

Further Final Decision on GGT's Proposed Revisions to the Access Arrangement for the Goldfields Gas Pipeline

Submitted by Goldfields Gas Transmission Pty Ltd

5 August 2010

Economic Regulation Authority



WESTERN AUSTRALIA

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FURTHER FINAL DECISION

1. Goldfields Gas Transmission Pty Ltd (**GGT**) submitted its Proposed Revisions to the Access Arrangement for the Goldfields Gas Pipeline (**GGP**) to the Economic Regulation Authority (**Authority**) on 23 March 2009 for approval under the *National Third Party Access Code for Natural Gas Pipeline Systems* (**Code**).
2. The Authority issued its Draft Decision in respect of GGT's Proposed Revisions on 9 October 2009. The Draft Decision listed 45 amendments which the Authority required GGT to make to its Proposed Revisions in order for the amended revised Access Arrangement to be approved by the Authority.
3. On 22 April 2010, GGT submitted an amended version of its Proposed Revisions (**Amended Proposed Revisions**) and an amended version of its Access Arrangement Information (**Amended AAI**) to the Authority.
4. The Authority issued its Final Decision in respect of the Amended Proposed Revisions on 13 May 2010. The Final Decision was not to approve GGT's Amended Proposed Revisions. In the Final Decision, the Authority set out 21 amendments that were required before the amended revised Access Arrangement would be approved by the Authority.
5. On 13 May 2010, the Authority gave notice to GGT that it was required to respond to the Final Decision with appropriate revisions by 4 June 2010.
6. On 4 June 2010, GGT submitted a further amended version of its Proposed Revisions (**Further Proposed Revisions**) and a further amended version of its proposed Access Arrangement Information (**Further Amended AAI**) to the Authority.
7. GGT also submitted to the Authority, on 4 June 2010, a document marked as confidential entitled "Response to Final Decision on Proposed Revisions to Access Arrangement" (**Confidential Response**).
8. The Authority has considered the extent to which it may or ought to have regard to GGT's Confidential Response. It is noted that the Code explicitly obliges the Authority to invite and consider submissions prior to both the draft and final decisions but does not contain an equivalent obligation to invite and consider submissions prior to a further final decision. After appropriate consideration the Authority has resolved not to consider the Confidential Response before making this Further Final Decision or for the purpose of the drafting and approval by the Authority of a revised Access Arrangement for the GGP.
9. This Further Final Decision includes three decisions which are discussed below. These decisions are in relation to the following:
 - Further Final Decision
 - Access Arrangement Information
 - Authority Approved Access Arrangement

Further Final Decision

10. The Further Final Decision of the Authority pursuant to section 2.41 of the Code is not to approve GGT's Further Proposed Revisions because:
 - a) GGT's Further Proposed Revisions do not incorporate all of the amendments specified by the Authority in the Final Decision (sub-section 2.41(a)) and;
 - b) the Authority is not satisfied that GGT has incorporated or substantially incorporated the amendments specified in the Final Decision or otherwise addressed to the Authority's satisfaction the matters identified in the Final Decision as being the reasons for requiring the amendments (sub-sections 2.41(b) and (c)).
11. The Authority's reasons are set out in this Further Final Decision document.

Access Arrangement Information

12. Pursuant to section 2.30 of the Code, the Authority requires GGT to make changes to the Further Amended AAI. These changes are required to ensure that the Access Arrangement Information is consistent with the requirements of the Authority's Final Decision.
13. The Authority's reasons are set out in this Further Final Decision document.
14. The changes to the Further Amended AAI that GGT is required to make and submit are set out in Appendix 1 to this Further Final Decision.
15. The Authority requires GGT to lodge such amended Access Arrangement Information no later than 20 August 2010.

Authority Approved Access Arrangement

16. By reason of the Authority's decision not to approve GGT's Further Proposed Revisions, and pursuant to section 2.42 of the Code, the Authority has drafted and, by this document, approves a revised Access Arrangement for the GGP. The Authority approved revised Access Arrangement for the GGP is set out in Appendix 2 to this Further Final Decision.
17. The Authority's reasons are set out in this Further Final Decision document.
18. The Authority drafted revised Access Arrangement will take effect on 20 August 2010.

