



GOLDFIELDS GAS TRANSMISSION PTY LTD

ACN 004 273 241
ABN 87 004 273 241

Level 5
EastPoint Plaza
233 Adelaide Terrace
PERTH WA 6000

Telephone: +61 8 6189 4300
Facsimile: +61 8 6189 4349

8 November 2018

Ms Jenness Gardner
Chief Executive Officer
Economic Regulation Authority

By e-mail: jenness.gardner@erawa.com.au

Copy to: tyson.self@erawa.com.au

Dear Ms Gardner

Scheduled Reference Tariff Variation Notice for the Goldfields Gas Pipeline

Goldfields Gas Transmission Pty Limited (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, and section A2 of schedule A, of the GGP Access Arrangement, and seeks the Economic Regulation Authority's approval of the proposed varied tariff.

This letter is the Scheduled Reference Tariff Variation Notice required by section 4.5.1(b) of the Access Arrangement.

GGT is not proposing to vary the Reference Tariff as a result of the occurrence of a Cost Pass-through Event.

The proposed variation does, however, take into account annual updating of the return on debt.

GGT has updated the return on debt for the 2019 calendar year using a debt risk premium of 1.619%, which was calculated in accordance with section A5 of Schedule A of the GGP Access Arrangement.

A debt risk premium of 1.619% was proposed by the Economic Regulation Authority in its letter to GGT dated 26 September 2018.

The varied Reference Tariff Components which GGT proposes applying from 1 January 2019 are:

Toll tariff	\$0.114831/GJ MDQ
Capacity reservation tariff	\$0.000610/GJ MDQ km
Throughput tariff	\$0.000225/GJ km

GGT's tariff variation calculations are set out in the table attached to this letter (which, if required, is available as a spreadsheet).

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

Yours sincerely

[REDACTED]

John L Williams
Manager Regulatory

Attachment

Goldfields Gas Pipeline (Covered Pipeline)

Annual Scheduled Variation of Reference Tariffs: Varied Reference Tariff to apply from 1 January 2019

The components of the Reference Tariff are adjusted annually for inflation and for an updated return on debt in accordance with the formula in clause A2 of schedule A to the Goldfields Gas Pipeline Access Arrangement. This spreadsheet calculates the varied Reference Tariff components which are to apply from 1 January 2019.

The Reference Tariff Components which are to be varied are those applying on 1 January of the prior year. They are, for 1 January 2018:

Toll tariff	\$/GJ MDQ	0.116383
Capacity reservation tariff	\$/GJ MDQ km	0.000620
Throughput tariff	\$/GJ km	0.000228

These are the values of p_{t-1} in the formula in clause A2 of schedule A to the Access Arrangement.

The formulae in clause A2 of schedule A require, in addition to the values for p_{t-1} , values for:

t = 4 1 January 2019 - 31 December 2019

X_Factor (toll tariff) t = 4		-0.017451
X_Factor (capacity reservation tariff) t = 4		-0.019542
X_Factor (throughput tariff) t = 4		-0.016647
Y ⁱ		0.020000
D	Number of days in regulatory period 2 (365) divided by number of calendar days in regulatory year 2 (365): D =	1.000000
Z		0.014600
SepCPI _{t-1}	Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, for September Quarter 2018	113.5
SepCPI _{t-2}	Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, for September Quarter 2017	111.4

The limits on the varied reference tariff components are:

Toll tariff	\$/GJ MDQ	0.117128
Capacity reservation tariff	\$/GJ MDQ km	0.000623
Throughput tariff	\$/GJ km	0.000230

Quantities of service provided in Year t - 2 (1 January 2017 - 31 December 2017):

Capacity	TJ MDQ	36,091.91
Capacity.distance	PJ MDQ km	37,872.72
Throughput.distance	PJ km	35,221.29
Limit on movement of weighted average tariff basket	\$m	35.193010
Revenue from tariff basket (Y ⁱ = 0.02)	\$m	35.896870

Varied Reference Tariff Components with Yⁱ = 0:

Toll tariff	\$/GJ MDQ	0.114831
Capacity reservation tariff	\$/GJ MDQ km	0.000610
Throughput tariff	\$/GJ km	0.000225
Revenue from tariff basket with Y ⁱ = 0	\$m	35.193010

The varied Reference Tariff Components to apply from 1 January 2017 are:

Toll tariff	\$/GJ MDQ	0.114831
Capacity reservation tariff	\$/GJ MDQ km	0.000610
Throughput tariff	\$/GJ km	0.000225