Economic Regulation Authority

Final decision of access arrangement for the Goldfields Gas Pipeline (2025 to 2029)

Attachment 3: Revenue and tariffs

18 December 2024

D284885

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Note

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

- Final decision on access arrangement for the Goldfields Gas Pipeline (2025 to 2029) – Overview, 18 December 2024:
  - Attachment 1: Access arrangement and services
  - Attachment 2: Demand
  - Attachment 3: Revenue and tariffs (this document)
  - Attachment 4: Regulatory capital base
  - Attachment 5: Operating expenditure
  - Attachment 6: Depreciation
  - Attachment 7: Return on capital, taxation, incentives
  - Attachment 8: Other access arrangement provisions
  - Attachment 9: Service terms and conditions

Attachment 3. Summary

The ERA has determined a total revenue requirement for AA5 of $345.8 million based on the decisions for the components of revenue. This approved amount is $46.9 million less than GGT's revised proposal ($392.6 million).

GGT proposed to retain the Firm Transportation Service as the single reference service under the access arrangement. GGT also retained the three-part tariff structure for the service. The ERA's final decision has not made any changes to the tariff structure.

The reference tariffs to apply from 1 January 2025 that result from this final decision are as follows:

- Toll charge: $0.171632
- Capacity reservation charge: $0.001205
- Throughput charge: $0.000314

The approved tariffs are higher than the 2024 approved tariff. There is a 30.3 per cent increase in the toll charge, a 51 per cent increase in the capacity reservation charge, and a 46 per cent increase in the throughput charge. However, the ERA's approved increase in tariffs for 2025 are lower than GGT's revised proposed tariffs.

Tariffs in the years following (1 January 2026 onwards) will be adjusted in accordance with the tariff variation mechanism.

The reference tariff variation mechanism allows the reference tariff to vary over the course of the access arrangement period. The mechanism includes an annual tariff adjustment to account for differences between actual and forecast inflation and other approved tariff adjustments for cost pass through events where relevant.

GGT has accepted the ERA's draft decision required amendments relating to the tariff variation (cost pass through) mechanism, which required GGT to delete its proposed new cost pass through events for insurance coverage, insurer credit risk and regulatory change.

For AA5, five cost pass through events will apply (change in law event; tax change event; natural disaster event; terrorism event; and carbon cost event).

Summary of Required Amendments

3.1 The total revenue requirement for AA5 must be amended to reflect the values set out in Table 3.8 of this Final Decision Attachment 3.

3.2 Schedule A of the revised access arrangement, which details the reference service tariff components, must be amended to reflect the approved tariffs set out in Table 3.9 of this Final Decision Attachment 3.

Regulatory requirements

1. The *National Gas Access (WA) Act 2009* implements a modified version of the National Gas Law (NGL) and National Gas Rules (NGR) in Western Australia. The rules referenced in this decision are those that apply in Western Australia.[1]

2. Section 24 of the NGL sets out revenue and pricing principles to guide the construction of reference tariffs.[2] This primarily involves determining a total revenue amount that is needed by the service provider to recover the efficient costs incurred in operating the pipeline. Once total revenue for the pipeline is determined, reference tariffs can be determined to recover this revenue (that is, the reference tariffs are set to recover the service provider's efficient costs).

3. The NGR sets out specific provisions relating to the determination of each of the respective building blocks that together determine total revenue.[3] In addition to these provisions, rule 93 requires total revenue to be allocated between reference services and other pipeline services in the ratio in which costs are allocated between these services:

   - Costs that are directly attributed to reference services must be allocated to those services.
   - Costs that are directly attributed to other pipeline services (that are not reference services) must be allocated to those services.
   - Other costs (that are not directly attributed to a reference or other pipeline service) must be allocated between reference and other pipeline services on a basis determined or approved by the regulator. The basis on which this occurs must be consistent with the revenue and pricing principles.
   - Costs for the provision of rebateable services may be allocated to reference services if there is a rebate mechanism to apply an appropriate portion of the revenue from the sale of rebateable services to reduce the reference tariff.[4]

4. Each reference service must have a reference tariff. There must also be a mechanism to vary the reference tariff over the course of the access arrangement period. The NGR sets out the following provisions for the calculation of reference tariffs and the development of a tariff variation mechanism:

   - Provisions for revenue equalisation (rule 92):
     – The reference tariff variation mechanism must be designed to equalise (in terms of present values) forecast revenue from reference services for the

[1] The current rules that apply in Western Australia are available from the Australian Energy Market Commission: AEMC, 'National Gas Rules (Western Australia)' (online) (accessed December 2024).
At the time of this decision, *National Gas Rules – Western Australia version 12 (1 February 2024)* was in effect.

