Economic Regulation Authority

Draft decision on revisions to the access arrangement for the Goldfields Gas Pipeline

Attachment 2: Demand

25 July 2024

D278800

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Note

This attachment forms part of the ERA's draft decision on proposed revisions to the access arrangement for the Goldfields Gas Pipeline. It should be read in conjunction with all other parts of the draft decision, which is comprised of the following document and attachments:

Draft decision on revisions to the access arrangement for the Goldfields Gas Pipeline – Overview, 25 July 2024

- Attachment 1: Access arrangement and services
- Attachment 2: Demand (this document)
- Attachment 3: Revenue and tariffs
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Attachment 2. Summary

Demand forecasts are used to determine the necessary levels of capital and operating expenditure, as well as setting the reference tariffs for AA5. There is only one reference service, the Firm Transportation Service, provided by means of the covered (regulated) GGP. The ERA has reviewed GGT's demand forecast for this service for the five-year access arrangement period (1 January 2025 to 31 December 2029).

For AA5, GGT has forecast contracted capacity of 256 petajoules (PJ) and gas throughput of 217 PJ.[1] The average throughput rate is 85 per cent over the contracted capacity. GGT's demand forecast is published on the ERA's website.[2]

The forecast contracted capacity is based on both actual and highly probable contracted gas volumes, including volumes from the Yarraloola receipt point and the newly commissioned Northern Goldfields Interconnect (NGI) receipt point. The NGI was commissioned in July 2023, providing another connection conveying gas from the Dampier to Bunbury Natural Gas Pipeline (DBNGP) to the GGP, approximately 1,062 kilometres south of the Yarraloola receipt point.

The gas throughput forecast is based on a three-year weighted average actual throughput rate (load factor).[3]

The covered GGP services a small number of large shippers (customers) at multiple delivery points. The majority of shippers on the pipeline are mining operations or electricity generators involved in the mineral extraction and processing operations, supplying gold, nickel, iron ore and rare earths to the global market. Consequently, the global demand and prices for these natural resources are important factors in forecasting demand.

For this draft decision, the ERA assessed projections for Australian commodity production and export during AA5 and the method GGT used to forecast demand. The ERA considers that GGT has taken a reasonable approach by analysing Australian commodity production projection and existing contracts to forecast contracted capacity. GGT's method of basing the gas throughput forecast on the actual AA4 throughput rate is reasonable. However, GGT's proposed throughput rate for some existing contracts for shippers undertaking gold mining operations is lower than the AA4 actual throughput rate. The ERA considers that it is reasonable to increase the gas throughput forecast for these contracts to reflect actuals during AA4 and a projected stable gold export during AA5.

The ERA notes an error in GGT's capacity demand forecast at the NGI receipt point, leading to the contracted capacity and gas throughput forecasts for one of the contracts being overstated by 0.5 TJ per day.

Table 2.1 compares GGT's demand forecast to the ERA's draft decision demand forecast.

The ERA notes that GGT did not publish sufficient information for AA4 demand to meet the requirements under section 72 of the NGR and has requested this data be provided in response to the Draft Decision.

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1 Contracted capacity forecast = (average daily contracted capacity) * (total days in the year) * (number of years in AA5).

Throughput forecast = (average daily throughput) * (total days in the year) * (number of years in AA5).

2 GGT AA5: Proposed supporting information, GGP AA5 Attachment 5.2 – Demand forecast model, (online) (accessed July 2024).

3 GGT AA5: Proposed supporting information, GGP AA5 Attachment 5.1 – Demand forecast report, (online) (accessed July 2024).

Table 2.1: AA5 Firm Transportation Service demand forecast comparison between GGT proposal and ERA draft decision (PJ)

	GGT proposal [4]	ERA draft decision	Variance[5]	Variance (%)
Yarraloola receipt point				
Maximum contracted capacity	201.2	201.2	0.0	0.0
Average contracted capacity	201.2	201.2	0.0	0.0
Average throughput	170.4	175.5	5.1	3.0
NGI receipt point				
Maximum contracted capacity	54.5	53.6	(0.9)	(1.7)
Average contracted capacity	54.5	53.6	(0.9)	(1.7)
Average throughput	47.0	50.4	3.4	7.2
Covered GGP total				
Maximum contracted capacity	255.7	254.8	(0.9)	(0.4)
Average contracted capacity	255.7	254.8	(0.9)	(0.4)
Average throughput	217.4	225.9	8.5	3.9

Source: GGP AA5 Attachment 5.2 – Demand forecast model; ERA demand analysis.

