



15 April 2019

Mr Chris Pattas
General Manager
Distribution
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

By email: Chris.Pattas@aer.gov.au

Dear Chris

Amadeus Gas Pipeline Access Arrangement: Reference Tariff Variation 1 July 2019

APT Pipelines (NT) Pty Limited (APT NT), in accordance with clause 4.7.2 of the Access Arrangement approved by the Australian Energy Regulator (AER) in May 2016, proposes to vary the reference tariff of the Amadeus Gas Pipeline (AGP). This letter notifies the AER of the varied reference tariff which is to have effect from 1 July 2019.

Pursuant to clause 4.7.1 of the Access Arrangement, the reference tariff for the AGP Firm Service is to be varied using the following formula:

$$\text{Reference Tariff}_t = \text{Reference Tariff}_b \times \frac{\text{CPI}_t}{\text{CPI}_b} \times \prod_{j=1}^t (1 - X_j) \times (1 + \text{PT}_t)$$

where:

- Reference Tariff_t is the Reference Tariff for the Firm Service for year t;
- t is the year in which the adjusted Reference Tariff is to be applied (from 1 July);
- Reference Tariff_b is the Reference Tariff for the Firm Service for the year 2016–17;
- CPI is the Consumer Price Index, All Groups, Weighted Average of Eight Capital Cities, published by the Australian Bureau of Statistics;
- CPI_t is the CPI for the December quarter in financial year t – 1;
- CPI_b is the CPI for the December quarter in financial year 2015–16;
- X is the X factor for each financial year of the 2016–21 access arrangement period as determined in the PTRM as approved in the AER's Final Decision, and annually revised for the return on debt update calculated for the relevant financial year during the access arrangement period in accordance with the method approved in the AER's Final Decision; and
- PT_t is the cost pass through factor for financial year t calculated in the way set out in the Access Arrangement.

For the financial year 2019-20:

$t = 3$;

Reference Tariff_b = \$0.5959/GJ;

CPI_t = 114.1;

CPI_b = 108.4;

$\prod_{j=1}^t (1 - X_j) = (1 - X_{2017-18})(1 - X_{2018-19})(1 - X_{2019-20})$;

$X_{2017-18} = 3.51\%$; and

$X_{2018-19} = 3.70\%$ per the AER PTRM dated April 2018; and

$X_{2019-20} = 3.36\%$ **DRAFT** per the AER PTRM dated April 2018.

$PT_t = 0$ (there is no cost pass through).

The X factor for 2019-20, 3.36%, has been drawn from the AER's Final Decision PTRM with an updated return on debt for 2018-19, as advised to APTNT in April 2018. $X_{2019-20}$ will be updated following the AER's updated advice on the cost of debt and X Factor for 2019-20.

Applying the reference tariff variation formula of the Access Arrangement, and the X factor shown above, the AGP reference tariff from 1 July 2019 will be \$0.5633/GJ **DRAFT** of Firm MDQ.

This notice will be updated following the AER advice to APT Pipelines (NT) Pty Limited of the revised X Factor to apply following the AER's annual update to the cost of debt.

Please contact Scott Young, Regulatory Manager, on 02 9275 0031 if you have any questions on this reference tariff variation notice.

Yours sincerely



Peter Bolding
General Manager Regulatory and Strategy