



**APT Petroleum Pipelines Limited**  
**ABN 39 009 737 393**

16 April 2014

Mr Chris Pattas  
General Manager  
Network Operations and Development Branch  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

Dear Chris,

**ROMA BRISBANE PIPELINE - NOTIFICATION OF ANNUAL TARIFF INCREASE**  
**(Reference Tariffs Effective 1 July 2014 to 30 June 2015)**

In accordance with section 4.5 of the Access Arrangement for the Roma Brisbane Pipeline (RBP), APT Petroleum Pipeline Limited (APTPPL) intends to vary the RBP Reference Tariffs via the following tariff escalation calculation.

$$RT_n = RT_{n-1} \times \left(1 + \frac{CPI_{n-1} - CPI_{n-2}}{CPI_{n-2}}\right) \times (1 - X)$$

Where X (1 July 2014) = -4%

The forecast CPI figure for All Groups – Weighted Average Eight Capital cities March 2013 to March 2014 of 3.03% has been applied. This reflects actual CPI movements to the December 2013 quarter and a forecast CPI of 2.5% for the March 2014 quarter.

After application of the carbon cost pass-through discussed below, the X factor to apply to the 2014/15 year will be -3.17% as shown below.

**Tariffs to apply from 1 July 2014**

$$\text{Capacity Charge} = 0.5692 \times \left[1 + \frac{(105.5 - 102.4)}{102.4}\right] \times (1 - (-0.0317))$$

$$= 0.5692 \times [1 + 0.03] \times (1.0317)$$

$$= \mathbf{0.6050 \$/GJ \text{ of MDQ/day (exclusive of GST)}}$$

$$\text{Throughput Charge} = 0.0381 \times \left[1 + \frac{(105.5 - 102.4)}{102.4}\right] \times (1 - (-0.0317))$$

$$= 0.0381 \times [1 + 0.03] \times (1.0317)$$

$$= \mathbf{0.0405 \$/GJ (exclusive of GST)}$$



The same tariffs, GST inclusive are

Capacity Charge = 0.6655 \$/GJ of MDQ/day (inclusive of GST)

Throughput Charge = 0.0446 \$/GJ (inclusive of GST)

### Carbon cost pass through

The RBP Access Arrangement includes a forecast for carbon costs as part of the operating expenditure. The Access Arrangement also includes a procedure to reconcile the forecast carbon costs against the actual costs of acquiring the required number of carbon permits. This reconciliation occurs in the second year following the year in which the liability for carbon costs was incurred.

On 14 February 2014, APTPPL lodged a pass through application with the AER including this reconciliation. Following discussion at the officer level, the agreed amount of carbon cost pass through for the 2013/13 carbon year has been estimated at \$425,260. This amount is subject to approval by the AER board, and will be adjusted for outturn CPI once the March 2014 CPI figures are released.

### Applicable X Factor reflecting carbon cost pass through

Table 12.1 of the AER-approved Access Arrangement Information indicates that the allowed revenue for the 2014/15 year is \$53.4 million. A review of the AER's Post Tax Revenue Model supporting its Final Decision indicates that the non-rounded value is \$53,374,357. Subtracting the \$425,260 forecast amount for the carbon cost pass through indicates that the smoothed allowed revenue for 2014/15 should be \$52,949,097.

APTPPL then conducted a back-solve operation, and calculated that the approved X Factor should be -3.17% as shown below.

Revenue Smoothing - PTRM Version: 2.0					
Year		2011-12	2012-13	2013-14	2014-15
(\$m Nominal)					
Annual Building Block Revenue Requirement	Current MAR		48.48	51.67	53.60
Maximum Allowed Revenue - Smoothed		39.90	48.48	50.40	52.38
X Factor					-1.36%
Maximum Allowed Revenue - Smoothed		39.90	46.25	50.04	52.949097
Multiple X Factors			-8.75%	-5.00%	-3.17%



If you have any questions, please contact Scott Young on 02 9275 0031.

Regards,

A handwritten signature in blue ink that reads "Scott Young".

Handwritten initials "for" in blue ink, positioned to the left of the typed name.

Peter Bolding  
General Manager Strategy and Regulatory