



30 April 2018

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 ADJUSTMENT
 (Reference Tariffs Effective 1 July 2018 to 30 June 2019)**

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.

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

Where:

- RT_n means the Long Term Firm Service Tariff in Year n
- n means the Year in which the adjusted Long Term Firm Service Tariff is to be applied
- RT_{n-1} means the Long Term Firm Service Tariff in Year n - 1
- CPI means Consumer Price Index (All Groups — weighted Average Eight Capital Cities) published quarterly by the Australian Bureau of Statistics. If the Australian Bureau of Statistics ceases to publish the quarterly value of that index, then CPI means the quarterly values of another Index which Service Provider reasonably determines most closely approximates that Index.
- CPI_{n-1} means the CPI published for the March quarter in Year n-1.
For tariffs in 2018-19, n-1 is March quarter 2018
- CPI₂₀₁₈ = CPI figure for All Groups – Weighted Average Eight Capital cities, March 2018 = **112.6**
- CPI_{n-2} means the CPI published for the March quarter in Year n-2.
For tariffs in 2018-19, n-2 is March quarter 2017.
- CPI₂₀₁₇ = CPI figure for All Groups – Weighted Average Eight Capital cities, March 2017 = **110.5**
- X 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
- X₂₀₁₈ = **2.52%**
- RB_n The *rebateable services adjustment factor* calculated as follows:

$$RB_n = \frac{(1 + RB'_n)}{(1 + RB'_{n-1})} - 1 \quad \text{where:}$$

RB'_{n-1} is zero when financial year n-1 refers to financial year 2017–18, and the value of RB'_n determined in the financial year n-1 for all other years in the access arrangement period
 and

$$RB'_n = 0.70 \left[\frac{R_{n-1}(1 + WACC_n)}{(1 + CPI_n)(1 - X_n) \sum_{i=1}^n \sum_{j=1}^m RT_{n-1} q_{n-2}} \right] \quad \text{where:}$$

R_{n-1} is: any rebateable service revenue amount earned by APTPPL in whole or part in financial year n-1 for services classified as rebateable services.

RT_{n-1}q_{n-2} 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_n is: the approved nominal weighted average cost of capital (WACC) for the relevant regulatory year using the following method:

$$\text{NominalVanillaWACC}_n = ((1 + \text{realVanillaWACC}_n) \times (1 + CPI_n)) \quad \text{where:}$$

$realVanillaWACC_n$ 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.

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 2017/18:		
Park and Loan	n/a	
In-Pipe Trading	n/a	
Capacity Trading	n/a	
Total		n/a
Rebate proportion		70%
Rebateable amount		n/a

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

Reference Tariffs to apply from 1 July 2018

$$\text{Long Term Firm tariff}_n = RT_{n-1} \times \left[1 + \frac{(CPI_{n-1} - CPI_{n-2})}{(CPI_{n-2})} \right] \times (1 - X) \times (1 - RB_n)$$

$$\begin{aligned} \text{Long Term Firm tariff}_n &= 0.7195 \times \left[1 + \frac{(112.6 - 110.5)}{(110.5)} \right] \times (1 - 0.0252) \times (1 - 0) \\ &= 0.7195 \times [1 + 0.0190] \times (0.9748) \times 1 \\ &= \mathbf{0.7147} \quad \mathbf{\$/GJ \text{ of MDQ/day}} \quad (\text{exclusive of GST}) \end{aligned}$$

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