



Notice

27 November 2017

Amendment to the timing of the ERA's review of the Rate of Return Guidelines for Gas Transmission and Distribution Networks

The Economic Regulation Authority (the ERA) is conducting a review of the rate of return guidelines that apply to regulated gas networks and transmission pipelines in Western Australia.

The rate of return guidelines detail the methods the ERA intends to use to estimate the allowed rate of return for gas transmission and distribution service providers. The purpose of the rate of return guidelines is to establish a consistent and transparent approach for the ERA's gas access decisions.

The ERA originally planned to publish a draft of the updated rate of return guidelines in November 2017, to be followed by a period of public consultation, and publication of the final updated rate of return guidelines in March 2018.

The ERA has since reconsidered this timing. At a national level, the Australian Energy Regulator (AER) is also undertaking a review of its rate of return guidelines. The AER's guidelines apply in other states, but not in Western Australia, where the ERA is the regulator. The Energy Council of the Council of Australian Governments is expected to implement a binding guideline for the rate of return components of the AER's regulatory determinations for electricity and gas, which would also affect Western Australia. In Western Australia, the ERA is awaiting the outcome of an appeal by the Dampier Bunbury Pipeline against the rate of return calculation in its 2016 Dampier to Bunbury Natural Gas Pipeline access arrangement determination.

There may be benefits in aligning the ERA's process with the consultation work undertaken by the AER in its own review. The AER's process will provide an important forum for stakeholders to contribute to the development of the guidelines, and the feedback provided by stakeholders is likely to be relevant to the ERA's review. The outcome of the Dampier to Bunbury Natural Gas Pipeline appeal could also influence the ERA's approach in future.

For these reasons, the ERA will defer publication of the draft guidelines until the first half of 2018. This will allow the ERA to consider any relevant information provided by stakeholders in response to the [AER's issues paper](#). The release of the ERA's draft guidelines will be followed by a period of public consultation, and final updated rate of return guidelines will be published in the second half of 2018.

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