Overview - GGT's Further Proposed Revisions and Further Amended AAI

19. The Authority notes that of the ten amendments required under the Final Decision to GGT's Amended Proposed Revisions of 22 April 2010, seven have been addressed in the Further Proposed Revisions to the satisfaction of the Authority pursuant to section 2.41 of the Code. In regard to the eleven amendments required under the Final Decision to GGT's Amended AAI of 22

April 2010, four have been addressed in the Further Amended AAI to the satisfaction of the Authority pursuant to section 2.30 of the Code.

20. Some elements of the Authority's Further Final Decision (Rate of Return, Non-Capital Costs, Reference Service Revenue, Extensions / Expansions Policy and Trigger Mechanism) are discussed below. Where GGT's response to the Final Decision is mentioned below this refers to its Further Proposed Revisions and Further Amended AAI.
- Rate of Return - GGT responded to the Draft Decision with a preferred nominal pre-tax rate of return of 14.34 per cent. The Authority's Final Decision required a nominal pre-tax rate of return of 10.48 per cent. GGT's response to the Final Decision set out a nominal pre-tax rate of return of 11.3 per cent which did not comply with the value required in the Final Decision.
 - Non-Capital Costs - GGT did not incorporate the required values for pipeline operating and maintenance costs as its total value for these costs were \$2 million higher than required by the Final Decision.
 - Reference Service Revenue - GGT responded to the Draft Decision with a total Reference Service Revenue value of \$15.11 million (in present value terms) for spare capacity only. The Authority's Final Decision required a total Reference Service Revenue value in present value terms of \$321.0 million for the total capacity of the Covered pipeline. GGT's response to the Final Decision set out a total Reference Service Revenue value of \$329.0 million in present value terms for the total capacity of the Covered pipeline which did not comply with the Final Decision.
 - Extensions / Expansions Policy - GGT responded to the Final Decision by not incorporating but otherwise addressing the Extensions / Expansions requirements in the Final Decision. The manner in which GGT otherwise addressed the Extensions / Expansion Policy did not meet the requirements of the Final Decision to the satisfaction of the Authority.
 - Trigger Event – GGT responded to the Final Decision by not incorporating or otherwise addressing the Trigger Event requirement set out in the Final Decision.

Financial Model

21. This Further Final Decision does not include the Authority's financial model. A summary of this model was issued as part of the Final Decision on 13 May 2010 with the full model released soon after. Prior to release of this model the Authority identified an error in the model and corrected this error in the model subsequently placed on the Authority's website on 19 May 2010.
22. The error in the Final Decision financial model results in changes being required (at the sixth decimal point level) to the reference tariff values shown in the second row and third rows of Table 12 of the Final Decision.
23. The public version of this corrected model is available on the Authority's website under the heading "Corrected public version of the Financial Model for the Final Decision on GGT's Proposed Revisions to the Access

Arrangement for the Goldfields Gas Pipeline". A confidential version of this corrected model has been provided to GGT.

REASONS

Further Final Decision

Legislative Requirements

24. Under section 2.40 of the Code:
 - 2.40 *If the Relevant Regulator decides not to approve the revisions to the Access Arrangement under section 2.38(b) 2.38(a)(ii) or (b)(ii) the Service Provider must, if the revisions it proposed were proposed as required by the Access Arrangement, submit amended revisions to the Relevant Regulator by the date specified by the Relevant Regulator under section 2.38(b) 2.38(a)(ii) or (b)(ii).*
25. GGT submitted the Further Proposed Revisions in compliance with section 2.40 of the Code.
26. Under section 2.41 of the Code:
 - 2.41 *If the Service Provider submits amended revisions to the Access Arrangement by the date specified by the Relevant Regulator under section 2.38(a)(ii) or (b)(ii) then the Relevant Regulator must issue a further final decision that:*
 - (a) *if the Relevant Regulator is satisfied that the amended revisions to the Access Arrangement incorporate the amendments specified by the Relevant Regulator in its final decision under section 2.38(a)(ii) or (b)(ii), approves the amended revisions to the Access Arrangement; or*
 - (b) *if the Relevant Regulator is satisfied that the amended revisions to the Access Arrangement either substantially incorporate the amendments specified by the Relevant Regulator or otherwise address to the Relevant Regulator's satisfaction the matters the Relevant Regulator identified in its final decision as being the reasons for requiring the amendments specified in its final decision under section 2.38(a)(ii) or (b)(ii), either approves or does not approve the amended revisions to the Access Arrangement (in the Relevant Regulator's discretion); or*
 - (c) *in any other case, does not approve the amended revisions to the Access Arrangement.*
27. Therefore, the Authority's Further Final Decision must either approve the Further Proposed Revisions or not approve the Further Proposed Revisions. This requires the Authority to consider the Further Proposed Revisions in their entirety and to either approve or not approve these revisions in their entirety.