Summary of required amendments

2.1 GGT must publish the minimum, maximum and average demand on the covered GGP, including actuals and forecasts for AA4, for each receipt or delivery point.

2.2 GGT must publish user numbers on the covered GGP, including actuals and forecasts for AA4, for each receipt or delivery point.

2.3 GGT must amend the terms “maximum capacity” and “average capacity” in the demand model and the demand forecast report to “maximum contracted capacity” and “average contracted capacity”.

2.4 GGT must amend the capacity and throughput forecasts to reflect the ERA’s forecasts in Table 2.5 of Draft Decision Attachment 2.

[4] The proposed forecast contains an error resulting in the contracted capacity and gas throughput forecast overstated by 0.5 TJ per day.

[5] Maximum contracted capacity and average contracted capacity variances include adjustment to the GGT’s error in its proposal. Average throughput variances include adjustment to the GGT’s error in its proposal and ERA’s adjustment to contracts relating to shippers in the gold mining operations.

Regulatory requirements

1. Further to preparing an access arrangement proposal for approval, the National Gas Rules (NGR) require the service provider to prepare and submit Access Arrangement Information (AAI).[6] AAI is information that is reasonably necessary for users (including prospective users) to understand the background to the access arrangement; and the basis and derivation of the various elements of the access arrangement.[7]

2. AAI must include any information that is specifically required by the National Gas Law (NGL) and NGR. In particular, rule 72 sets out specific requirements for AAI relevant to price and revenue regulation and includes the following information needs related to demand:

   - Where the access arrangement period commences at the end of an earlier access arrangement period, AAI for a transmission pipeline must include the following usage information over the earlier access arrangement period:
     - Minimum, maximum and average demand for each receipt or delivery point.
     - User numbers for each receipt or delivery point.
   - To the extent it is practicable to forecast pipeline capacity and use of pipeline capacity over the access arrangement period, AAI must include a forecast of pipeline capacity and use of pipeline capacity over that period and the basis on which the forecast has been derived.

3. Where forecasts and estimates are provided, they must adhere to the requirements set out in rule 74:

   - The forecast or estimate must be supported by a statement that sets out the basis for the forecast or estimate.
   - The forecast or estimate must be arrived at on a reasonable basis and must represent the best forecast or estimate possible in the circumstances.

4. Additionally, any information that is inferred or derived from other information must be supported by the primary information on which the extrapolation or inference is based (rule 75).

6 Extracts of the NGR that are referenced in this document are provided in Appendix 3 for information. NGR, rule 43.

7 NGR, rule 42.

GGT's proposal

5. The GGP starts at Yarraloola and ends at Kalgoorlie with a total length of 1,378 kilometres.[8] GGT's proposal includes demand at the Yarraloola receipt point and the NGI receipt point. The NGI was commissioned in July 2023, providing another connection conveying gas from the DBNGP to the GGP. Volumes transported by the NGI that flow into the GGP will be part of the total volumes on the covered GGP.

6. GGT notes that although shippers are gradually implementing alternative renewable energy supplies, they have indicated that firm capacity at the existing contracted level is likely to be required to ensure reliability of the energy supply. GGT expects contracts expiring during AA5 to be renewed at their existing contracted capacity. GGT assessed the outlook for Western Australia's mineral production and exports, and concluded that the outlook for gold, iron ore, nickel and rare earths are largely positive.[9]

7. GGT forecasts a maximum annual contracted capacity of 110.2 terajoules (TJ) per day for the covered GGP at the Yarraloola receipt point, totalling 201 PJ for AA5, and that the average contracted capacity would be the same as the maximum contracted capacity. GGT expects the capacity at the Yarraloola receipt point to be fully contracted for the medium to longer term. The gas throughput forecast is based on the actual throughput rate in AA4 between 2020 and 2022.[10] GGT's proposed demand forecast is shown in Table 2.2.

