



DBNGP (WA) Transmission Pty Limited

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Peter Rixson
Assistant Director Gas
Economic Regulation Authority
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Dear Peter

Request for Consideration - 1 January 2010 Tariff Variation

It has come to our attention that there is an apparent oversight in the current Access Arrangement approved by the Economic Regulation Authority (**ERA**) for the DBNGP which DBP requests that the ERA consider correcting.

The Access Arrangement (at section 7.11(b)) provides for the reference tariffs to be varied (to reflect changes to the CPI) each year from 1 January 2006 to 1 January 2009 but not on 1 January 2010. This is so notwithstanding the fact that the term of the Access Arrangement remains current until at least 31 January 2010.

DBP would like the ERA to consider correcting the further final decision on the current Access Arrangement so as to also provide for the variation of the reference tariff on 1 January 2010. This is so for the following reasons:

1. The Draft Decision for the Access Arrangement intended for there to be a CPI based tariff variation on 1 January 2010. Paragraph 336 of that decision provides as follows:

The calculation used by DBNGPT for determination of the Reference Tariff, and as used by the Authority in re-determining Reference Tariffs for the purposes of this Draft Decision, derives a value for the Reference Tariff in 2005 on the basis that this tariff will be held constant in real terms over the Access Arrangement Period. In this manner, the Reference Tariff is determined consistent with returning the present value of Total Revenue over the Access Arrangement Period, given forecasts of demand for Services. A change in the tariff path, say to escalation at 67 percent of the rate of change in the CPI, would have the effect of altering the value of the Reference Tariff in 2005 and each subsequent year of the Access Arrangement Period, but not the present value of Total Revenue that is forecast to be recovered.

2. the tariff model issued by the ERA together with the draft decision also assumes a 100% CPI based tariff variation on 1 January 2010.

3. Similar reasoning is adopted by the ERA in paras 406 to 408 of the *Final Decision on Proposed Revisions to the Access Arrangement for the Dampier to Bunbury Natural Gas Pipeline (2005)*.

DBP is of the view that it was the ERA's intention that a CPI adjustment be made at 1 January 2010 and that due to an oversight by both DBP and the ERA, this has not been reflected in the approved Access Arrangement.

DBP proposes therefore that this error could be corrected, in which case, it would enable DBP to make the application required under the Code to vary the tariffs effective from 1 January 2010.

DBP suggests that Section 7.11 (b) should be amended as follows:

This variation of the Reference Tariff will be affected by adjustment on 1 January in each of the years 2006, 2007, 2008, 2009 and 2010 in accordance with CPI.

I look forward to the ERA's response in regards to this issue.

In the meantime, if you require any further information, please do not hesitate to contact Trent Leach or me.

Yours sincerely

Anthony Cribb
General Manager Corporate Services