28. GGT's Further Proposed Revisions do not incorporate all of the amendments specified by the Authority in the Final Decision pursuant to section 2.41(a).
29. The Authority is not satisfied that the Further Proposed Revisions either substantially incorporate all of the amendments specified in the Final Decision or otherwise address all of the matters identified by the Authority in the Final Decision pursuant to section 2.41(b).
30. The Authority therefore does not approve the Further Proposed Revisions pursuant to section 2.41(c).
31. In order to explain its decision not to approve the Further Proposed Revisions in their entirety the Authority describes below how the Further Proposed Revisions have not incorporated or substantially incorporated all of the required amendments in the Final Decision and not otherwise addressed the matters identified in the Final Decision as being the reasons for requiring the required amendments.
32. The 21 amendments required in the Final Decision relate to both the terms of the Amended Proposed Revisions and the content of the Access Arrangement Information.
33. Each of the required amendments which concern the terms of the proposed revised Access Arrangement is discussed below. These required amendments are relevant to the Further Final Decision under section 2.41.
34. The required amendments to the Access Arrangement Information do not relate to the Authority's decision under section 2.41 as to whether or not to approve the Further Proposed Revisions. However, these amendments concern the Authority's decision under section 2.30 to require GGT to lodge amended Access Arrangement Information. The Authority therefore only discusses below the required amendments to the Access Arrangement Information as part of its reasons for the decision to require GGT to lodge amended Access Arrangement Information.

Required Amendments to the Access Arrangement

35. There were 21 required amendments in the Final Decision. Required amendments 1 and 13 to 21 (inclusive), related to the terms of the proposed revised Access Arrangement. Each of those required amendments are discussed below.
36. Where the Authority has assessed the Further Proposed Revisions as having incorporated or substantially incorporated the required amendment or having otherwise addressed the reasons for the required amendment, the Authority has incorporated those terms of the Further Proposed Revisions in the Authority drafted and approved revised Access Arrangement. Otherwise, the Authority has substantially incorporated the terms of the required amendment into the Authority drafted and approved revised Access Arrangement.
37. The Authority notes that in relation to some of these required amendments, GGT's Further Proposed Revisions have incorporated the required amendment and, in addition, proposed a further minor amendment. In those cases where this minor amendment does not change the meaning or intent of the required amendment the Authority has incorporated this minor

amendment into the Authority drafted and approved revised Access Arrangement.

Required Amendment 1

Required Amendment

38. *Section 4.2(a) of GGT's Amended Proposed Revisions of 22 April 2010 should be amended to replace the words "negotiate in relation to providing" with the words "offer" as follows:*

"Should any User or Prospective User have requirements which cannot be satisfied through a Reference Service, including for gas transportation from an inlet point other than the Inlet Point at Yarraloola, GGT will ~~negotiate in relation to providing~~ offer a service ("Negotiated Service") to meet that person's specific requirements. the terms of which have been negotiated between GGT and the User or Prospective User."

Authority's Assessment

39. GGT has incorporated Amendment 1 into the Further Proposed Revisions.
40. GGT has also corrected a grammatical error that it noted in Amendment 1. The Authority accepts that the correction of this grammatical error does not alter the meaning or intent of the required amendment.