8. GGT forecasts a maximum annual contracted capacity of between 22.8 TJ and 32.8 TJ per day at the NGI receipt point, totalling 55 PJ for AA5, and that the average contracted capacity would be the same as the maximum contracted capacity. The forecast includes only highly probable contracted capacity based on a cautious but positive market sentiment. GGT notes that additional capacity may become available in the covered GGP downstream of the NGI receipt point due to higher gas pressure delivered at the NGI receipt point. The actual throughput rate at the Yarraloola receipt point was used to forecast the gas throughput at the NGI receipt point.[11]

8 APA, Goldfields Gas Pipeline, (online) (accessed July 2024).

9 GGT, *Goldfields Gas Pipeline AA5 - Attachment 5.1: Demand forecast report*, 1 January 2024.

10 GGT, *Goldfields Gas Pipeline AA5 - Attachment 5.1: Demand forecast report*, 1 January 2024.
GGT, *Goldfields Gas Pipeline AA5 - Attachment* 5.2*: Demand forecast model*, 1 January 2024.

11 GGT, *Goldfields Gas Pipeline AA5 - Attachment 5.1: Demand forecast report*, 1 January 2024.
GGT, *Goldfields Gas Pipeline AA5 - Attachment* 5.2*: Demand forecast model*, 1 January 2024.

Table 2.2: GGT Firm Transportation Service demand forecast for AA5 (TJ/day)

	2025	2026	2027	2028	2029
Yarraloola receipt point					
Maximum capacity	110.2	110.2	110.2	110.2	110.2
Average capacity	110.2	110.2	110.2	110.2	110.2
Average throughput	93.3	93.3	93.3	93.3	93.3
NGI receipt point					
Maximum capacity	22.8	27.8	32.8	32.8	32.8
Average capacity	22.8	27.8	32.8	32.8	32.8
Average throughput	19.7	24.0	28.3	28.3	28.3
Covered GGP total					
Maximum capacity	133.0	138.0	143.0	143.0	143.0
Average throughput	113.0	117.3	121.6	121.6	121.6

Source: GGT, Goldfields Gas Pipeline AA5 - Attachment 5.2: Demand forecast model, 1 January 2024.

Submissions

9. The ERA did not receive any public submissions regarding the proposed demand for the firm transportation service on the covered GGP for AA5.

Draft decision

AA4 demand

10. For AA4, GGT has published the maximum contracted capacity, average contracted capacity and average throughput for the Firm Transportation Service on the covered GGP from 2020 to 2022 (Table 2.3).[12]

Table 2.3: GGT Firm Transportation Service demand for AA4 (TJ/day)

	2020	2021	2022	2023	2024
AA4 final decision forecast					
Maximum capacity	110.53	110.53	110.53	110.53	110.53
Average capacity	110.53	110.53	110.53	110.53	110.53
Average throughput	90.71	90.71	90.71	90.71	90.71
Actuals					
Maximum capacity	108.53	111.42	115.67	na	na
Average capacity	108.53	109.49	110.77	na	na
Average throughput	96.78	94.57	97.23	na	na
Variance					
Maximum capacity	(2.00)	0.89	5.14	na	na
Average capacity	(2.00)	(1.04)	0.24	na	na
Average throughput	6.07	3.86	6.52	na	na

Source: GGT, Goldfields Gas Pipeline AA5 - Attachment 5.1: Demand forecast report, 1 January 2024.

11. GGT did not publish the demand forecast for 2023 and 2024, nor the minimum demand for AA4 as required under section 72 of the NGR.

12. GGT published receipt points, delivery points and the number of users for the Firm Transportation Service on the covered GGP from 2020 to 2022 (Table 2.4).[13]

[12] GGT, *Goldfields Gas Pipeline AA5 - Attachment 5.1: Demand forecast report*, 1 January 2024.

[13] GGT AA5: Proposed Access Arrangement and Access Arrangement Information, GGP AA5 - Access arrangement Information, (online) (accessed July 2024).

Table 2.4: Receipt points, delivery points and users on the covered GGP for AA4 (Actual)

	2020	2021	2022
Receipt points	2	2	2
Delivery points	16	16	17
Users	9	9	9

Source: GGT, Goldfields Gas Pipeline AA5 - Proposed Revised Access Arrangement Information, 1 January 2024.

13. GGT did not publish the forecast receipt points, delivery points and users for 2023 and 2024 as required under section 72 of the NGR for the covered GGP.

