

Ref: ST:LMS:SCL:SL-0208

2 February 2011

Mr L Rowe
 Chairman
 Economic Regulation Authority
 Level 6, Governor Stirling Tower
 197 St Georges Terrace
 PERTH WA 6000

Dear Mr Rowe

**RE: Goldfields Gas Pipeline – Reference Tariff CPI Escalation
 Period 1 April 2011 to 30 June 2011**

In accordance with Clause 5.3 of the Goldfields Gas Pipeline (GGP) Revised Access Arrangement, the GGP Reference Tariff is varied in accordance with the tariff escalation calculation as defined in the GGP Access Arrangement General Terms and Conditions Clause 9.8 as follows:

$$C_t = C_{t-1} \times \frac{1}{1+K} \times \frac{CPI_{t-2}}{CPI_{t-3}} \quad ;$$

where:

C_t is the relevant charge in the Quarter t in which the Billing Period occurs;

C_{t-1} is the charge for the quarter $t-1$;

CPI_{t-2} is the CPI for the Quarter commencing six months prior to the commencement of Quarter t ;

CPI_{t-3} is the CPI for the Quarter commencing nine months prior to the commencement of Quarter t ;

$$K = \left[1 + \frac{R}{100} \right]^{0.25} - 1; \text{ and}$$

R is 2.5

The Reference Tariff applicable for the period *t-1* is:

Tariff	Toll \$/GJ	Capacity Reservation \$/GJ km	Throughput \$/GJ km
1 January 2011 to 31 March 2011	0.245517	0.001461	0.000402

The Reference Tariff applicable to the GGP from **1 April 2011 to 30 June 2011** is determined as follows:

$$K = \left[1 + \frac{R}{100} \right]^{0.25} - 1$$

$$K = 0.006192$$

$$R = 2.5$$

Toll Tariff	= 0.245517	x	$\frac{1}{1+K}$	x	$\frac{174.0}{173.3}$
	= 0.245517	x	0.993846	x	1.004039
	= 0.244992				\$/GJ
Capacity Reservation Tariff	= 0.001461	x	$\frac{1}{1+K}$	x	$\frac{174.0}{173.3}$
	= 0.001461	x	0.993846	x	1.004039
	= 0.001458				\$/GJ/km
Throughput Tariff	= 0.000402	x	$\frac{1}{1+K}$	x	$\frac{174.0}{173.3}$
	= 0.000402	x	0.993846	x	1.004039
	= 0.000401				\$/GJ/km

Tariff	Toll \$/GJ	Capacity Reservation \$/GJ km	Throughput \$/GJ km
1 April 2011 to 30 June 2011	0.244992	0.001458	0.000401

Yours faithfully

Steve Lewis
General Manager