Required Amendment 13

Required Amendment

41. *Clause 1 of the Fourth Schedule to Appendix 3 to GGT's Amended Proposed Revisions of 22 April 2010 should be amended to delete the Reference Tariff charges and replaced with the Authority's Final Decision Reference Tariff charges shown in Table 12 of the Final Decision.*

Authority's Assessment

42. GGT has not incorporated Amendment 13 into the Further Proposed Revisions.
43. GGT has proposed a different transportation tariff (reference tariff) for firm service to that required by Amendment 13.
44. The Authority is not satisfied that GGT's Further Proposed Revisions substantially incorporate Amendment 13 or otherwise address the reasons for Amendment 13.
45. As noted earlier, subsequent to issuing the Final Decision on 13 May 2010, the Authority identified an error in its financial model. This error results in changes being required (at the sixth decimal point level) to the reference tariff values shown in the second row and third rows of Table 12 of the Final Decision.
46. The Authority's approved Access Arrangement incorporates the Authority's corrected values for the reference tariff charges.

Required Amendment 14

Required Amendment

47. *Clause 9.8 of Appendix 3, clause 5.3(a) of GGT's Amended Proposed Revisions should be deleted and replaced and Schedule 1 of GGT's Amended Proposed Revisions should be revised as follows:*

Insert new clause 9.8 as set out below:

"9.8 Tariffs and Charges Adjustment for Inflation

For the purpose of this clause the component charges of the Reference Tariff are to be determined as follows:

$$C_t = C_{t-1} \left[1 + \left(\frac{CPI_{t-2} - CPI_{t-3}}{CPI_{t-3}} \right) - K \right] \quad \text{where:}$$

C_t is the relevant charge in the Quarter t in which the Billing Period occurs.

C_{t-1} is the charge for the quarter t-1.

CPI_{t-2} is the CPI for the Quarter commencing six months prior to the commencement of Quarter t.

CPI_{t-3} is the CPI for the Quarter commencing nine months prior to the commencement of Quarter t.

$$K = \left[1 + \frac{R}{100} \right]^{0.25} - 1$$

R is 2.5 (the forecast annual percentage inflation rate in the Final Decision)

Revise Schedule 1 by replacing this schedule with Schedule 1 as proposed by GGT in its response to the Draft Decision of 11 December 2009, except that the variable 'x' should be made equal to $\frac{R}{100}$ where R is

as defined under clause 9.8 of this Amendment 14.

Replace clause 5.3(a) in the Amended Proposed Revisions as follows:

"CPI and other adjustments in accordance with the Reference Tariff" Adjustment Mechanism as described in Schedule 1 and clause 9.8 of Appendix 3; and"

Authority's Assessment

48. Since the Final Decision was issued, the Authority has again considered the reference tariff adjustment formula set out in Amendment 14. As a result of this further consideration, the Authority has identified an error in this formula which impacts on the accuracy of the values produced by this formula (at the third decimal point level).

49. The Authority advised GGT, prior to GGT responding to the Final Decision, of this correction. GGT has incorporated the corrected version of this formula and the other elements of Amendment 14 into its Further Proposed Revisions.
50. The Authority is satisfied that the proposal in GGT's Further Proposed Revisions substantially incorporates Amendment 14 or otherwise addresses the reasons for Amendment 14.
51. The Authority has identified a further matter, subsequent to the above correction, which involves a clarification to the definition of a variable in the above formula. The Authority's approved Access Arrangement incorporates this clarification.

Required Amendment 15

Required Amendment

52. *Clause 6 of Appendix 3 to GGT's Amended Proposed Revisions should be as follows:*
 - (a) *Clause 6.9(a) should make reference to clause 6.9(c)(10) rather than clause 6.4(b)(2)*
 - (b) *Clause 6.10 should make reference to clause 6.9 rather than clause 6.8.*

Authority's Assessment

53. Subsequent to issue of the Final Decision, the Authority identified a typographical error in part (a) of Amendment 15. This error was that the reference to clause 6.9(c)(10) should have been to clause 6.4(c)(10).
54. The Authority advised GGT, prior to GGT responding to the Final Decision, of this correction. GGT has incorporated this correction and the other elements of Amendment 15 into its Further Proposed Revisions.
55. GGT has also incorporated further cross referencing within clause 6 of the Further Proposed Revisions. The Authority accepts that these cross references are necessary and do not alter the meaning or intent of Amendment 15.
56. The Authority is satisfied that the proposal in GGT's Further Proposed Revisions substantially incorporates Amendment 15 or otherwise addresses the reasons for Amendment 15.