Required Amendment

2.1 GGT must publish the minimum, maximum and average demand on the covered GGP, including actuals and forecasts for AA4, for each receipt or delivery point.

2.2 GGT must publish user numbers on the covered GGP, including actuals and forecasts for AA4, for each receipt or delivery point.

AA5 demand forecast

14. The ERA reviewed GGT's demand forecast and notes that most shippers on the pipeline are mining or electricity generation companies involved in the mineral extraction and processing operations, supplying gold, nickel, iron ore and rare earths to the global market. Shippers in nickel and gold operations account for approximately 75 per cent of the total contracted capacity on the covered GGP. Consequently, the global demand and prices for natural resources are important factors affecting the demand forecast.

15. The ERA reviewed GGT's assessment of the outlook for Western Australia's mineral production and exports.[14] The ERA assessed the reasonableness of GGT's demand forecast based on the publications by the Commonwealth Department of Industry, Science and Resources (DISR), World Bank, and International Energy Agency (IEA).[15] [16] [17] These publications provide projections on commodity price, demand, and production over the AA5 period.

16. The ERA notes an error in GGT's capacity demand forecast at the NGI receipt point, leading to the contracted capacity and gas throughput forecasts for one of the contracts being overstated by 0.5 TJ per day.

14 GGT, *Goldfields Gas Pipeline AA5 - Attachment 5.1: Demand forecast report*, 1 January 2024.

15 World Bank, Commodity Markets Outlook April 2024 (online) (accessed July 2024).

16 Department of Industry, Science and Resources of Australia, Resource and Energy Quarterly March 2024 (online) (accessed July 2024).

17 International Energy Agency, Global Critical Minerals Outlook 2024 (online) (accessed July 2024).

Covered GGP capacity

17. The ERA notes, inconsistencies between GGT's naming of forecast capacities in its demand report and demand model, which might lead to incorrect interpretation about contracted capacity and pipeline capacity.[18] GGT should amend the terms "Maximum capacity" and "Average capacity" in the demand model and the demand forecast report to "Maximum contracted capacity" and "Average contracted capacity", as GGT is referring to the capacity it has contracted.

18. Approximately 57 per cent of the contracts at the Yarraloola receipt point continue downstream as covered capacity on the GGP between the NGI receipt point and Kalgoorlie, with a forecast contracted capacity at approximately 60.3 TJ per day.

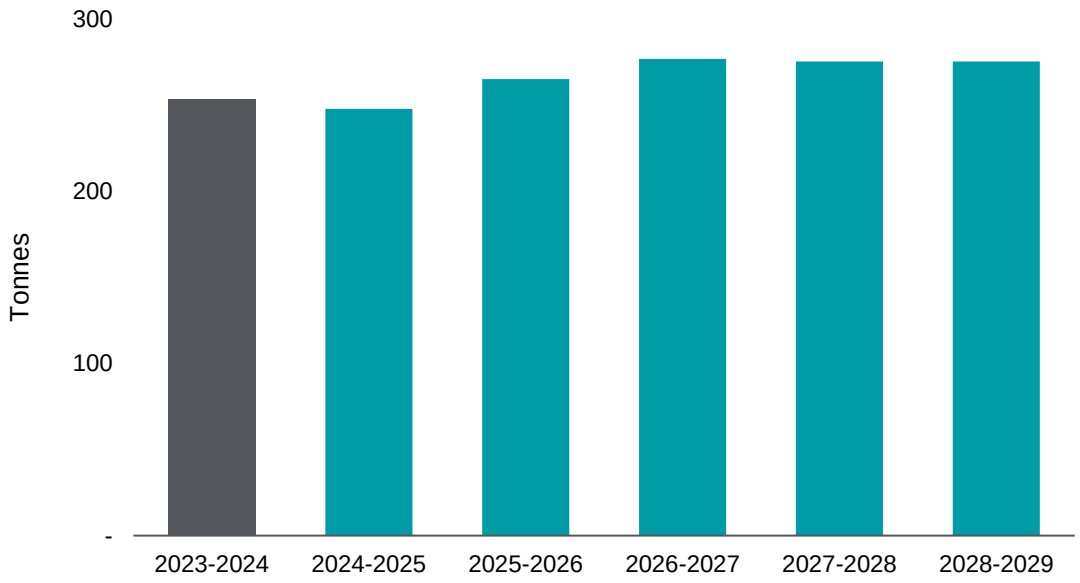
Demand by shippers in gold mining

19. The ERA assessed the forecast for Australian gold production and export that affects demand on the covered GGP.

20. The World Bank and DISR forecast that the gold price will remain at historical highs for the near term. The DISR projects that the gold price will decline from US$2,023 per ounce in 2024 to US$1,950 (US$1,760 in 2024 dollars) per ounce in 2029, which is approximately its 10-year average (between 2014 and 2023).

