



5 May 2021

Mr Daniel Dale  
 Senior Analyst Pricing  
 Australian Energy Regulator  
 GPO Box 520, Melbourne VIC 3001  
 Via email [REDACTED]

Dear Daniel,

**ROMA BRISBANE PIPELINE - NOTIFICATION OF ANNUAL TARIFF ADJUSTMENT  
 (Reference Tariffs Effective 1 July 2021 to 30 June 2022)**

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

$$RT_n = RT'_n \times (1 - RB_n)$$

Where:		Value for the purpose of this Notice:
RT <sub>n</sub>	means the Long Term Firm Service Tariff in Year n	(see below)
n	means the Year in which the adjusted Long Term Firm Service Tariff is to be applied	2022
RT' <sub>n</sub>	means the unadjusted Long Term Firm Service Tariff in Year n, prior to adjustments to account for the rebate of rebateable services revenues as set out in formula below  $RT'_n = RT'_{n-1} \times \left[ 1 + \frac{CPI_{n-1} - CPI_{n-2}}{CPI_{n-2}} \right] \times (1 - X)$	0.5925
RT' <sub>n-1</sub>	means the unadjusted Long Term Firm Service Tariff in Year n-1, prior to adjustments to account for the rebate of rebateable services revenues	0.6604
CPI	means Consumer Price Index (All Groups — weighted Average Eight Capital Cities) published quarterly by the Australian Bureau of Statistics.	
CPI <sub>n-1</sub>	means the CPI published for the March quarter in Year n-1. For tariffs in 2021-22, n-1 is March quarter 2021	
CPI <sub>2020</sub> = CPI <sub>n-2</sub>	CPI figure for All Groups – Weighted Average Eight Capital cities, March 2021 =	117.9
CPI <sub>2019</sub> =	means the CPI published for the March quarter in Year n-2. For tariffs in 2020-21, n-2 is March quarter 2020. CPI figure for All Groups – Weighted Average Eight Capital cities, March 2020 =	116.6
X X <sub>2022</sub>	the X factor for each financial year of the 2017–22 access arrangement period as determined in the PTRM as approved in the AER's final decision, and annually revised for the changes in the return on debt	11.28%
RB <sub>n</sub>	The <i>rebateable services adjustment factor</i> calculated as follows:  $RB_n = 0.70 \left[ \left( \frac{R_{n-1} \times (1 + WACC_n)}{RT'_n q_n} \right) \right]$  where: R <sub>n-1</sub> is: any rebateable service revenue amount earned by APTPPL in whole or part in calendar year n-1 for services classified as rebateable services. RT' <sub>n</sub> q <sub>n</sub> is: the estimated revenue from reference service services in the year n-1, where RT refers to the Reference Tariff for the relevant year, and q refers to the AER-approved forecast demand in the relevant year. WACC <sub>n</sub> is: the approved nominal weighted average cost of capital (WACC) for the relevant regulatory year using the following method: <i>NominalVanillaWACC<sub>n</sub></i> = ((1 + <i>realVanillaWACC<sub>n</sub></i> ) × (1 + CPI <sub>n</sub> )) where: <i>realVanillaWACC<sub>n</sub></i> is as set out in the final decision PTRM and updated annually.  0.70 is the sharing ratio between APTPPL and shippers who are taking the reference service.	0.0208  R <sub>n-1</sub> = \$1.233m (see below)  RT' <sub>n</sub> = 0.5925 q <sub>n</sub> = 200 TJ/day  nomWACC <sub>n</sub> = 3.99% realWACC = 2.85% CPI <sub>n</sub> = 1.11%  0.70

Tariffs reflecting the rebate of the Rebateable Service adjustment factor are shown below.

APA Group comprises two registered investment schemes Australian Pipeline Trust (ARSN 091 678 778) and APT Investment Trust (ARSN 115 585 441) the securities in which are stapled together. Australian Pipeline Limited (ACN 091 344 704) is the responsible entity of those trusts. The registered office is HSBC building Level 19 580 George Street Sydney NSW 2000.

**Reference Tariffs to apply from 1 July 2021**


$$\begin{aligned} \text{Long Term Firm tariff}_n &= RT'_n \quad \times (1 - RB_n) \\ \\ \text{Long Term Firm tariff}_n &= 0.5925 \quad \times (1 - 0.0208) \\ &= 0.5925 \quad \times (0.9792) \\ &= 0.5925 \quad \times (0.9792) \\ RT_{2022} &= \mathbf{0.5802} \end{aligned}$$

**Reporting of rebateable services revenue**

As part of its annual tariff variation notice for tariffs commencing each 1 July, APTPPL is required to report on the revenues it has earned during the prior calendar year in respect of: park and loan services (provided on either a firm or interruptible basis); in-pipe trading services; or capacity trading services, on the Roma to Brisbane Pipeline during 2017-22. The value of those revenues will then be input into the rebateable services adjustment factor formula.

Rebateable Services Revenue:	Calendar 2018	Calendar 2019	Calendar 2020
Park and Loan	\$2,673,218	\$599,583	\$811,571
In-Pipe Trading	\$343,041	\$199,668	\$277,498
Capacity Trading	\$60,367	\$98,819	\$143,491
Total	\$3,076,626	\$898,070	\$1,232,560
Rebate proportion	70%	70%	70%
WACC adjustment	4.425%	5.196%	3.99%
Rebateable amount	\$2,248,947	\$661,317	\$897,248
Forecast volume	200 TJ/day	200 TJ/day	200 TJ/day
Rebateable Services Tariff Impact (\$/GJMDQ/day)	\$0.0307	\$0.0091	\$0.0123

This notice includes the updated CPI for March 2021, and the AER advice to APT Petroleum Pipeline Limited of the revised X Factor to apply following the AER’s annual update to the cost of debt.

If you have any questions, please contact Mark Allen 

Regards,



Mark Allen  
Manager Regulatory