[2] The NGL as implemented in Western Australia is set out as a note in the *National Gas Access (WA) Act 2009*. See: Western Australian Legislation (online) (accessed December 2024).
At the time of this decision, *National Gas Access (WA) Act 2009, 25 January 2024 was in effect.*

[3] The specific provisions relating to each of the building block components are discussed in the relevant attachments to the ERA's decision.

[4] A rebateable service is a service that is not a reference service and substantial uncertainty exists concerning the extent of the demand for the service or of the revenue to be generated from the service.

access arrangement period and the portion of total revenue allocated to reference services for the access arrangement period.

  - Where there is an interval of delay between the revision commencement date for an access arrangement and the date on which revisions to the access arrangement commence, reference tariffs in force at the end of the previous access arrangement period must continue without variation for the interval of delay. When fixing the reference tariff for the new access arrangement period there may be an adjustment for any under/over recovery that resulted from the continuation of reference tariffs from the previous access arrangement period during the interval of delay.

- Provisions for transmission pipeline tariffs (rule 95).
  - A reference service tariff must be designed to generate the portion of total revenue referable to that reference service and, as far as reasonably practicable, generate from the user or class of users to which the reference service is provided, the portion of total revenue referable to providing the reference service to that user or class of users.
  - The portion of total revenue referable to a reference service must be determined as follows:
    - Costs directly attributable to each reference must be allocated to that service.
    - Other costs attributable to reference services must be allocated on a basis determined or approved by the regulator (and must be consistent with the revenue and pricing principles).
  - The portion of total revenue referable to providing a reference service to a user or class of users must be determined as follows:
    - Costs directly attributable to supplying the user or class of users must be allocated to the relevant user or class.
    - Other costs are to be allocated between the users or class of users and other users or classes of users on a basis determined or approved by the regulator (and must be consistent with the revenue and pricing principles).
- Provisions for prudent discounts (rule 96):
  - Despite other tariff provisions, the regulator may approve a discount for a particular user or prospective user, or a particular class of users or prospective users.
  - To approve a discount, the regulator must be satisfied that the discount is necessary to respond to competition from other pipeline service providers or other sources of energy, or to maintain efficient use of the pipeline. It must also be satisfied that the provision of a discount is likely to result in tariffs that are lower than they would have otherwise been.
  - Where a discount is approved, the regulator may also approve the allocation of the cost (or part of the cost) of providing the discount to the costs of providing a service in one or more future access arrangement periods.
- Provisions for reference tariff variation (rule 97):
  - The reference tariff variation mechanism may provide for variation of a reference tariff in a variety of forms, including one or more of the following: a schedule of fixed tariffs, a formula in the access arrangement, a cost pass

through for a defined event, or the sale of rebateable services (as contemplated under rule 93).

- When deciding whether the reference service tariff variation mechanism is appropriate, the regulator must consider the need for efficient tariff structures, the possible effects of the mechanism on administrative costs, any existing regulatory arrangements in place before operation of the mechanism, the desirability of consistency between regulatory arrangements within and beyond the relevant jurisdiction, the risk-sharing arrangements in the access arrangement, and any other factor considered to be relevant.
- The reference tariff variation mechanism must give the regulator adequate oversight or powers of approval over the variation of the reference tariff.
- Except as provided by the reference tariff variation mechanism, a reference tariff cannot vary during an access arrangement period.

5. The NGR requires the following revenue and tariff information to be included in the service provider's Access Arrangement Information (AAI):[5]

- Information on the proposed approach to set the reference tariffs, including the suggested basis for the reference tariffs (including the method used to allocate costs and a demonstration of the relationship between costs and tariffs), and a description of any pricing principles employed (rule 72(1)(j)).
- The service provider's rationale for any proposed reference tariff variation mechanism (rule 72(1)(k)).
- The total revenue to be derived from pipeline services for each year of the access arrangement period (rule 72(1)(m)).

6. In addition, the AAI must state the basis on which financial information is provided. Under the NGR, financial information must be provided on a nominal or real basis, or some other recognised basis for dealing with the effects of inflation (rule 73).

