



GOLDFIELDS GAS TRANSMISSION PTY LTD

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REF: IC-IC-IC-SL: 0672

9 November 2021

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 2022

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 2022 calendar year using a debt risk premium of 1.482% established from corporate debt yields over the 20 trading days commencing on 1 September 2021, which was the averaging period proposed by GGT in its last GGP Access Arrangement revision proposal.

The debt risk premium of 1.482% was proposed by the Economic Regulation Authority in its letter to GGT dated 4 October 2021.

The varied Reference Tariff Components which GGT proposes applying from 1 January 2022 are:

Toll tariff	\$0.119708/GJ MDQ
Capacity reservation tariff	\$0.000726/GJ MDQ km
Throughput tariff	\$0.000196/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

[REDACTED]

Ignatius Chin
Regulatory Manager

Attachment

Goldfields Gas Pipeline (Covered Pipeline)

Annual Scheduled Variation of Reference Tariffs: Varied Reference Tariff to apply from 1 January 2022

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 2022.

The Reference Tariff Components which are to be varied are those applying on 1 January of the prior year. They are, for 1 January 2021:		
Toll tariff	\$/GJ MDQ	0.118465
Capacity reservation tariff	\$/GJ MDQ km	0.000718
Throughput tariff	\$/GJ km	0.000195
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 2022 - 31 December 2022	
X_Factor (toll tariff) t = 1		-0.007871
X_Factor (capacity reservation tariff) t = 1		-0.007871
X_Factor (throughput tariff) t = 1		-0.007871
Y'		0.020000
Z		0.011400
SepCPI _{t-1}	Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, for September Quarter 2021	119.7
SepCPI _{t-2}	Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, for September Quarter 2020	116.2
Limits on the varied reference tariff components		
Toll tariff	\$/GJ MDQ	0.122102
Capacity reservation tariff	\$/GJ MDQ km	0.000740
Throughput tariff	\$/GJ km	0.000201
Quantities of service forecast to be provided in Year t - 2 (1 January 2020 - 31 December 2020):		
Capacity	TJ MDQ	39,721.98
Capacity.distance	PJ MDQ km	41,581.22
Throughput.distance	PJ km	38,129.26
Limit on movement of weighted average tariff basket		
Toll tariff component	\$m	4.755039
Capacity reservation tariff component	\$m	30.168575
Throughput tariff component	\$m	7.513219
	\$m	42.436832

Varied Reference Tariff Components with Yi = 0

Toll tariff	\$/GJ MDQ	0.119708
Capacity reservation tariff	\$/GJ MDQ km	0.000726
Throughput tariff	\$/GJ km	0.000196

Revenue from tariff basket with Yi = 0

Toll tariff component	\$m	4.755039
Capacity reservation tariff component	\$m	30.187967
Throughput tariff component	\$m	7.473334
	\$m	<u>42.416340</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 2022 are:

Toll tariff	\$/GJ MDQ	0.119708
Capacity reservation tariff	\$/GJ MDQ km	0.000726
Throughput tariff	\$/GJ km	0.000196