	First 15 GJ's	8.6900	5,669,045	49,263,997	3.52%
Tariff B3	> 15 GJ's < 45 GJ's	6.0700	3,418,605	20,750,931	-6.27%
Tariff B3	>45 GJ's	3.7300	1,077,876	4,020,478	3.52%
Tariff A1N	Total GJ's				
Tariff A2N	Total GJ's				
Tariff B1N	Total GJ's				
Tariff B2N	Total GJ's				
Tariff B3N	Total GJ's				

113,122,730

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PRICE CONTROL FORMULA

$$B_t = (\text{Sumof } P_t * Q_{t-2}) / (\text{Sumof } P_{t-1} * Q_{t-2})$$

Sumof $P_t * Q_{t-2}$	114,755,923
Sumof $P_{t-1} * Q_{t-2}$	113,122,730

Bt:	101.4437%		
RHS:	101.4863%	\$	48,107
Y	2.0000%		
Tariff Component	103.5160%		

Bt <= RHS: Price Control - OK

$$RHS = (\text{SepCPI}_{t-1} / \text{SepCPI}_{t-2}) (1-X) (1+R_t)$$

SepCPI _{t-1} :	155.70		
SepCPI _{t-2} :	149.80	0.039385848	
X _t :	2.240%		
R _t :	-0.122%		

RHS: 101.4863%

$$R_t = \{1 + [\text{Drct-1} * (1+WACC)] / \text{Rev}_t\} / \{1 + [\text{Drct-2} * (1+WACC)] / \text{Rev}_{t-1}\} - 1$$

Drc _{t-1} :	181,514		
Rev _t :	\$ 112,490,000		
WACC:	6.78%		
Drc _{t-2} :	309,469		
Rev _{t-1} :	\$ 112,096,000		
R _t :	-0.122%		

$$\text{Drc}_{t-1} = ((\text{SepCPI}_{2004} / \text{SepCPI}_{t-1}) * \text{Arc}_{t-1}) - \text{Frc}_{t-1}$$

SepCPI ₂₀₀₄	145.40		
SepCPI _{t-1}	155.70		
Arc _{t-1}	\$ 987,864		
Frc _{t-1}	\$ 741,000		

$$\text{Drc}_{t-2} = ((\text{SepCPI}_{2004} / \text{SepCPI}_{t-2}) * \text{Arc}_{t-2}) - \text{Frc}_{t-2}$$

SepCPI ₂₀₀₄	145.40		
SepCPI _{t-2}	149.8		
Arc _{t-2}	\$ 1,081,227		
Frc _{t-2}	\$ 740,000		

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Rebalancing Control

Tariff Component

3.52%

Tariff Category	Tariff Component	P _t	P _{t-1}	Rebalancing Control
Tariff A1	Fixed Charge	44,286.9600	44,734.3000	OK
Tariff A1	First 10 km's	0.04460	0.0450	OK
Tariff A1	>10 km's	0.0223	0.0225	OK
Tariff A1	Demand1	182.8600	184.7100	OK
Tariff A1	Demand 2	91.4300	92.3500	OK
Tariff A2	Fixed Charge	526.0400	508.1800	OK
Tariff A2	First 5 TJ	4.8500	4.6900	OK
Tariff A2	> 5 TJ's < 10 TJ's	4.6000	4.4500	OK
Tariff A2	> 10 TJ's	1.2100	1.1700	OK
Tariff B1	Fixed Charge	526.0400	508.1800	OK
Tariff B1	First 5 TJ	4.8500	4.6900	OK
Tariff B1	> 5 TJ's	4.6000	4.4500	OK
Tariff B2	Fixed Charge	210.3900	203.2500	OK
Tariff B2	First 100 GJ's	5.3600	5.1800	OK
Tariff B2	> 100 GJ's	4.8400	4.6800	OK
Tariff B3	Fixed Charge	26.8200	25.9100	OK
Tariff B3	First 15 GJ's	8.9900	8.6900	OK
Tariff B3	> 15 GJ's < 45 GJ's	5.6900	6.0700	OK
Tariff B3	>45 GJ's	3.8600	3.7300	OK

-0.0100
 -0.0093
 -0.0084
 -0.0100
 -0.0100
 0.0351
 0.0341
 0.0337
 0.0342
 0.0351
 0.0341
 0.0337
 0.0351
 0.0347
 0.0342
 0.0351
 0.0345
 -0.0626
 0.0349