Required Amendment 16

Required Amendment

57. *Paragraph 22 of Appendix 2.2 of GGT's Amended Proposed Revisions should be amended by cross referencing paragraph 22 to paragraph 1.1(k) in GGT's information package rather than paragraph 1.3(a) and 1.4(a).*

Authority's assessment

58. GGT has incorporated Amendment 16 into the Further Proposed Revisions.
59. GGT has also made the following modifications:
- a) the words "In accordance with clause 1.1(k) of the GGT Information Package, signify" have replaced the word "Signify" at the beginning of paragraph 22;
 - b) the words "types of" have been added before the word "Investigations";
 - c) the reference to paragraph 1.3(a) has been amended to paragraph 1.3(b); and
 - d) a reference to paragraph 1.4(a) remains.
60. The Authority accepts that these modifications do not change the meaning or intent of Amendment 16.

Required Amendment 17

Required Amendment

61. *Paragraph 23 of Appendix 2.2 to GGT's Amended Proposed Revisions should be amended by cross referencing paragraph 23 to paragraph 1.1(k) in GGT's Information Package rather than paragraph 1.4(e).*

Authority's Assessment

62. GGT has incorporated Amendment 17 into the Further Proposed Revisions.
63. GGT has also made a minor modification to paragraph 23 of Appendix 2.2. The words "In accordance with clause 1.1(k) of the GGT Information Package, signify" have replaced the word "Signify" at the beginning of paragraph 23. GGT has also retained a reference to paragraph 1.4(e).
64. The Authority accepts that these modifications do not change the meaning or intent of Amendment 17.

Required Amendment 18

Required Amendment

65. *Sub-sections 10.2 and 10.3 of GGT's Amended Proposed Revisions should be deleted and replaced with the following sub-sections 10.2 and 10.3. Sub-section 10.3 of GGT's Amended Proposed Revisions should be renumbered as Sub-section 10.4*

"10.2 Application of Arrangement to Pipeline Extension

If GGT extends the Pipeline GGT will elect:

- (a) *that the extension will be treated as part of the Covered Pipeline for the purposes of this Access Arrangement and GGT will exercise its discretion to submit proposed revisions to the Access Arrangement under Section 2 of the Code; or*
- (b) *that the extension will not be treated as part of the Covered Pipeline for the purposes of this Access Arrangement and that GGT will lodge a separate Access Arrangement for such extension; or*
- (c) *that the extension will not be covered, subject to GGT notifying the Regulator of this fact prior to the extension coming into operation.*

10.3 Application of Arrangement to Pipeline Expansion

If GGT expands the Capacity of the Pipeline the expanded Capacity will be treated as part of the Covered Pipeline for all purposes under the Code."

Authority's Assessment

- 66. GGT has not incorporated Amendment 18 into the Further Proposed Revisions.
- 67. The Authority notes that GGT has substantially modified section 10 of the proposed Access Arrangement.
- 68. The Authority is not satisfied the proposal in GGT's Further Proposed Revision substantially incorporates Amendment 18 or otherwise addresses the reasons for Amendment 18.

