

13 May 2016

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 2016 to 30 June 2017)

This notice updates the previous notice provided to the AER on 18 April 2016 that included an estimated value for the March quarter 2016 CPI.

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 2016) = -3%

CPI_{n-2} = CPI figure for All Groups – Weighted Average Eight Capital cities, March 2015 = 106.8

CPI_{n-1} = CPI figure for All Groups – Weighted Average Eight Capital cities, March 2016 = 108.2

The CPI figure for All Groups – Weighted Average Eight Capital cities March 2016 has been applied.

Reference Tariffs to apply from 1 July 2016

$$\begin{aligned} \text{Capacity Charge} &= 0.6421 \times \left[1 + \frac{(108.2 - 106.8)}{(106.8)} \right] \times (1 - (-0.03)) \\ &= 0.6421 \times [1 + 0.0131] \times (1.03) \\ &= \mathbf{0.6505} \quad \mathbf{\$/GJ \text{ of MDQ/day}} \quad (\text{exclusive of GST}) \end{aligned}$$

$$\begin{aligned} \text{Throughput Charge} &= 0.0430 \times \left[1 + \frac{(108.2 - 106.8)}{(106.8)} \right] \times (1 - (-0.03)) \\ &= 0.0430 \times [1 + 0.0131] \times (1.03) \\ &= \mathbf{0.0436} \quad \mathbf{\$/GJ \text{ of MDQ/day}} \quad (\text{exclusive of GST}) \end{aligned}$$



Carbon cost pass through

The RBP Access Arrangement includes a forecast for carbon costs as part of the operating expenditure. On 17 July 2014, the carbon tax was repealed, with effect from 01 July 2014.

On 27 August 2014, APTPPL lodged a negative cost pass through application to give effect to this repeal. The AER's May 2015 Decision accepted a negative pass through amount of -\$741,473 for the 2016/17 year. This AER-approved pass through amount is reflected in the tariff calculation below.

Applicable tariffs reflecting carbon cost pass through

The 2012-17 RBP AA derives tariffs on the basis that 95% of revenues are to be recovered through capacity charges and 5% are to be recovered through throughput charges. The pass through amount has been allocated to capacity and throughput revenue on that same basis, and divided by the forecast volumes as reflected in the Access Arrangement Information to derive the tariff impact of the pass through, as follows:

	Capacity charge	Throughput charge
Proportion of revenue	95%	5%
Allocated amount of carbon cost pass through	(704,399)	(37,074)
Forecast volumes per AAI Tables 4.3, 4.1	209.9 TJ/day	64,953 TJ
Pass through tariff impact	(0.0092) \$/GJMDQ/day	\$(0.0006) /GJ

Tariffs reflecting this negative pass through are shown below.

Tariffs reflecting pass through amount

	Capacity charge \$/GJMDQ/day	Throughput charge \$/GJ
2016/17 Reference Tariff	0.6505	0.0436
Pass through tariff impact	(0.0092)	(0.0006)
Net tariffs (ex GST)	0.6413 \$/GJMDQ/day	0.0430 \$/GJ

If you have any questions, please contact Scott Young on 02 9275 0031 or scott.young@apa.com.au.

Regards,

Peter Bolding
General Manager Strategy and Regulatory