



30 June 2023

## **Submission: AER June 2023 proposed amendment to the 2022 Rate of Return Instrument**

The Australian Pipelines and Gas Association (APGA) represents the owners, operators, designers, constructors and service providers of Australia's pipeline infrastructure, connecting natural and renewable gas production to demand centres in cities and other locations across Australia. Offering a wide range of services to gas users, retailers and producers, APGA members ensure the safe and reliable delivery of 28 per cent of the end-use energy consumed in Australia and are at the forefront of Australia's renewable gas industry, helping achieve net-zero as quickly and affordably as possible.

APGA welcomes the opportunity to contribute to the AER June 2023 consultation on proposed amendment to the 2022 Rate of Return Instrument (RoRI) (the **Amendment**).

APGA recognise the need to change the 2022 RoRI following the cessation of the publication of the F16 data series and agree that the use of the F2 series is the best solution under the circumstances. In the broader context of regulatory practice going forward, there are two process issues worth considering. Although these issues do not alter the practical outcome of using the F2 series as a substitute for the discontinued F16 series, acknowledging and addressing them play a role in promoting transparency and consistency. The issues are as follows:

1. The AER's discussion of the procedural basis by which it has made this change suggests a need for the AER to provide more guidance around the future exercise of its powers in this respect, and we agree with the ENA's call for such guidance.
2. The AER bases the choice of alternate data sources on utilising the sources which most closely represents the logic used in the RoRI that led to the use of the F16 series. We have no objection to the AER's justification of the F2 series in this regard.<sup>1</sup> However, an inconsistency arises due to the assessment of the Yieldbroker series based on its role as the source of the F16 series, while the evaluation of Bloomberg data relies on comparing its yields with those in the F16 series. To be consistent, we believe that the Bloomberg data should be assessed on the basis of whether it informs the RBA F16 series (as the Yieldbroker data series was) or the data should be assessed by comparing its yields to the F16 yields (as the Bloomberg series was).<sup>2</sup> We would suggest the former test would be simpler, while providing

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<sup>1</sup> We note that the ERA in Western Australia has come to a different conclusion in this regard.

<sup>2</sup> As the AER points out, the Yieldbroker and RBA series apply different rounding, and rounding differences could, depending on the sample chosen, give rise to differences of a similar magnitude the AER finds for Bloomberg.

stakeholders with transparency and a clear rationale for the decision regarding data selection.

To discuss any of the above feedback further, please contact me on [REDACTED] or

[REDACTED]

Yours Sincerely,

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JORDAN MCCOLLUM  
National Policy Manager  
Australian Pipelines and Gas Association