Required Amendment 19

Required Amendment

- 69. *Section 3 of GGT's Amended Proposed Revisions should be amended by adding a new sub-section 3.4 to read as follows:*

"3.4 Trigger Event

- (a) *If a Revisions Trigger Event occurs at any time prior to 3 months before the Revisions Submission Date then GGT must submit revisions to this Access Arrangement by no later than the day which is 3 months after the Revisions Trigger Event occurs.*
- (b) *For the purpose of paragraph (a) a Revisions Trigger Event occurs when GGT lodges with the Minister for Mines, Western Australia, an application/s for alteration/s to Pipeline Licence PL24, Goldfields Gas Pipeline, as required under licence condition 10 "Alterations to the Pipeline", under which:*
 - (i) *GGT seeks to vary Pipeline Licence PL24 where the alteration/s relates to the construction and installation of expansion facilities; and*

- (ii) *the capacity of the GGP will be increased (as measured at the GGP Inlets, noting that in GGT's Access Arrangement Information the current inlets are described in section 12, System Description); and*
- (iii) *the total amount of all such applications made within the forthcoming Access Arrangement Period increase the Covered capacity of the GGP (as measured at the GGP Inlets) beyond 120 TJ/day."*

Authority's Assessment

- 70. GGT has not incorporated Amendment 19 into the Further Proposed Revisions.
- 71. The Authority is not satisfied the proposal in GGT's Further Proposed Revision substantially incorporates Amendment 19 or otherwise addresses the reasons for Amendment 19.

Required Amendment 20

Required Amendment

- 72. *GGT's amendment to the definition of Force Majeure in Appendix 1 of its Amended Proposed Revisions of 22 April 2010 should be amended so that the definition is the same as that set out in Appendix 1 to GGT's Proposed Revisions to the Access Arrangement submitted on 23 March 2009.*

Authority's Assessment

- 73. GGT has incorporated Amendment 20 into the Further Proposed Revisions.
- 74. GGT has also added the word "Service" prior to the word "Agreement" in the definition of Force Majeure in Appendix 1 of its Further Proposed Revisions. The Authority accepts that this amendment is consistent with the defined term in Appendix 1 and that this modification does not change the meaning or intent of Amendment 20.

Required Amendment 21

Required Amendment

- 75. *GGT's amendments to sub-clauses 18.1 and 18.2 of Appendix 3 of its Amended Proposed Revisions of 22 April 2010 should be amended so that sub-clauses 18.1 and 18.2 are the same as those set out in Appendix 3 to GGT's Proposed Revisions to the Access Arrangement submitted on 23 March 2009.*

Authority's Assessment

- 76. GGT has incorporated Amendment 21 into the Further Proposed Revisions.

Access Arrangement Information

Legislative Requirements

77. Under section 2.30 of the Code:

2.30 *At any time after receipt of the applicable Access Arrangement Information under section 2.28 and before a decision is made to approve revisions to an Access Arrangement the Relevant Regulator:*

- (a) *may, of its own volition, require the Service Provider to make changes to the Access Arrangement Information if the Relevant Regulator is not satisfied that the Access Arrangement Information meets the requirements of sections 2.6 and 2.7; and*
- (b) *must, if requested to do so by any person, consider whether the Access Arrangement Information meets the requirements of sections 2.6 and 2.7 and decide whether or not to require the Service Provider to make changes to the Access Arrangement Information accordingly.*

If the Relevant Regulator requires the Service Provider to make changes to the Access Arrangement Information it must specify the reasons for its decision and must specify a reasonable time by which the proposed Access Arrangement Information that rectifies the matters identified by the Relevant Regulator must be resubmitted. The Relevant Regulator must not require information to be included in the Access Arrangement Information the release of which in the Relevant Regulator's opinion could be unduly harmful to the legitimate business interests of the Service Provider or a User or Prospective User. If the Relevant Regulator requires the Service Provider to make changes to the Access Arrangement Information, the Service Provider must submit Access Arrangement Information amended as required by the Relevant Regulator, by the date specified by the Relevant Regulator.

- 78. The Authority requires GGT to make changes to the Further Amended AAI so that the Access Arrangement Information is consistent with the requirements of the Authority's Final Decision.
- 79. The changes to the Further Amended AAI that the Authority requires GGT to make are set out in Appendix 1 to this document.
- 80. GGT is required to make those changes to the Further Amended AAI and submit amended Access Arrangement Information to the Authority by 20 August 2010.

Required Amendments to the Access Arrangement Information

- 81. Each of the required amendments in the Final Decision which relate to the Amended AAI are discussed below.
- 82. Where GGT has complied with a required amendment in the Further Amended AAI the Authority does not require any amendment to that part of the Further Amended AAI before it is lodged in compliance with this decision.

