



GOLDFIELDS GAS TRANSMISSION PTY LTD

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REF: JW-JW-SL: 0647

5 November 2020

Ms Jenness Gardner
Chief Executive Officer
Economic Regulation Authority

By e-mail: [REDACTED]

Dear Ms Gardner

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 A1 of schedule A, of the GGP Access Arrangement, 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 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 2020 calendar year using a debt risk premium of 2.009% established from corporate debt yields over the 20 trading days commencing on 1 September 2020, which was the averaging period proposed by GGT in its last GGP Access Arrangement revision proposal.

A debt risk premium of 2.009% was proposed by the Economic Regulation Authority in its letter to GGT dated 28 October 2020.

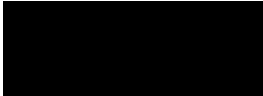
The varied Reference Tariff Components which GGT proposes applying from 1 January 2021 are:

Toll tariff	\$0.118465/GJ MDQ
Capacity reservation tariff	\$0.000718/GJ MDQ km
Throughput tariff	\$0.000195/GJ km

GGT's tariff variation calculations have been made using the ERA's December 2019 Final Decision tariff model. We have, however, summarized them, in an attachment to this letter, which progresses through application of the formulae in section A1 of schedule A of the Access Arrangement.

We would be pleased to discuss with you the way in which we have used the model to arrive at the varied tariff. On this, and on any other matter which may assist the ERA's process of approving the proposed tariff variation, please contact me on [REDACTED].

Yours sincerely

A large black rectangular redaction box covering the signature area.

John L Williams
Regulatory Manager

Attachment

Goldfields Gas Pipeline (Covered Pipeline)

Annual Scheduled Variation of Reference Tariffs: Varied Reference Tariff to apply from 1 January 2021

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 A1 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 2021.

The Reference Tariff Components which are to be varied are those applying on 1 January of the prior year. They are, for 1 January 2020:

Toll tariff	\$/GJ MDQ	0.119199
Capacity reservation tariff	\$/GJ MDQ km	0.000722
Throughput tariff	\$/GJ km	0.000197

These are the values of p_{t-1} in the formula in clause A1 of schedule A to the Access Arrangement.

The formulae in clause A1 of schedule A require, in addition to the values for p_{t-1} , values for:

t = 1 1 January 2021 - 31 December 2021

X_Factor (toll tariff) t = 1		-0.001746
X_Factor (capacity reservation tariff) t = 1		-0.001746
X_Factor (throughput tariff) t = 1		-0.001746
Y ⁱ		0.020000
Z		0.011400
SepCPI _{t-1}	Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, for September Quarter 2020	116.2
SepCPI _{t-2}	Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, for September Quarter 2019	115.4

Limits on the varied reference tariff components

Toll tariff	\$/GJ MDQ	0.120835
Capacity reservation tariff	\$/GJ MDQ km	0.000732
Throughput tariff	\$/GJ km	0.000200

Quantities of service forecast to be provided in Year t - 2 (1 January 2019 - 31 December 2019):

Capacity	TJ MDQ	39,368.90
Capacity.distance	PJ MDQ km	41,644.95
Throughput.distance	PJ km	35,572.58

Limit on movement of weighted average tariff basket

Toll tariff component	\$m	4.663847
Capacity reservation tariff component	\$m	29.882567
Throughput tariff component	\$m	6.964662
	\$m	41.511076

Revenue from tariff basket with $Y^i = 0.02$

Toll tariff component	\$m	4.757124
Capacity reservation tariff component	\$m	30.480219
Throughput tariff component	\$m	7.103955
	\$m	<u>42.341297</u>

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

Toll tariff	\$/GJ MDQ	0.118465
Capacity reservation tariff	\$/GJ MDQ km	0.000718
Throughput tariff	\$/GJ km	0.000195

Revenue from tariff basket with $Y^i = 0$

Toll tariff component	\$m	4.663837
Capacity reservation tariff component	\$m	29.901072
Throughput tariff component	\$m	6.936654
	\$m	<u>41.501562</u>

Is varied toll charge within limit?	YES
Is varied capacity reservation charge within limit?	YES
Is varied throughput charge within limit?	YES
Is weighted average tariff basket within limit?	YES

The varied Reference Tariff Components to apply from 1 January 2021 are:

Toll tariff	\$/GJ MDQ	0.118465
Capacity reservation tariff	\$/GJ MDQ km	0.000718
Throughput tariff	\$/GJ km	0.000195
