



# Notice

31 July 2019

## Proposed revised access arrangement for the Goldfields Gas Pipeline

### Draft decision

The Economic Regulation Authority has published its [draft decision](#) on Goldfields Gas Transmission Pty Ltd's (GGT) proposed revised access arrangement for the Goldfields Gas Pipeline.

The Goldfields Gas Pipeline (GGP) is a 1,378 kilometre transmission pipeline that receives natural gas from offshore fields in the north west of Western Australia, starting at Yarraloola and extending to Kalgoorlie in the Goldfields-Esperance region. The 47 kilometre Newman Lateral is also part of the GGP.

On 21 December 2018, GGT submitted its proposed revised access arrangement, access arrangement information, and other supporting information for 2020 to 2024 (the fourth access arrangement period – AA4). An access arrangement sets the terms and conditions under which third parties can access the pipeline. GGT's customers are mostly industrial gas users.

The ERA has not approved GGT's proposed revised access arrangement and has made 13 required amendments.

GGT proposed to increase current reference tariffs by approximately 29 per cent. The proposed large increase is a result of current tariffs being lower than they otherwise would have been if there had not been a delay in the commencement of the current access arrangement period. The ERA's draft decision has revised the proposed increase in reference tariffs to 17 per cent above current tariffs.

The ERA accepted GGT's proposal to simplify the existing reference tariff variation mechanism by removing the quarterly scheduled variations but retaining the annual scheduled variation and cost pass-through variation mechanisms.

The ERA's lower tariff increase is the result of the ERA's assessment of GGT's proposed forecast operating expenditure and capital expenditure. Based on the information provided by GGT, the ERA determined that only 60 per cent of GGT's proposed capital expenditure and 89 per cent of operating expenditure is efficient and prudent.

The ERA's detailed reasons are outlined in the draft decision document, with the 13 amendments required to enable the ERA to approve GGT's proposed access arrangement.

The ERA will disregard the time given to GGT for it to revise its proposed access arrangement and the following consultation period for interested parties to make submissions on its proposed revisions (as stated below). This is done to calculate the deadline for the ERA to make its final decision under the National Gas Rules. As a result, the deadline to publish the final decision is 4 January 2020.

### **Revision period**

Under rule 59(3) of the NGR, the ERA is required to fix a period within which GGT may, under rule 60, submit additions or other amendments to its proposal to address the matters raised in this decision. The ERA has allowed a revision period of 30 business days from the date of this decision within which GGT may submit revisions to its proposal by 4.00 pm (WST) Wednesday, 11 September 2019.

### **Invitation for submissions**

The ERA invites interested parties to make submissions on the draft decision.

Submissions close 4:00 pm (WST) Thursday, 10 October 2019.

Submissions should be lodged online using the form on our website [www.erawa.com.au/consultation](http://www.erawa.com.au/consultation).

### **Further information**

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