[5] 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.

ERA draft decision

Total revenue and reference tariff

7. The ERA determined a total revenue requirement of $323.56 million based on its decisions for each of the building block components of total revenue (Table 3.1).

Table 3.1: ERA draft decision total revenue building blocks for AA5 ($ million nominal)

Building Blocks	2025	2026	2027	2028	2029	Total
Regulatory operating expenditure	22.81	23.77	24.53	25.48	26.01	122.60
Return on capital base	31.33	32.99	33.46	33.65	33.60	165.03
Regulatory depreciation						
Depreciation	13.07	15.03	15.75	16.36	16.88	77.09
Inflationary gain	(10.54)	(11.10)	(11.26)	(11.33)	(11.31)	(55.54)
Regulatory corporate income tax						
Corporate income tax	5.42	5.24	5.55	6.03	6.51	28.75
Imputation credits	(2.71)	(2.62)	(2.78)	(3.01)	(3.25)	(14.37)
Total revenue (unsmoothed)	**59.38**	**63.31**	**65.25**	**67.18**	**68.44**	**323.56**

8. GGT proposed to retain the existing three-part tariff structure for its single reference service (Firm Transportation Service). The ERA found no reason to amend the tariff structure for AA5 and hence applied the same allocation of total revenue between the tariff components to determine its draft decision reference service tariff (Table 3.2).

Table 3.2: ERA draft decision reference service tariff for AA5 ($ nominal)

Tariff Component	Tariff
Toll ($/GJ)	0.143212
Capacity reservation ($/GJ MDQ km)	0.001099
Throughput ($GJ/km)	0.000282

9. The ERA's toll, capacity reservation and throughput tariffs for AA5 were, respectively:

- 8.8 per cent, 37.7 per cent, and 31.2 per cent higher than the current (1 January to 31 December 2024) approved tariffs.
- 16.7 per cent, 16.9 per cent and 19.7 per cent lower than GGT's proposed AA5 tariffs (for 1 January 2025).

Tariff variation mechanism

10. GGT retained the current (AA4) tariff variation mechanism that comprises:

    - A scheduled variation mechanism that provides for an annual variation of the reference tariff to adjust for inflation and updates to the return of debt; and allows GGT to vary the individual components of the reference tariff by up to two per cent.
    - A cost pass through variation mechanism that provides for variation of the reference tariff in response to a cost pass through event.

11. However, for AA5, GGT proposed six new cost pass through events, in addition to the existing two cost pass through events, to mitigate increasing operational risks.[6]

12. In its draft decision, the ERA approved the inclusion of three of the new cost pass through events (natural disaster, terrorism and carbon cost events), subject to some drafting amendments. The two new insurance related cost pass through events were not approved because GGT has a level of control over its insurance related costs; and the new regulatory change event was rejected as it is not needed given the existing change in law event.

13. To encourage efficient regulatory costs, the ERA adjusted the materiality threshold for claiming cost pass through events to a minimum value of $1 million.[7]

14. Additionally, the ERA requested GGT to consider extending the notification period for cost pass through events to provide adequate time for the ERA to undertake a thorough assessment prior to making any tariff adjustment. The new cost pass through events for natural disasters, terrorism and carbon costs are likely to be more complex than the existing change in law and tax change cost pass through events and may require consultation with stakeholders and/or independent specialist advice.

Draft decision required amendments

15. The ERA set out the following draft decision required amendments:

    3.1 GGT must amend the values for total revenue (nominal) to reflect the values as set out in Table 3.9 of Draft Decision Attachment 3 [Table 3.1 of this final decision].

    3.2 Schedule A of the proposed revised access arrangement, which details the reference service tariff, should be amended to reflect the ERA approved tariffs set out in Table 3.10 of Draft Decision Attachment 3 [Table 3.2 of this final decision].

    3.3 GGT must delete the “insurance cap event” and “insurer credit risk event” from Section 4.5.2(c) of the proposed access arrangement.

    3.4 GGT must amend the definition of “natural disaster event” to include the following provision: “iii. whether a declaration has been made by a relevant government authority that a natural disaster event has occurred”.

[6] Proposed new cost pass through events: insurance cap/coverage event; insurer credit risk event; natural disaster event; terrorism event; carbon cost event; and regulatory change event.

Existing cost pass through events: change in law event; and tax change event.

