



GOLDFIELDS GAS TRANSMISSION PTY LTD

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Jason Dignard
Principal Regulatory Advisor
Economic Regulation Authority
Level 4, 469 Wellington St
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By e-mail: publicsubmissions@erawa.com.au

Dear Jason

GGT's response to the ERA's consultation on amending the 2022 gas Rate of Return Instrument - RBA ceasing publication of the F16 data series

Goldfields Gas Transmission Pty Limited (**GGT**) operates the Goldfields Gas Pipeline for the participants in the Goldfields Gas Transmission Joint Venture. The Goldfields Gas Pipeline is a gas transmission pipeline which is fully regulated under the regime of the National Gas Law and the National Gas Rules.

GGT appreciates the opportunity to provide our input on the consultation paper regarding proposed amendments to the 2022 gas Rate of Return Instrument (RoRI).

The gas RoRI, which sets out the allowed rate of return on capital, plays a critical role in facilitating interest payments on loans and providing returns to investors. We acknowledge the need for accurate and reliable data sources to calculate the risk-free rate and expected inflation rate.

We understand that the Reserve Bank of Australia (RBA) ceased publishing the F16 statistical table, which had been the primary data source for calculating the risk-free rate and expected inflation used in the gas instrument. Consequently, the reliance on the F16 series is no longer feasible.

We acknowledge the need to address this data gap and commend the ERA for proposing amendments to the gas instrument. The consultation paper suggests replacing the F16 series with data from Bloomberg as the primary source, with Yieldbroker data as an alternative if Bloomberg becomes unavailable.

GGT recognises the ERA's evaluation of three options as replacements for the F16 data series, including subscribing to Yieldbroker, using RBA F02 tables, and employing Bloomberg pricing. We also appreciate the criteria utilised by the ERA in its evaluation, namely maintaining consistency across regulatory regimes, ensuring data transparency, relying on actual bond data, considering the longevity and stability of the process/methodology, and assessing the cost to stakeholders and participants.

GGT supports the ERA's proposal to replace the F16 series with data from Bloomberg as the primary source, with Yieldbroker as the backup data. We believe this proposal, on balance, aligns with the ERA's evaluation criteria, particularly ensuring consistency and transparency while basing calculations on reliable bond data.

Furthermore, we recognise the ERA's analysis demonstrating the accuracy of Bloomberg as a suitable proxy for the F16 data series for the purpose of estimating risk-free rate.

If you would like GGT to elaborate on any of the views in the submission, please feel free to reach out to myself. I can be contacted directly on [REDACTED], or at [REDACTED].

Yours sincerely



Ignatius Chin
Regulatory Manager, Western Australia
Goldfields Gas Transmission