

**ACCESS ARRANGEMENT FOR THE MID-WEST AND SOUTH-WEST GAS
DISTRIBUTION SYSTEMS
VARIATION REPORT FOR VARIATION PERIOD COMMENCING 1 JULY 2011**

This variation report details the varied tariff components of the reference tariffs for application during variation year 2011/12.

The determination of the varied tariff components has been undertaken in accordance with Annexure B of the 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 July 2011. Details of the individual calculations are provided in the attached spreadsheet.

Varied Reference Tariff A1:

- (i) the standing charge is \$41,574.54 (ex GST) per year;
- () the demand charge rate is:
 - A. \$175.25 (ex GST) per gigajoule per kilometre per year for the first 10 kilometres of the interconnection distance; and
 - B. \$92.24 (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. \$0.03717 (ex GST) per gigajoule per kilometre for the first 10 kilometres of the interconnection distance; and
 - D. \$0.01858 (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 \$23,015.73 (ex GST) per year;
- (ii) the usage charge rate is:
 - A. \$2.22 (ex GST) per gigajoule for the first 10 terajoules of gas delivered to the user per year; and
 - B. \$1.19 (ex GST) per gigajoule for gas delivered to the user in excess of 10 terajoules per year and up to 10 terajoules per year;

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Varied Reference Tariff B1:

- (ii) the standing charge is \$1,154.85 (ex GST) per year;
- (iv) the usage charge rate is:
 - A. \$4.44 (ex GST) per gigajoule for the first 5 terajoules of gas delivered to the user per year;
 - B. \$3.80 (ex GST) per gigajoule for gas delivered to the user in excess of 5 terajoules per year; and

Varied Reference Tariff B2:

- (i) the standing charge is \$285.78 (ex GST) per year; and
- (ii) the usage charge rate is:
 - A. \$7.39 (ex GST) per gigajoule for the first 100 gigajoules of gas delivered to the user per year; and
 - B. \$4.40 (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 \$58.34 (ex GST) per year; and
- (ii) the usage charge rate is:
 - A. \$12.41 (ex GST) per gigajoule for the first 10 gigajoules of gas delivered to the user per year; and
 - B. \$5.36 (ex GST) per gigajoule for gas delivered to the user in excess of 10 gigajoules per year.

Tariff Variation Calculation Effective 1 July 2011

| | |
|--------------------|-------|
| CPI March 2011 | 176.7 |
| CPI September 2008 | 166.5 |
| CPI September 2009 | 168.6 |
| CPI Decemer 2009 | 169.7 |
| CPI June 2010 | 173.2 |
| WACC | 7.40% |

Forecast Regulatory OPEX January to June 2011 4,092,000

Forecast Regulatory OPEX July 2010 to June 2012 5,768,000

Expected revenue 2011/12 155,715,000

$\Delta RO_{pex_{2010(1)}}$ - 1,554,486

$\Delta RO_{pex_{2010/11}}$ 1,041,013

$V_{2011/12}$ -0.43% - 675,014 Drop in Regulatory OPI

CPI March 2011/CPI September 2008 1.061

| Tariff Category | Tariff Component | P0ij | P2011/12ij | Increase |
|-----------------|---------------------|--------------|--------------|----------|
| Tariff A1 | Fixed Charge | \$ 39,345.21 | \$ 41,574.54 | 5.7% |
| Tariff A1 | Usage First 10 km's | \$ 165.85 | \$ 175.25 | 5.7% |
| Tariff A1 | Usage >10 km's | \$ 87.29 | \$ 92.24 | 5.7% |
| Tariff A1 | Demand <10kms | \$ 0.03518 | \$ 0.03717 | 5.7% |
| Tariff A1 | Demand >10km | \$ 0.01758 | \$ 0.01858 | 5.7% |
| Tariff A2 | Fixed Charge | \$ 21,781.57 | \$ 23,015.73 | 5.7% |
| Tariff A2 | First 10 TJ | \$ 2.10 | \$ 2.22 | 5.7% |
| Tariff A2 | > 10 TJ's | \$ 1.13 | \$ 1.19 | 5.7% |
| Tariff B1 | Fixed Charge | \$ 1,092.92 | \$ 1,154.85 | 5.7% |
| Tariff B1 | First 5 TJ | \$ 4.20 | \$ 4.44 | 5.7% |
| Tariff B1 | > 5 TJ's | \$ 3.60 | \$ 3.80 | 5.7% |
| Tariff B2 | Fixed Charge | \$ 270.46 | \$ 285.78 | 5.7% |
| Tariff B2 | First 100 GJ's | \$ 6.99 | \$ 7.39 | 5.7% |
| Tariff B2 | > 100 GJ's | \$ 4.16 | \$ 4.40 | 5.7% |
| Tariff B3 | Fixed Charge | \$ 55.21 | \$ 58.34 | 5.7% |
| Tariff B3 | First 10 GJ's | \$ 11.74 | \$ 12.41 | 5.7% |
| Tariff B3 | >10 GJ's | \$ 5.07 | \$ 5.36 | 5.7% |