21. The DISR projects a marginal increase in Australian gold production and export during 2025/26 to reach 312 tonnes and 265 tonnes. Production and export are projected to step up during 2026/27 with commencement of new projects, then stabilise at 324 tonnes for production and 275 tonnes for export in the remaining years of AA5. Part of the projected production and export increase is expected to come from shippers on the covered GGP. The gold export projection is illustrated in Figure 2.1.

Figure 2.1: Australian gold export projection



Source: Department of Industry, Science and Resources of Australia, Resource and Energy Quarterly March 2024.

[18] GGT, *Goldfields Gas Pipeline AA5 - Attachment 5.1: Demand forecast report*, 1 January 2024.
GGT, *Goldfields Gas Pipeline AA5 - Attachment* 5.2*: Demand forecast model*, 1 January 2024.

22. The ERA considers that the contracted capacity demand proposed by GGT is reasonable.

23. The ERA notes that the throughput rate forecast for some contracts is lower than the AA4's average actual throughput rate between 2020 and 2022. GGT did not state reasons for this variance. Given the strong export projection for gold coupled with the high actual throughput rate that exceeded contracted capacity during AA4 in some contracts, the ERA considers that it is reasonable to increase the gas throughput forecast for these contracts by applying the AA4 average actual throughput rate.

Demand by shippers in nickel mining and processing

24. Nickel prices decreased significantly in 2022 and 2023 due to large supplies from Indonesia entering the global market. BHP recently announced that it will temporarily suspend its Western Australian nickel operations from October 2024, with an intention to review this suspension decision by February 2027.[19]

25. Since BHP's announcement, GGT has informed the ERA that it is liaising closely with BHP and will provide further information on the impacts of BHP's announcement on its demand forecast for AA5 in its response to the ERA's draft decision.

26. The ERA notes that DISR projected an improvement in the nickel price during AA5, and an upward trend of nickel exported from Australia during 2026/2027.

27. Absent any updated information from GGT at this time, the ERA has not revised GGT's demand forecast for shippers in nickel mining and processing operations in this draft decision. The ERA will reassess the demand forecast in its final decision using information provided by GGT in its revised proposal and any public submissions received.

Demand by shippers in other mineral mining and production

28. The ERA assessed the forecast for Australian iron ore and rare earths that affects demand on the covered GGP.

29. The World Bank is anticipating an increase in iron ore production from Australia. The DISR projects iron ore exports to increase by 1.6 per cent per year over AA5, reaching 983 million tonnes by 2029.

30. Rare earths are the critical minerals used in high technology devices, batteries and alloys around the world. Australia is one of few countries that mines rare earth minerals.

31. The World Bank is anticipating an increase in critical mineral prices driven by the expanding use of energy transition technologies, and that mining of rare earth minerals has stepped up in several countries including Australia. The IEA projects global rare earth minerals production to increase to 107 thousand tonnes in 2030. Lynas

[19] BHP, 'Western Australian Nickel to temporarility suspend operations', 11 July 2024 (online) (accessed July 2024).

Corporation, a shipper on the covered GGP, indicated its target to produce 9,000 tonnes per year in a February 2024 investor presentation.[20,21]

32. The ERA considers that the contracted capacity and gas throughput proposed by GGT are reasonable.

Demand by shippers in power generation

33. The ERA notes that shippers in power generation supply electricity to the regional commercial and residential customers along the pipeline route and [redacted] iron ore operations.

34. GGT projected that contracted capacity for power generation would increase by 6.7 per cent for AA5 compared to the AA4's final decision, based on a higher actual contracted capacity during AA4. The ERA notes that most of the increase in AA5's contracted capacity is attributed to one of the power generation contracts, providing most of its generation to [redacted] iron ore operations.