[7] The materiality threshold was previously based on a percentage of the approved total revenue in the year.

3.5 GGT must amend Section 4.5.2(c) of the proposed access arrangement to include the meaning of “natural disaster event”, which must be the same definition that is set out in GGT’s Proposal Overview (subject to Required Amendment 3.4 above).

3.6 GGT must amend the meaning of “terrorism event” in Section 4.5.2(c) of the proposed access arrangement to match the definition that is set out in GGT’s Proposal Overview.

3.7 GGT must amend the definition of “carbon cost event” in Section 4.5.2(c) of the proposed access arrangement, to:

a. ensure only carbon costs that are directly related to the operation of the GGP are captured as a carbon cost event; and

b. make explicit that a carbon cost event applies to both material increases and material decreases in costs.

3.8 GGT must delete the “regulatory change event” from Section 4.5.2(c) of the proposed access arrangement.

3.9 GGT must amend section 4.5.2(d) of the proposed access arrangement to change the materiality threshold to a minimum value of $1 million.

GGT response to draft decision

Total revenue and reference tariff

16. GGT did not accept draft decision required amendment 3.1 to amend the total revenue requirement to the value determined by the ERA. GGT has instead revised its total revenue requirement using the building block approach to a value of $392.6 million (nominal).[8]

17. Table 3.3 sets out GGT's revised total revenue in real dollar terms, which is $128 million (or 57 per cent) more than the approved total revenue requirement for AA4 (2020 to 2024). GGT submitted that "the increase is mainly driven by a combination of higher interest rates and inflation, higher capital expenditure, moderate uplift in operating expenditure and a small amount of revenue related to investments that will increase the reliability and security of the pipeline".[9]

Table 3.3: GGT revised proposed total revenue for AA5 ($ million, real 2023)

Building block	2025	2026	2027	2028	2029	Total
Return on asset	32.4	32.9	32.3	31.4	30.5	159.6
Depreciation	20.7	20.5	20.0	18.8	18.1	98.1
Inflationary gain	-10.9	-11.1	-10.9	-10.6	-10.3	-53.7
Operating expenditure	26.7	26.9	26.9	27.4	27.0	134.8
Tax (net)	3.2	2.8	2.9	3.0	3.1	15.1
Total revenue	**72.1**	**72.1**	**71.3**	**70.1**	**68.3**	**353.9**

Source: GGT, Goldfields Gas Pipeline AA5 – Revised proposal, 5 September 2024, p. 20, Table 2-6.

18. Similarly, GGT did not accept draft decision required amendment 3.2 to amend the reference service tariff to the tariff determined by the ERA. GGT has instead revised the reference tariff based on its revised total revenue requirement and revised demand forecasts.

19. Table 3.4 and Table 3.5 set out GGT's revised 2025 reference tariff in real and nominal terms, respectively, compared to the current 2024 approved tariff. GGT submitted that the tariff has increased due to the increase in total revenue, and that the revised tariff retains the same tariff structure and allocation approach as used in previous access arrangements.[10]

[8] GGT, *Goldfields Gas Pipeline AA5 - Revised proposal tariff model*, September 2024, p. 20.

[9] GGT, *Goldfields Gas Pipeline AA5 - Revised proposal*, September 2024, p. 20.

[10] GGT, *Goldfields Gas Pipeline AA5 - Revised proposal*, September 2024, pp. 21-22.

Table 3.4: 2024 ERA approved and 2025 GGT revised proposed reference tariffs ($ real 2023)

Tariff component	Unit	2024 (ERA approved)	2025 (GGT revised)	Variance (%)
Toll	$/GJ MDQ	0.128762	0.184769	43
Capacity reservation	$/GJ MDQ km	0.000780	0.001297	66
Throughput	$/GJ km	0.000210	0.000344	64

Source: GGT, Goldfields Gas Pipeline AA5 – Revised proposal, 5 September 2024, p. 22, Table 2-7.

Table 3.5: 2024 ERA approved and 2025 GGT revised proposed reference tariffs ($ nominal)

Tariff component	Unit	2024 (ERA approved)	2025 (GGT revised)	Variance (%)
Toll	$/GJ MDQ	0.131672	0.195086	48
Capacity reservation	$/GJ MDQ km	0.000798	0.001369	72
Throughput	$/GJ km	0.000215	0.000363	69

Source: GGT, Goldfields Gas Pipeline AA5 – Revised proposal, 5 September 2024, p. 22, Table 2-8.

