



PUBLICATION

Mid-West and South-West Gas Distribution System

PROPOSED REFERENCE TARIFF VARIATION FOR 2013/14

The Economic Regulation Authority (**Authority**) has approved the proposed reference tariff variation submitted by ATCO Gas Australia Pty Ltd (**ATCO**) on 5 June 2013 to apply from 1 July 2013.

ATCO's proposed reference tariff variation provides for the under-recovery of revenue agreed in the revised access arrangement decision pursuant to orders from the Australian Competition Tribunal. The revised decision allowed ATCO to recover its revenue over the two remaining years of the access arrangement period to lessen the impact on small customers.

ATCO's proposed reference tariff variation is consistent with the reference tariff variation mechanism in Annexure B of the approved access arrangement for the Mid-West and South-West Gas Distribution System (**GDS**). The reference tariff variation mechanism provides for the variation of a haulage tariff and comprises:

- a reference tariff variation formula which includes a Consumer Price Index adjustment and differences between actual and forecast regulatory operating expenditure; and
- an adjustment for any defined cost pass-through events.

Reference tariffs will increase by 3.14 per cent at 1 July 2013 before accounting for cost pass-through events.

The Authority has determined that ATCO's cost pass-through events satisfy the requirements set out in clause 3 of Annexure B. Further, the Authority has approved the cost pass-through amount of \$4,153,751.

All cost pass-through amounts are to be recovered between 1 July 2013 and 30 June 2014. These amounts are to be recovered by a standing charge and a variable charge. Fixed costs of \$1,325,604 will be recovered via a standing charge whilst \$2,828,147 will be recovered via a variable charge based on haulage volumes.

The reference tariff for access to the GDS will increase on average by \$7.27 for B3 customers (residential) on an annual bill in 2013/14. Reference tariffs are independent of retail tariffs that may be varied on 1 July each year.

A copy of ATCO's proposed reference tariff variation is available on the Authority's [website](#).

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