

**ACCESS ARRANGEMENT FOR THE MID-WEST AND SOUTH-WEST GAS
DISTRIBUTION SYSTEMS
VARIATION REPORT FOR VARIATION YEAR 2004**

This variation report details the varied tariff components of the reference tariffs for application during variation year 2004.

The determination of the varied tariff components has been undertaken in accordance with Clause 2 of Schedule 2 – Variation of Reference Tariffs of AlintaGas’s Access Arrangement for the Mid-West and South-West Gas Distribution Systems.

The varied reference tariffs are listed below and will be applicable from 1 January 2004. Details of the individual calculations are provided in the attached spreadsheet.

Varied Reference Tariff A:

- (i) the standing charge is \$48,801.59 per year;
- (ii) the demand charge rate is:
 - A. \$201.46 per gigajoule per kilometre per year for the first 10 kilometres of the interconnection distance; and
 - B. \$100.73 per gigajoule per kilometre per year for any part of the interconnection distance in excess of 10 kilometres;
- (iii) the usage charge rate is:
 - A. \$0.04910 per gigajoule per kilometre for the first 10 kilometres of the interconnection distance; and
 - B. \$0.02454 per gigajoule per kilometre for any part of the interconnection distance in excess of 10 kilometres;

Varied Reference Tariff B1:

- (i) the standing charge is \$554.56 per year;
- (ii) the usage charge rate is:
 - A. \$5.11 per gigajoule for the first 5 terajoules of gas delivered to the user per year;
 - B. \$4.86 per gigajoule for gas delivered to the user in excess of 5 terajoules per year and up to 10 terajoules per year; and
 - C. \$1.28 per gigajoule for gas delivered to the user in excess of 10 terajoules per year;

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Varied Reference Tariff B2:

- (i) the standing charge is \$221.82 per year; and
- (ii) the usage charge rate is:
 - A. \$5.65 per gigajoule for the first 100 gigajoules of gas delivered to the user per year; and
 - B. \$5.09 per gigajoule for gas delivered to the user in excess of 100 gigajoules per year;

Varied Reference Tariff B3:

- (i) the standing charge is \$27.72 per year; and
- (ii) the usage charge rate is:
 - A. \$9.48 per gigajoule for the first 15 gigajoules of gas delivered to the user per year;
 - B. \$6.63 per gigajoule for gas delivered to the user in excess of 15 gigajoules per year and up to 45 gigajoules per year; and
 - C. \$4.36 per gigajoule for gas delivered to the user in excess of 45 gigajoules per year;

Analysis

Each tariff component has been varied in accordance with the following calculation:

$$MAV_t = TC_{t-1} \times (CPI_t - X).$$

Where:

“ MAV_t ” is the maximum allowed value for the *varied tariff component* in the *variation year* (*year t*);

“ t ” indicates the number of a calendar *year*, with:

- $t=1$ representing 2000;
- $t=2$ representing 2001;
- $t=3$ representing 2002;
- $t=4$ representing 2003; and
- $t=5$ representing 2004;

t for the purpose of the calculation is 5.

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“ TC_{t-1} ” is:

- (a) when *year 2* is the *variation year* – the *tariff component* in the *Initial Reference Tariffs* for the period commencing on 1 July 2000 and ending on 31 December 2000; and
- (b) for each other *variation year* – the *tariff component* for *year t-1*;

“**CPI**” is calculated as follows:

- (a) the Consumer Price Index (All Groups, Eight Capital City), published by the Australian Bureau of Statistics for the September Quarter of *year t-1*. CPI for the September 2003 quarter is 142.1;

divided by
- (b) the Consumer Price Index (All Groups, Eight Capital City), published by the Australian Bureau of Statistics for the September Quarter of *year t-2*. CPI for the September 2002 quarter is 138.5;

“**X**” is:

- (a) when *year 2* is the *variation year* – 0.0530; and
- (b) for each other *variation year* – 0.0255.

Therefore CPI_5 is calculated as $\frac{142.1}{138.5} = 1.0260$

$CPI_5 - X$ is calculated as $1.0260 - 0.0255 = 1.0005$