35. GGT projected that the throughput rate would be 83 per cent of the contracted capacity, reflecting the actual gas throughput during AA4.

36. The ERA considers that electricity demand by the regional commercial and residential customers on the GGP should remain stable during AA5.

37. The ERA considers that contracted capacity forecast and gas throughput forecast proposed by GGT for power generation contracts are reasonable.

The ERA's demand forecast

38. The ERA's draft decision demand forecast for the firm transportation service on the covered GGP for AA5 is shown in Table 2.5 below:

- Total contracted capacity forecast for AA5 is approximately 255 PJ.
- Total gas throughput forecast for AA5 is approximately 226 PJ.
- Weighted average throughput rate for AA5 is approximately 89 per cent.

[20] GGT, *Goldfields Gas Pipeline AA5 - Attachment 5.1: Demand forecast report*, 1 January 2024.

[21] Lynas Rare Earths Limited, 1H FY24 Result Presentation 26 February 2024 (online) (accessed July 2024).

Table 2.5: ERA draft decision Firm Transportation Service demand forecast for AA5 (TJ/day)

	2025	2026	2027	2028	2029
Yarraloola receipt point					
Maximum contracted capacity	110.2	110.2	110.2	110.2	110.2
Average contracted capacity	110.2	110.2	110.2	110.2	110.2
Average throughput	96.1	96.1	96.1	96.1	96.1
NGI receipt point					
Maximum contracted capacity	22.3	27.3	32.3	32.3	32.3
Average contracted capacity [22]	22.3	27.3	32.3	32.3	32.3
Average throughput	21.2	26.0	30.3	30.3	30.3
Covered GGP total					
Maximum contracted capacity	132.5	137.5	142.5	142.5	142.5
Average contracted capacity	132.5	137.5	142.5	142.5	142.5
Average throughput	117.3	122.1	126.4	126.4	126.4

Source: ERA demand analysis

39. For the final decision, the ERA requires GGT to update its demand forecast by:

- Incorporating new information that may affect the demand forecast.
- Incorporating analysis of the 2023 actual demand that may affect the demand forecast.
- Incorporating any likely contracts at the NGI receipt point not included in its initial forecast that become highly probable.

Required Amendment

2.3 GGT must amend the terms “maximum capacity” and “average capacity” in the demand model and the demand forecast report to “maximum contracted capacity” and “average contracted capacity”.

2.4 GGT must amend the capacity and throughput forecasts to reflect the ERA’s forecasts in Table 2.5 of Draft Decision Attachment 2.

[22] The average contracted capacity at the NGI receipt point includes adjustment to the error in the GGT’s proposal.

Appendix 1 List of Tables

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Appendix 3 National Gas Rules

The National Gas Law (NGL) and National Gas Rules (NGR), as enacted by the *National Gas (South Australia) Act 2008*, establish the legislative framework for the independent regulation of certain gas pipelines in Australia. The *National Gas Access (WA) Act 2009* implements a modified version of the NGL and NGR in Western Australia.

The legislative framework for the regulation of gas pipelines includes a central objective, being the national gas objective, which is:

> … to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to—
>
> (a) price, quality, safety, reliability and security of supply of natural gas; and
>
> (b) the achievement of targets set by a participating jurisdiction—
>
> (i) for reducing Australia's greenhouse gas emissions; or
>
> (ii) that are likely to contribute to reducing Australia's greenhouse gas emissions.
>
> **Note—**
>
> The AEMC must publish targets in a targets statement: see section 72A.[23]

The following extracts of the NGR, as they apply in Western Australia, are provided for information to assist readers.

> **42 General requirements for access arrangement information**
>
> (1) Access arrangement information for an access arrangement or an access arrangement proposal is information that is reasonably necessary for users and prospective users:
>
> (a) to understand the background to the access arrangement or the access arrangement proposal; and
>
> (b) to understand the basis and derivation of the various elements of the access arrangement or the access arrangement proposal.
>
> (2) Access arrangement information must include the information specifically required by the Law.
>
> **43 Requirement to provide access arrangement information**
>
> (1) A service provider, when submitting an access arrangement proposal for the [ERA's] approval, must submit, together with the proposal, access arrangement information for the access arrangement proposal.
>
> Note:
>
> This subrule is classified as a civil penalty provision under the National Gas (South Australian) Regulations. See clause 6 and Schedule 3 of the National Gas (South Australian) Regulations.

