

Erratum 19 July 2002

GasNet Access Arrangement and Access Arrangement Information March 2002

Attached are replacement tables for the AAI and AA Submission as detailed below along with consequential changes to the AA Submission text.

1. Access Arrangement Information, Tables 2-1, 2-2, 2-3, 2-4 & 3-4 have corrections to:

Table 2-1

Change to opening Asset Base as at 1/1/98 to agree with that approved in 1998 resulting from clarification of numbers in Final Decision of 6/10/1998.
Adjustments now consist only of Excluded Assets.

Table 2-2

Reconciliation of opening Asset Base, treatment of escalation and change in allocation percentage for Indirect Assets for next AA period.

Table 2-3

Reconciliation of opening Asset Base resulting in change of identified depreciation for period 1/7/97 to 1/1/98 as per Table 2-1.

Table 2-4

Consequential changes from those identified in Table 2-3.

Table 3-4

Adjustment in calculated depreciation for pipelines.

1. Access Arrangement Submission, Tables 5.1, 5.2, 5.3, 5.4 have corrections to:

Table 5.1

As for AAI Table 2-1

Table 5.2

As for AAI Table 2-2

Table 5.3

Adjustments to timing of expenditure.

Table 5.4

Adjustments to expenditure timing on projects completed in 1997 & 1998 to more accurately reflect the approved RAB as at 1/1/1998 and some re-allocation of minor costs between general maintenance capital and identified projects.

Draft GasNet Access Arrangement Information - Revised Tables

Table 2-1: Rectified Initial Capital Base

Elements of Capital Base	Amount (\$ million)
Capital base (as at 1 January 1998)	358.0
Adjustment for Excluded Assets	41.2
Rectified Capital Base	399.2

Table 2-2: Rolled Forward Capital Base

Year ending 31 December	1998	1999	2000	2001	2002
Opening Capital Base	399.2	430.3	516.9	534.5	537.6
Inflation on opening balance	6.3	7.8	30.1	16.8	13.6
Depreciation (end of year dollars)	13.8	15.2	17.0	18.1	18.4
Capex (end of year dollars)	38.7	94.1	6.3	4.6	0.7
Disposals/Redundancies (end of year dollars)	0.0	0.0	1.8	0.2	0.0
Indirect Asset Allocation					0.5
Closing Capital Base	430.3	516.9	534.5	537.6	533.8

Table 2-3: Accumulated Depreciation (\$ million)

Accumulated depreciation identified in GHD valuation as at 30 June 1997	\$225.0
Plus depreciation for period 30 June 1997 to 31 December 2002	\$89.2
Accumulated Depreciation as at 31 December 2002	\$314.2

Table 2-4: Capital Base as at 1 January 2003 (Nominal \$ million)

Facility Category	ODRC Value
Pipelines	456.4
Compressors	46.5
Odourisation	0.2
System Control	21.3
Gas Quality	0.1
General Land & Buildings	8.7
Other	0.6
Total	533.8

Table 3-4: Depreciation Allowance by Asset Category (Nominal \$million)

Asset Category	2003	2004	2005	2006	2007
Pipelines	14.45	15.04	15.65	16.40	17.33

Asset Category	2003	2004	2005	2006	2007
Compressors	4.24	4.50	4.95	4.99	4.51
Odourisation	0.01	0.01	0.01	0.01	0.02
System Control	0.90	0.94	1.10	1.30	1.37
Gas Quality	0.02	0.02	0.02	0.02	0.02
General Land & Building	0.18	0.18	0.19	0.19	0.19
Other	0.27	0.26	0.23	0.19	0.17
Total	20.1	21.0	22.2	23.1	23.6

GasNet Australia Access Arrangement Submission - Revised Tables

Table 5-1: Rectified Initial Capital Base

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Rectified Capital Base	399.2

Table 5-2: Rolled Forward Capital Base (\$ million)

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Indirect Asset Allocation					0.5
Closing Capital Base	430.3	516.9	534.5	537.6	533.8

Table 5-3: Capital Expenditure Reconciliation (\$million)

