

## OFFICE OF GAS ACCESS REGULATION

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### NOTICE

In response to issues raised by interested parties, I provide the following information in connection with my Final Decision on the proposed Access Arrangement for the Dampier to Bunbury Natural Gas Pipeline.

#### **Total Revenue**

In response to inquiries concerning the Total Revenue referred to in my Final Decision, I note that in calculating the value of Total Revenue referred to at paragraph 515 of my Final Decision, I have assumed for the purpose of the Depreciation Schedule:

- capital expenditure would be depreciated over the economic life of specific assets, rather than over the remaining life of the project; and
- distribution of all classes of depreciable assets is calculated by subtracting from the Initial Capital Base the value of non-depreciable assets as set out in the Draft Decision (i.e. \$10.238 million) and allocating the balance in proportion to the allocation by Epic Energy of its proposed Initial Capital Base for depreciable assets.

#### **Estimated average tariff calculation**

Further, interested parties have raised questions about the calculation of the estimated “average” tariff referred to in paragraph 517 of my Final Decision.

The Final Decision does not purport to prescribe a specific Reference Tariff or tariffs to apply in the Access Arrangement.

In its Access Arrangement, Epic Energy has proposed a method of charging that provides for separate tariffs to apply to Perth and locations south of Perth (such as Kwinana and Bunbury). The Reference Tariff is therefore a schedule of tariffs for delivery of gas to different zones along the pipeline. Accordingly, as noted in paragraph 517 of my Final Decision, because any Reference Tariff will include a schedule of tariffs for different zones of the pipeline, the precise tariffs will depend upon cost allocations and the structure of the tariff, which are matters for Epic Energy to determine subject to certain parameters set out in my Final Decision. The schedule of tariffs may be set in a way that allows Epic Energy to recover no more than the Total Revenue as specified in my Final Decision.

Notwithstanding the above matters, for the purpose of providing some indication of the effect of my Final Decision, in paragraph 517 I adopted the cost allocations utilised by Epic Energy in its proposed Access Arrangement to estimate that the average 100% load factor tariff for transmission of gas from Dampier to locations between, and including, Perth and Bunbury for the Firm Service that would result from the Total Revenue is \$0.95/GJ as at 1 January 2000 and \$1.01/GJ as at 1 January 2003. This is an indicative tariff only and could only be expressed as an “average” tariff as it is a matter for Epic



Energy to establish the zonal tariffs it wishes to adopt, subject to the parameters specified in my Final Decision.

### **Total forecast costs of New Facilities Investment**

The last row of the table of forecast costs of New Facilities Investment, appearing at paragraphs 309 and 724 of my Final Decision, contain some minor typographical errors in each of the totals in the columns for the years from 2001 to 2004 and in the Total column.

The totals currently shown in the table are as follows:

<b>Yr ending 31 Dec</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>Total</b>
<b>Total</b>	<b>6.45</b>	<b>9.62</b>	<b>10.28</b>	<b>6.86</b>	<b>2.48</b>	<b>35.69</b>

The correct totals are as follows:

<b>Yr ending 31 Dec</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>Total</b>
<b>“Total</b>	<b>6.45</b>	<b>9.72</b>	<b>10.38</b>	<b>6.96</b>	<b>2.58</b>	<b>36.08”</b>

The errors were of a typographical nature and do not affect any other calculations referred to in my Final Decision.

For further information please contact Mr Peter Kolf on +61 8 9213 1900.

**KEN MICHAEL**  
**GAS ACCESS REGULATOR**

5 June 2003