83. Where GGT has not incorporated the required amendment the Authority requires GGT to amend the Further Amended AAI in accordance with the requirements set out in Appendix 1 to this Further Final Decision before lodging amended Access Arrangement Information in compliance with this decision.

Required Amendment 2

Required Amendment

84. *In relation to the GGP Capital Base, Table 3 of GGT's Amended AAI of 22 April 2010 should be amended to reflect the values set out in Table 1 of the Final Decision.*

Authority's Assessment

85. GGT has complied with Amendment 2.

Required Amendment 3

Required Amendment

86. *In relation to the GGP Capital Base and Depreciation, Table 2 of GGT's Amended AAI of 22 April 2010 should be amended to reflect the values in Table 2 of the Final Decision.*

Authority's Assessment

87. GGT has complied with Amendment 3.

Required Amendment 4

Required Amendment

88. *In relation to Working Capital, Table 7 of GGT's Amended AAI of 22 April 2010 should be amended to reflect the headings and values in Table 3 of the Final Decision*

Authority's Assessment

89. GGT has not fully complied with Amendment 4. GGT has incorporated the values in the first row of Table 3 of the Final Decision but not the second row.
90. Subsequent to the Final Decision, the Authority identified an error in the heading of the second row of Table 3 in the Final Decision. The correct heading should be "Closing value of working capital" instead of "Average annual working capital". This row corresponds to the sixth row in table 7 of GGT's Further Amended AAI.
91. The Authority requires GGT to amend the Further Amended AAI to comply with Amendment 4 and to make the correction noted above.

Required Amendment 5

Required Amendment

92. *In relation to Forecast Depreciation, Table 6 of GGT's Amended AAI of 22 April 2010 should be amended to reflect the values in Table 4 of the Final Decision.*

Authority's Assessment

93. GGT has complied with Amendment 5.

Required Amendment 6

Required Amendment

94. *In relation to the Rate of Return, Table 8 of GGT's Amended AAI of 22 April 2010 should be amended to reflect the parameter headings and values in Table 7 of the Final Decision.*

Authority's Assessment

95. GGT has complied with Amendment 6.
96. Subsequent to issuing the Final Decision, the Authority identified a typographical error in Table 7 of the decision. This error (at the second decimal point level) was in the values shown in the eighth row of this table (Cost of Debt). The corrected values are shown in Table 8 of Appendix 1. The error in this WACC parameter was restricted to this row of Table 7. The other values in Table 7 of the Final Decision are correct.
97. The Authority requires GGT to amend the Further Amended AAI to make the correction outlined above.

Required Amendment 7

Required Amendment

98. *GGT's Amended Proposed Revisions should be amended to adopt a nominal pre-tax Rate of Return of 10.48%.*

Authority's Assessment

99. GGT has not complied with Amendment 7.
100. On page 10 of the Further Amended AAI GGT nominated 11.3 percent as the nominal pre-tax rate of return to use in determining total revenue, which is within the reasonable range adopted by the Authority in the Final Decision.
101. However, the Authority has adopted a nominal pre-tax rate of return of 10.48% in accordance with Amendment 7.
102. The Authority requires GGT to amend the Further Amended AAI to comply with Amendment 7.

Required Amendment 8

Required Amendment

103. *In relation to Non Capital Costs, Table 10 of GGT's Amended AAI of 22 April 2010 should be amended to reflect the values of Table 8 of the Final Decision.*

Authority's Assessment

104. GGT has not fully complied with Amendment 8.
105. GGT has complied with Amendment 8 only with respect to the values for asymmetric risk and corporate overheads.
106. GGT has not adopted the required values for pipeline operating and maintenance costs.
107. The Authority requires GGT to amend the Further Amended AAI to comply with Amendment 8.

Required Amendment 9

Required Amendment

108. *In relation to Total Revenue, Table 1 and Table 14 of GGT's Amended AAI of 22 April 2010 should be amended to reflect the headings and values in Table 9 of the Final Decision.*

Authority's Assessment

109. GGT has not fully complied with Amendment 9.
110. GGT has complied with this amendment only with respect to the values for over depreciation and depreciation.
111. GGT has not adopted the required values for non-capital costs, return on plant value, return on non-depreciable and total cost of service.
112. The Authority requires GGT to amend the Further Amended AAI to comply with Amendment 9.

