



# GOLDFIELDS GAS TRANSMISSION PTY LTD

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REF: JW-JW-SL: 0560

2 November 2018

Rajat Sarawat  
Acting Chief Executive Officer  
Economic Regulation Authority

By e-mail: [rajat.sarawat@erawa.com.au](mailto:rajat.sarawat@erawa.com.au)

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Dear Mr Sarawat

## **Scheduled Reference Tariff Variation Notice for the Goldfields Gas Pipeline**

Goldfields Gas Transmission Pty Limited (GGT) is proposing to vary the Reference Tariff for the Goldfields Gas Pipeline (GGP) in accordance with the mechanism for Scheduled Variation set out in section 4.5, and section A2 of schedule A, of the Access Arrangement for the pipeline, and seeks the Economic Regulation Authority's approval of the proposed varied tariff.

This letter is the Scheduled Reference Tariff Variation Notice required by section 4.5.1(b) of the GGP Access Arrangement.

GGT is not proposing to vary the Reference Tariff as a result of the occurrence of a Cost Pass-through Event.

The proposed variation does, however, take into account annual updating of the return on debt.

GGT has updated the return on debt for the 2018 calendar year using a debt risk premium of 1.862% established from corporate debt yields over the 20 days averaging period to 30 June 2017, which was the averaging period proposed by GGT in its last GGP Access Arrangement revision proposal.

A debt risk premium of 1.862% was proposed by the Economic Regulation Authority in its letter to GGT dated 25 October 2017.

The varied Reference Tariff Components which GGT proposes applying from 1 January 2018 are:

Toll tariff	\$0.116383/GJ MDQ
Capacity reservation tariff	\$0.000620/GJ MDQ km
Throughput tariff	\$0.000228/GJ km

GGT's tariff variation calculations are set out in the table attached to this letter (which, if required, is available as a spreadsheet).

Should GGT be able to further assist the ERA's process of approving the proposed tariff variation, please contact me on (08) 6189 4594, or at [john.williams@apa.com.au](mailto:john.williams@apa.com.au).

Yours sincerely

**John L Williams**  
**Manager Regulatory**

## Attachment

### Goldfields Gas Pipeline (Covered Pipeline)

#### Annual Scheduled Variation of Reference Tariffs: Varied Reference Tariff to apply from 1 January 2018

The components of the Reference Tariff are adjusted annually for inflation and for an updated return on debt in accordance with the formula in clause A2 of schedule A to the Goldfields Gas Pipeline Access Arrangement. This spreadsheet calculates the varied Reference Tariff components which are to apply from 1 January 2018.

The Reference Tariff Components which are to be varied are those applying on 1 January of the prior year. They are, for 1 January 2017:

Toll tariff	\$/GJ MDQ	0.117231
Capacity reservation tariff	\$/GJ MDQ km	0.000625
Throughput tariff	\$/GJ km	0.000230

These are the values of  $p_{t-1}$  in the formula in clause A2 of schedule A to the Access Arrangement.

The formulae in clause A2 of schedule A require, in addition to the values for  $p_{t-1}$ , values for:

$t = 3$                       1 January 2018 - 31 December 2018

X_Factor (toll tariff) $t = 3$		-0.010822
X_Factor (capacity reservation tariff) $t = 3$		-0.012035
X_Factor (throughput tariff) $t = 3$		-0.010356
$Y^i$		0.020000
D	Number of days in regulatory period 2 (365) divided by number of calendar days in regulatory year 2 (365): $D =$	1.000000
Z		0.014600
SepCPI <sub>t-1</sub>	Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, for September Quarter 2017	111.4
SepCPI <sub>t-2</sub>	Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, for September Quarter 2016	109.4

The limits on the varied reference tariff components are:

Toll tariff	\$/GJ MDQ	0.118711
Capacity reservation tariff	\$/GJ MDQ km	0.000632
Throughput tariff	\$/GJ km	0.000233

Quantities of service provided in Year  $t - 2$  (1 January 2016 - 31 December 2016):

Capacity	TJ MDQ	38,308.93
Capacity.distance	PJ MDQ km	40,538.53
Throughput.distance	PJ km	34,120.60
Limit on movement of weighted average tariff basket	\$m	37.375636
Revenue from tariff basket ( $Y^i = 0.02$ )	\$m	38.123149

Varied Reference Tariff Components with  $Y^i = 0$ :

Toll tariff	\$/GJ MDQ	0.116383
Capacity reservation tariff	\$/GJ MDQ km	0.000620
Throughput tariff	\$/GJ km	0.000228
Revenue from tariff basket with $Y^i = 0$	\$m	37.375636

The varied Reference Tariff Components to apply from 1 January 2017 are:

Toll tariff	\$/GJ MDQ	0.116383
Capacity reservation tariff	\$/GJ MDQ km	0.000620
Throughput tariff	\$/GJ km	0.000228