[23] NGL, section 23.

The national gas objective has changed since the last review of GGT's access arrangement. The amended objective came into effect in Western Australia on 25 January 2024. See: *Western Australian Government Gazette 24 January 2024 No.8* (online) (accessed July 2024).

(2) If particular information (sensitive information) is confidential, and its public disclosure could cause undue harm to the legitimate business interests of the service provider, a user or prospective user, the AER may permit the service provider to submit access arrangement information in a form, approved by the [ERA], in which the sensitive information:

(a) is aggregated or generalised so as to avoid disclosure of the elements that make it sensitive; or

(b) if that is not possible – is entirely suppressed.

(3) If information submitted as access arrangement information is, in the [ERA's] opinion, deficient in its comprehensiveness or in any other respect, the [ERA] may require the proponent:

(a) to make the revisions necessary to correct the deficiency and to re-submit the access arrangement information; or

(b) to submit further access arrangement information as an addendum to the information already submitted.

…

72 Specific requirements for access arrangement information relevant to price and revenue regulation

(1) The access arrangement information for a full access arrangement proposal (other than an access arrangement variation proposal) must include the following:

(a) if the access arrangement period commences at the end of an earlier access arrangement period:

(i) capital expenditure (by asset class) over the earlier access arrangement period; and

(ii) operating expenditure (by category) over the earlier access arrangement period; and

(iii) usage of the pipeline over the earlier access arrangement period showing:

(A) for a distribution pipeline, minimum, maximum and average demand and, for a transmission pipeline, minimum, maximum and average demand for each receipt or delivery point; and

(B) for a distribution pipeline, customer numbers in total and by tariff class and, for a transmission pipeline, user numbers for each receipt or delivery point;

(b) how the capital base is arrived at and, if the access arrangement period commences at the end of an earlier access arrangement period, a demonstration of how the capital base increased or diminished over the previous access arrangement period;

(c) the projected capital base over the access arrangement period, including:

(i) a forecast of conforming capital expenditure for the period and the basis for the forecast; and

(ii) a forecast of depreciation for the period including a demonstration of how the forecast is derived on the basis of the proposed depreciation method;

(d) to the extent it is practicable to forecast pipeline capacity and utilisation of pipeline capacity over the access arrangement period, a

forecast of pipeline capacity and utilisation of pipeline capacity over that period and the basis on which the forecast has been derived;

(e) a forecast of operating expenditure over the access arrangement period and the basis on which the forecast has been derived;

(f) [Deleted];

(g) the allowed rate of return for each regulatory year of the access arrangement period;

(h) the estimated cost of corporate income tax calculated in accordance with rule 87A, including the allowed imputation credits referred to in that rule;

(i) if an incentive mechanism operated for the previous access arrangement period—the proposed carry-over of increments for efficiency gains or decrements for efficiency losses in the previous access arrangement period and a demonstration of how allowance is to be made for any such increments or decrements;

(j) the proposed approach to the setting of tariffs including:

(i) the suggested basis of reference tariffs, including the method used to allocate costs and a demonstration of the relationship between costs and tariffs; and

(ii) a description of any pricing principles employed but not otherwise disclosed under this rule;

(k) the service provider's rationale for any proposed reference tariff variation mechanism;

(l) the service provider's rationale for any proposed incentive mechanism;

(m) the total revenue to be derived from pipeline services for each regulatory year of the access arrangement period.

(2) The access arrangement information for an access arrangement variation proposal related to a full access arrangement must include so much of the above information as is relevant to the proposal.

(3) Where the [ERA] has published financial models under rule 75A, the access arrangement information for a full access arrangement proposal must be provided using the financial models.

…

74 Forecasts and estimates

(1) Information in the nature of a forecast or estimate must be supported by a statement of the basis of the forecast or estimate.

(2) A forecast or estimate:

(a) must be arrived at on a reasonable basis; and

(b) must represent the best forecast or estimate possible in the circumstances.

75 Inferred or derivative information

Information in the nature of an extrapolation or inference must be supported by the primary information on which the extrapolation or inference is based.