Required Amendment 10

Required Amendment

113. *In relation to volume forecasts, the first row of Table 12 of GGT's Amended AAI of 22 April 2010 should be amended to reflect the values set out in Table 10 of the Final Decision.*

Authority's Assessment

114. GGT has not complied with Amendment 10.

115. As a result of the error identified by the Authority in its financial model after issue of the Final Decision, as described previously, some changes are required (at the decimal point level) to the values shown in the second row of Table 10 (Contracted Capacity) of the Authority's Final Decision. The revised values are shown in Table 12 of Appendix 1.
116. In addition, Amendment 10 also contains an error in that the words "the first row" should be "the first three rows". As a consequence, the values in the first three rows of GGT's Table 12 in its AAI require amending, as shown in Table 12 of Appendix 1.
117. The Authority requires GGT to amend the Further Amended AAI to comply with Amendment 10 except in regard to the errors noted above. In the case of these errors, GGT is required to make the corrections outlined above.

Required Amendment 11

Required Amendment

118. *In relation to the Annual Reference Service, Table 15 of GGT's Amended AAI of 22 April 2010 should be amended to reflect the values set out in Table 11 of the Final Decision.*

Authority's Assessment

119. GGT has not complied with Amendment 11.
120. As a result of the error identified by the Authority in its financial model after issue of the Final Decision, as described above, some changes are required to the values shown in Table 11 of the Final decision (at the decimal point level). The revised values are shown in Table 15 of Appendix 1.
121. The Authority requires GGT to amend the Further Amended AAI to comply with Amendment 11 except in regard to the error noted above. In the case of this error, GGT is required to make the correction outlined above.

Required Amendment 12

Required Amendment

122. *The Reference Service Revenue referred to at page 13 of the Access Arrangement Information should be amended from \$15.11 million to \$321.0 million.*

Authority's Assessment

123. GGT has not complied with Amendment 12.
124. On page 16 of its Further Amended AAI, GGT has set out a value of \$329.0 million for the reference service revenue.
125. The Authority requires GGT to amend the Further Amended AAI to comply with Amendment 12.

Authority Approved Access Arrangement

Legislative Requirements

126. The Authority's Further Final Decision is not to approve GGT's Further Proposed Revisions.
127. Under section 2.42 of the Code:
- 2.42 *If the Service Provider does not submit amended revisions to the Access Arrangement by the date specified by the Relevant Regulator under section 2.38(a)(ii) or (b)(ii) or the Relevant Regulator does not approve the amended revisions to the Access Arrangement under section 2.41, the Relevant Regulator must draft and approve its own amended revisions to the Access Arrangement, instead of the revisions proposed by the Service Provider.*
128. Therefore, pursuant to section 2.42 of the Code, the Authority has drafted its own revised Access Arrangement for the GGP. The Authority drafted revised Access Arrangement is set out in Appendix 2 to this document and can be downloaded from the Authority's website.
129. Section 2.48 of the Code provides that revisions to an Access Arrangement come into effect on the date specified by the Authority in its decision to approve the revisions. However, this date must not be earlier than either a date 14 days after the day the decision was made or the Revisions Commencement Date.
130. The Revisions Commencement Date under the current Access Arrangement is the later of 1 January 2010 and the date a revised Access Arrangement approved by the Authority takes effect. Therefore, the Authority approved revised Access Arrangement cannot take effect earlier than 14 days after this Further Final Decision is issued.
131. The Authority approves the revised Access Arrangement, as set out under Appendix 2, which becomes effective on 20 August 2010.

APPENDICES

Appendix 1

Required Amendments to GGT's Further Amended AAI

(Appendix 1 is available as a separate document on the Authority's web site)

Appendix 2

Authority Approved Revised Access Arrangement for the Goldfields Gas Pipeline

**(Appendix 2 is available as a separate document on the
Authority's web site)**