Capital Expenditure Reconciliation (\$million)												
Year Ending 31 Dec	1998		1999		2000		2001		2002		TOTAL	
	Fore-cast	Actual	Fore-cast	Actual	Fore-cast	Actual	Fore-cast	Actual	Fore-cast	Actual	Fore-cast	Actual
Pipelines	34.40	35.13	0.15	68.36	29.89	0.00	1.27	0.03	0.16	0.03	65.87	103.55
Compressors	0.67	2.49	4.06	66.68	1.93	5.96	0.84	4.20	0.41	0.28	7.91	79.60
Odourisation	0.10	0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.07
System Control	0.52	0.54	0.00	14.79	0.00	0.00	0.00	0.05	0.00	0.05	0.52	15.43
Gas Quality	0.00	0.05	0.00	0.05	0.00	0.04	0.00	0.00	0.00	0.00	0.00	0.13
General Land & Buildings*	0.01	0.04	0.03	0.00	0.03	0.04	0.03	0.00	0.03	0.00	0.13	0.08
Other*	0.10	0.11	0.17	0.36	0.18	0.21	0.14	0.21	0.14	0.30	0.73	1.17
TOTAL	35.79	38.42	4.41	150.23	32.03	6.25	2.28	4.48	0.74	0.66	75.25	200.04
VARIANCE	2.63		145.82		-25.78		2.20		-0.08		124.79	

*Transmission share only

Table 5-4: Actual Capital Expenditure 1998-2002 (\$ million)

Project Description	Forecast	Actual	Net Actual #
Gooding Compressor automation	1.50	2.21	2.21
Brooklyn Compressor automation	2.69	4.13	4.13
Brooklyn compressor restaging and cooler upgrade	1.07	1.85	1.85
Brooklyn Loop	27.15	0.00	0.00
SWP	0.00	82.80	75.50
Interconnect Assets*	18.53	42.60	40.40
Bulla Park Compressor	0.00	28.10	0.00
Young Compressor	0.00	19.56	0.00
Murray Valley Pipeline%	15.63	15.63	15.63
General Maintenance Capital Expenditure	7.61	1.98	1.98
Non System Capital Expenditure	1.07	1.17	1.17
TOTAL	75.25	200.04	142.88

Net Actual is amount added or to be added to GasNet RAB. SWP is net of \$7.3 million acceleration payment from government. Interconnect Assets is net of \$2.2 million government contribution. Bulla Park & Young compressors are not to become part of the GasNet RAB. There were government contributions of \$34.8 million to these assets. The balance of \$12.8 million is not being claimed by GasNet to be added to the RAB.

* Interconnect Assets forecast includes Interconnect Pipeline only. While not included in the forecast approved in the 1998 Decision, the pipeline was assumed to be constructed and tariffs were based on flows through the pipeline. The actual expenditure also includes the Springhurst Compressor and associated system control facilities (less the government contribution).

% The Murray Valley Pipeline was included in the 1998 Decision capital expenditure forecast despite the fact that it was completed before the Decision and tariffs for its use were approved in that Decision.

GasNet Australia - Access Arrangement Submission - Corrections

The amendments to the tables in the Access Arrangement Submission identified above required two amendments to be made to the text of the Access Arrangement Submission.

The last paragraph of section 5.8.2 should read as follows:

The actual capital expenditure incurred by GasNet in the First Access Arrangement Period was \$200 million. A portion of this capital expenditure (\$40.4 million) relating to the Interconnect Assets, has already been rolled into the Capital Base. GasNet proposes to include in its Capital Base an additional \$102.5 (as spent) of the remaining capital expenditure. The justification for these projects to be included in the Capital Base is discussed in section 5.8.4 of this Submission.

The first paragraph under the heading “Compressor Station Automation” in section 5.8.4 should read as follows:

The Brooklyn and Gooding compressor stations required upgrading to their control systems to allow reliable remote operation of the system by VENCORP. The Gooding compressor station automation was commissioned in 1999 at a cost of \$2.5 million (of which \$0.3 million was spent in 1997 and included in the opening RAB) and the Brooklyn automation was commissioned in 2000 at a cost of \$4.1 million.