Cost allocation

20. GGT's has maintained the allocation approach that was proposed and used for previous access arrangements. That is, GGT allocates costs between covered and uncovered portions of the pipeline at the cost level and prior to the calculation of total revenue. Total revenue is then allocated to the one reference service.

Tariff variation mechanism

21. GGT has accepted the ERA's draft decision required amendments 3.3 to 3.9, all of which are related to the tariff variation (cost pass through) mechanism. GGT submitted:

> We have accepted the ERA's draft decision regarding cost pass through events. Our revised proposal includes additional cost pass through events for natural disasters, carbon cost, and terrorism in addition to the incumbent change in law, and tax changes.
>
> We have amended the materiality threshold and timelines required by the ERA in the draft decision and timeframes for ERA consideration of the new cost-pass through events.[11]

[11] GGT, *Goldfields Gas Pipeline AA5 - Revised proposal*, September 2024, p. 70.

Final Decision

22. The ERA received no submissions from interested parties that addressed GGT's proposal for revenue and tariffs, including the tariff variation mechanism.

23. GGT's basis of financial information is set out in section 1.4 of the revised access arrangement information.[12] Financial information is provided in both nominal and real terms, with all financial information expressed in constant real prices as at 31 December 2023. GGT stated:

> Where necessary, to express financial values in dollar values of 31 December 2023, financial values prior to this date were escalated at the rate of inflation as measured by the Consumer Price Index (All Groups, Weighted Average of Eight Capital Cities) as published by the Australian Bureau of Statistics (CPI). Financial values for 31 December 2024 are de-escalated using the RBA's forecast CPI from the August 2024 Statement on Monetary Policy.
>
> Financial values after 31 December 2024 are de-escalated using the forecast rate of inflation from the weighted average cost of capital (or WACC) parameter estimates.

24. Table 3.6 shows the Consumer Price Index (CPI) and inflation values used by GGT to provide the financial information in its revised proposal.

Table 3.6: GGT actual and forecast CPI and inflation rates

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	Actual				Forecast					
December CPI	117.2	121.3	130.8	136.1	140.2	143.7	147.3	151.0	154.8	158.7
Inflation (%)	0.86	3.50	7.83	4.05	3.00	2.51	2.51	2.51	2.51	2.51

Source: GGT, Goldfields Gas Pipeline Proposed Revised Access Arrangement Information, 5 September 2024, Table 2, p.4.

25. The ERA has provided its financial information using the CPI and inflation values in Table 3.7, which has revised forecast inflation from 2024 onwards consistent with the estimate used to calculate the rate of return for this final decision.

Table 3.7: ERA actual and forecast CPI and inflation rates

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	Actual				Forecast					
December CPI	117.2	121.3	130.8	136.1	139.2	142.3	145.5	148.8	152.2	155.6
Inflation (%)	0.86	3.50	7.83	4.05	2.26	2.26	2.26	2.26	2.26	2.26

Source: ERA

12 GGT, *Goldfields Gas Pipeline Proposed Revised Access Arrangement Information*, 5 September 2024, p. 4.

Total Revenue

26. Table 3.8 sets out the ERA's final decision total revenue for the building block components determined elsewhere in this final decision. As there was no incentive scheme that operated in AA4, no increment or decrements have affected AA5 revenue.

Table 3.8: ERA final decision total revenue building blocks for AA5 ($ million nominal)

Building Blocks	2025	2026	2027	2028	2029	Total
Operating expenditure	29.28	28.48	28.22	29.36	29.41	144.75
Return on capital base	30.09	31.54	31.85	31.89	31.74	157.11
Regulatory depreciation						
Depreciation	13.68	15.53	16.22	16.78	17.28	79.49
Inflationary gain	(9.63)	(10.10)	(10.20)	(10.21)	(10.16)	(50.30)
Regulatory income tax						
Corporate income tax	5.59	5.38	5.69	6.15	6.60	29.41
Imputation credits	(2.79)	(2.69)	(2.85)	(3.07)	(3.30)	(14.70)
Total revenue (unsmoothed)	**66.22**	**68.14**	**68.93**	**70.90**	**71.57**	**345.76**

Source: ERA analysis

Required Amendment

3.1 The total revenue requirement for AA5 must be amended to reflect the values set out in Table 3.8 of this Final Decision Attachment 3.

