



# PUBLICATION

## Goldfields Gas Pipeline – Annual Tariff Variation

### NOTICE UNDER THE *NATIONAL THIRD PARTY ACCESS CODE FOR NATURAL GAS PIPELINE SYSTEMS* SECTION 8.3E

The Economic Regulation Authority has disallowed a variation of a Reference Tariff for the Goldfields Gas Pipeline because it considers that it is inconsistent with, or not permitted under, the Approved Reference Tariff Variation Method.

A copy of the Goldfields Gas Transmission Pty Ltd notice to the Authority, dated 17 November 2010 is attached to this notice.

The Authority has published a [determination](#) which includes details of the proposed variation and its assessment of the notice from Goldfields Gas Transmission Pty Ltd.

The Authority has specified a variation that is consistent with the Approved Reference Tariff Variation Method and is shown in the table below. The adjusted reference tariff will apply from 1 January 2011 to 31 March 2011.

#### GGP Reference Tariff Variation

Tariff	Toll \$/GJ	Capacity Reservation \$/GJ km	Throughput \$/GJ km
1 January 2011 to 31 March 2011	0.245517	0.001461	0.000402

For further information contact:

#### General Enquiries

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LYNDON ROWE  
CHAIRMAN

31 December 2010



# GOLDFIELDS GAS TRANSMISSION PTY LTD

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17 November 2010

Ref: SL-ST-DG-SL: 0198

Mr L Rowe  
Chairman  
Economic Regulation Authority  
Level 6, Governor Stirling Tower  
197 St George's Terrace  
Perth WA 6000

Dear Mr Rowe

## **Goldfields Gas Pipeline – Annual Tariff Variation Notice under Code section 8.3B**

Clause 5.3(a) of the approved Access Arrangement for the Goldfields Gas Pipeline provides that the Reference Tariff can be varied in accordance with the Reference Tariff Adjustment Mechanism set out in Schedule 1 of the Access Arrangement.

GGT proposes to vary the Reference Tariff from 1 January 2011 as permitted under Clause 5.3(a). This notice is given under section 8.3B(b)(2) of the National Gas Pipelines Access Code in relation to the proposed variation. The following information is provided as required by section 8.3C of the Code:

### ***(a) Proposed variations and proposed effective date for variations:***

GGT proposes that the Reference Tariff (excluding GST) is to be varied as follows:

Tariff	Toll \$/GJ	Capacity Reservation \$/GJ km	Throughput \$/GJ km
1 January 2011 to 31 March 2011	0.246100	0.001472	0.000402

The proposed effective date for the variations is 1 January 2011.

Consistent with Schedule 1, this variation to the Reference Tariff is conducted in lieu of the quarterly CPI adjustment which would otherwise have taken effect from 1 January 2011.

**(b) Explanation of how variations are consistent with the Approved Reference Tariff Variation Method ("Approved Method")**

As the variation has been calculated in accordance with the formulae set out in Schedule 1 of the Access Arrangement it is consistent with the Approved Method. In particular the attached hard copy of the spreadsheet shows that:

- (i) the proposed Reference Tariff is within the limitation on movement of the January-on-January weighted average price basket;
- (ii) the Tariff Component variation being within the permitted range; and
- (iii) each variable used in calculating the varied Reference Tariff has been established in accordance with the relevant formulae and definitions in Schedule 1.

In support of this notice, we attach a spreadsheet showing the calculation of the varied the Reference Tariff.

Please contact Suzy Tasnady on 9320-5610 if you have any queries in relation to this notice.

Yours faithfully

**Steve Lewis**  
**General Manager**

attached:

**Goldfields Gas Pipeline - Tariff Adjustment Mechanism**

Goldfields Gas Pipeline - Access Arrangement 2010-14 Further Final Decision by ERA					
Tariff Calculation: Schedule 1 "Reference Tariff Adjustment Mechanism"					
year		2009	2010	2011	
Toll Tariff \$/GJ as applied in 1st quarter of year			0.243262	0.246100	
Reservation Tariff \$/GJ.km as applied in 1st quarter of year			0.001439	0.001472	
Throughput Tariff \$/GJ.km as applied in 1st quarter of year			0.000401	0.000402	
Price Basket Limit check: RHS minus LHS				3.48633E-05	tariff variation OK
Tariff Component Variation check					
September CPI		168.6	173.3		
assumed future annual rate of CPI increase	2.50%				
Arc actual Regulatory Costs \$m			1.155781	0	
Frc forecast Regulatory Costs \$m			0	0	
WACC (from FFD) %			10.48%	10.48%	
Rrev Total Revenue (AA Table 1) \$m			86.7	83.8	
R	2.5				
Y	0.02				
Drc deadband	0.5%				
rounding (number of decimal places) for tariff components	6				
X	0.025				
Drc as calculated \$m			1.155781	0	
Drc as used after applying deadband \$m			1.155781	0	
Rt				0.015237552	
<b>PRICE BASKET LIMIT CALCULATION</b>					
RHS of price basket limit I.e. (SepCPIt-1/SepCPIt-2)*(1-x)*(1+Rt)				1.017450481	
transport revenue for numerator of LHS of price basket limit \$m				84.03	
transport revenue for denominator of LHS of price basket limit \$m				82.59	
LHS of price basket limit I.e. (sum:Pt*Qt-2)/(sum:Pt-1*Qt-2)				1.017415617	
RHS of Price Basket Limit minus LHS of Price Basket Limit				3.48633E-05	tariff variation OK
<b>TARIFF COMPONENT VARIATION CALCULATION</b>					
Tariff Component Variation multiplier (RHS of formula) I.e. (SepCPIt-1/SepCPIt-2)*(1-x)*(1+Rt)*(1+Y)				1.03779949	
toll tariff using Tariff Component Variation \$/GJ			0.243262	0.252457	tariff component variation OK
reservation tariff using Tariff Component Variation \$/GJ.km			0.001439	0.001493	tariff component variation OK
throughput tariff using Tariff Component Variation \$/GJ.km			0.000401	0.000416	tariff component variation OK
<b>PRICE BASKET CALCULATION:</b>					
			Year t-1	Year t	
TOLL REVENUE: \$000's			9,450	9,555	
RESERVATION REVENUE: \$000's			59,769	61,086	
THROUGHPUT REVENUE: \$000's			13,369	13,385	
TOTAL REVENUE: \$000's			82,588	84,027	
	31-Mar-2009	30-Jun-2009	30-Sep-2009	31-Dec-2009	
LOAD: MDQ FOR YEAR t-2	105.93	106.49	106.87	106.13	
LOAD: THROUGHPUT: FOR YEAR t-2	85.87	83.79	87.05	85.13	
flow weighted average distance (MDQ) km	1070.9	1069.0	1067.9	1068.3	
flow weighted average distance (Throughput) km	1063.6	1070.6	1067.3	1068.3	