




28 September 2016

Mr Greg Watkinson
Chief Executive Officer
Economic Regulation Authority
PO Box 8469
Perth BC WA 6849

 Economic Regulation Authority Received 28 SEP 2016	
File	
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Action Officer	

Dear Mr Watkinson

Scheduled Reference Tariff Variation Notice for the Goldfields Gas Pipeline

Goldfields Gas Transmission (GGT) is proposing to vary the Reference Tariff for the Goldfields Gas Pipeline (GGP) in accordance with the mechanism for Scheduled Variation set out in section 4.5 of the revised GGP Access Arrangement. That mechanism, among other things, varies the tariff quarterly for a change in inflation.

If the Economic Regulation Authority (ERA) were to approve the proposed variation, the varied reference tariff would have effect from 1 October 2016.

GGT is aware that it has not provided this variation notice, the first subsequent to the ERA approving revisions to the Access Arrangement in July 2016, at least 40 business days prior to the date on which the varied tariff is to come into effect. The mechanics of the variation are, however, of very minor scope, and GGT would appreciate the ERA's acceptance of the notice outside of the required period on this occasion. GGT is taking steps to ensure that subsequent tariff variation proposals will be provided to the ERA in accordance with the requirements of the revised Access Arrangement.

Each of the components of the GGP Reference Tariff may be varied, quarterly, in accordance with the formula set out in section A1 of schedule A (Details) to the Access Arrangement. The formula is:

$$C_t = C_{t-1} \times \frac{1}{(1 + K)} \times \frac{CPI_{t-2}}{CPI_{t-3}}$$

where:

- C_t is the (varied) tariff component in the Quarter t for which the adjustment is made;
- C_{t-1} is the tariff component for the Quarter commencing three months prior to the commencement of Quarter t;
- K is $(1 + Z)^{0.25} - 1$;
- Z is 0.0146 (1.46% being the forecast annual percentage inflation rate used in the ERA's Final Decision on the GGP Access Arrangement revisions);
- CPI_{t-2} is the Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, for the Quarter commencing 6 months prior to the commencement of Quarter t; and
- CPI_{t-3} is the Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, for the Quarter commencing 9 months prior to the commencement of Quarter t.

The components of the Reference Tariff which are to be varied are the components applying at 1 July 2016, and are set out in schedule A to the Access Arrangement. They are:

Toll tariff	\$0.116369/GJ MDQ
Capacity reservation tariff	\$0.000620/GJ MDQ km
Throughput tariff	\$0.000228/GJ km

For the quarter commencing 1 October 2016:

$CPI_{t-2} = 108.2$ Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, for the March quarter 2016 (from Australian Bureau of Statistics, Catalogue No. 6401, Consumer Price Index Australia, Tables 3 and 4.

$CPI_{t-3} = 108.4$ Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, for the December quarter 2015 (from Australian Bureau of Statistics, Catalogue No. 6401, Consumer Price Index Australia, Tables 3 and 4.

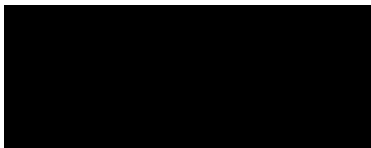
The factor $1/(1 + K)$ is 0.996383.

The varied Reference Tariff components to apply from 1 October 2016 are, then:

Toll tariff	\$0.115734/GJ MDQ
Capacity reservation tariff	\$0.000617/GJ MDQ km
Throughput tariff	\$0.000227/GJ km

Should GGT be able to further assist the ERA's process of approving the proposed tariff variation, please contact me on [REDACTED], or at [REDACTED].

Yours sincerely



John Williams
Manager Regulatory