Allocation of total revenue

27. GGT's revised proposal has maintained the allocation approach that was proposed and used for previous access arrangements. That is, GGT allocates costs between covered and uncovered portions of the pipeline at the cost level and prior to the calculation of total revenue. Total revenue is then allocated to the one reference service.

28. The ERA has considered GGT's allocation of capital and operating costs in Final Decision Attachments 4 and 5, respectively.

Reference tariff

29. GGT has not made any changes to its proposed tariff structure for AA5, which is to retain the existing three-part tariff structure comprising toll, capacity reservation and throughput charges (tariffs).

30. Consistent with the draft decision, the ERA does not consider there to be any reason to amend the tariff structure or allocation of total revenue between the tariff components – GGT's proposed tariff structure is consistent with the requirements of the NGR.

31. For this final decision, the ERA has applied the same percentage allocation of total revenue to determine the final decision reference service tariffs for 2025 (Table 3.9).

Table 3.9: ERA final decision reference service tariff for 2025 ($ nominal)

Tariff Component	Tariff
Toll ($/GJ)	0.171632
Capacity reservation ($/GJ MDQ km)	0.001205
Throughput ($GJ/km)	0.000314

32. The ERA's final decision toll, capacity reservation and throughput tariffs for 2025 are:

- 30.3 per cent, 51 per cent, and 46 per cent higher than the current (1 January to 31 December 2024) approved tariffs for the GGP (Table 3.10).
- 12 per cent, 12 per cent and 13 per cent lower than GGT's revised proposed 2025 tariffs for the GGP (Table 3.11).

Table 3.10: Comparison of ERA final decision tariff and current tariff for the GGP ($ nominal)

Tariff component	Current tariff (1 January 2024 to 31 December 2024)	ERA final decision 2025 tariff	Percentage change (%)
Toll ($/GJ)	0.131672	0.171632	30.3
Capacity reservation ($/GJ MDQ km)	0.000798	0.001205	51.0
Throughput ($GJ/km)	0.000215	0.000314	46.0

Table 3.11: Comparison of GGT proposed 2025 tariff and ERA final decision tariff for the GGP ($ nominal)

Tariff component	GGT revised proposed 2025 tariff	ERA final decision 2025 tariff	Percentage change (%)
Toll ($/GJ)	0.195086	0.171632	-12.0
Capacity reservation ($/GJ MDQ km)	0.001369	0.001205	-12.0
Throughput ($GJ/km)	0.000363	0.000314	-13.5

Required Amendment

3.2 Schedule A of the revised access arrangement, which details the reference service tariff components, must be amended to reflect the approved tariffs set out in Table 3.9 of this Final Decision Attachment 3.

Tariff variation mechanism

33. GGT accepted the ERA's draft decision required amendments 3.3 to 3.9 relating to the tariff variation (cost pass through) mechanism.

34. In response to the ERA's draft decision request for GGT to consider amending the notification period for the new cost pass through events for natural disasters, terrorism and carbon costs, GGT has amended section 4.5.2(e) of the access arrangement as follows:

> (e) Service Provider may submit a Cost Pass-through Event Notice with its annual Scheduled Reference Tariff Variation. Each notice may incorporate a number of claims relating to Cost Pass-through Events. The minimum notice period for ~~a~~:
>
> (i) Cost Pass-through Event Notice for a change in law event and a change in tax event is 40 Business Days prior to the date on which the proposed variations to the Reference Tariff are intended to take effect.
>
> (ii) Cost Pass-through Event Notice for a natural disaster event, terrorism event, and carbon cost event is 90 Business Days prior to the date on which the proposed variations to the Reference Tariff are intended to take effect.

35. The ERA is satisfied that GGT's revised proposed access arrangement incorporates the draft decision required amendments.

36. The ERA is also satisfied that GGT's new provision requiring a minimum 90 business days' notice for a natural disaster, terrorism or carbon cost event provides sufficient time to undertake a thorough assessment of the cost pass event prior to making any tariff adjustment.

37. The ERA's final decision is to approve GGT's revised tariff variation (cost pass through) mechanism for AA5, where the following cost pass through events will apply:

- Change in law event [existing]
- Tax change event [existing]
- Natural disaster event [new]
- Terrorism event [new]
- Carbon cost event [new].

Appendix 1 List of Tables