



GOLDFIELDS GAS TRANSMISSION PTY LTD

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REF: IC-SY-IC: 0744

2 November 2022

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 2024

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 2023 calendar year using a debt risk premium of 1.908% established from corporate debt yields over the 20 trading days commencing on 1 September 2023, which was the averaging period proposed by GGT in its last GGP Access Arrangement revision proposal.

The debt risk premium was proposed by the Economic Regulation Authority in its letter to GGT dated 6 October 2023.

The varied Reference Tariff Components which GGT proposes applying from 1 January 2024 are:

Toll tariff	\$ 0.131672/GJ MDQ
Capacity reservation tariff	\$ 0.000798/GJ MDQ km
Throughput tariff	\$ 0.000215/GJ km

We have summarised the GGT's tariff variation calculations in the 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 2024

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 2024.

The Reference Tariff Components which are to be varied are those applying on 1 January of the prior year. They are, for 1 January 2023:		
Toll tariff	\$/GJ MDQ	0.126478
Capacity reservation tariff	\$/GJ MDQ km	0.000767
Throughput tariff	\$/GJ km	0.000207
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 2024 - 31 December 2024	
X_Factor (toll tariff) t = 1		-0.001579
X_Factor (capacity reservation tariff) t = 1		-0.001579
X_Factor (throughput tariff) t = 1		-0.001579
Y		0.020000
Z		0.011400
SepCPI _{t-1}	Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, for September Quarter 2023	135.3
SepCPI _{t-2}	Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, for September Quarter 2022	128.4
Limits on the varied reference tariff components		
Toll tariff	\$/GJ MDQ	0.134196
Capacity reservation tariff	\$/GJ MDQ km	0.000814
Throughput tariff	\$/GJ km	0.000220
Quantities of service forecast to be provided in Year t - 2 (1 January 2022 - 31 December 2022):		
Capacity	TJ MDQ	40,431
Capacity.distance	PJ MDQ km	41,612
Throughput.distance	PJ km	36,707
Limit on movement of weighted average tariff basket		
Toll tariff component	\$m	5.319286
Capacity reservation tariff component	\$m	33.199824
Throughput tariff component	\$m	7.904008
	\$m	<u>46.423118</u>
Varied Reference Tariff Components with $Y_i = 0.00081$		
Toll tariff	\$/GJ MDQ	0.131672
Capacity reservation tariff	\$/GJ MDQ km	0.000798
Throughput tariff	\$/GJ km	0.000215
Revenue from tariff basket with $Y_i = 0.00081$		
Toll tariff component	\$m	5.323637
Capacity reservation tariff component	\$m	33.206259
Throughput tariff component	\$m	7.892092
	\$m	<u>46.421988</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 2024 are:		
Toll tariff	\$/GJ MDQ	0.131672
Capacity reservation tariff	\$/GJ MDQ km	0.000798
Throughput tariff	\$/GJ km	0.000215