

25 October 2013

Mr Chris Pattas  
General Manager  
Network Regulation South Branch  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

Dear Chris

## 2014 GAS NETWORK TARIFF SUBMISSION

Please find enclosed the proposed Gas Network haulage reference tariffs for SPI Networks (Gas) Pty Ltd (SP AusNet) gas network customers for the period from 1 January 2014 to 31 December 2014. SP AusNet tariffs have been adjusted in accordance with the requirements of the Commission's Final Decision on SP AusNet's Access Arrangement dated 29 April 2013.

The following items are included with this letter:

- 2014 Annual Gas Distribution Tariff Report
  - Schedule of the Haulage Reference Tariffs is included as an Attachment;
  - Schedule of Ancillary Reference Tariffs and Other Charges;
- DUOS Tariff Approval Template.

### Distribution Tariffs

In setting the Distribution Tariffs, account has been taken of the Commission's Price Determination that tariffs be adjusted by  $CPI - X$ . Volume data is as reported for the calendar year 2012 for the SP AusNet supply area.

As outlined in SP AusNet's previous Tariff Reports, we have continued to build on the 2003 separation of Tariff V into domestic and non-domestic customer categories. Some further rebalancing in 2014 has been undertaken to reflect the different consumption profiles between these two customer groups. The historical cost allocation between the Central and West regions and existing towns and new towns has also been maintained.

SP AusNet's average price change for 2014 is -3.95%. This adjustment is made up of:

- |                          |         |
|--------------------------|---------|
| ▪ the CPI increase of    | 2.16%;  |
| ▪ the X of               | -6.00%; |
| ▪ licence fee adjustment | -0.01%; |



CERTIFIED QUALITY  
MANAGEMENT SYSTEM  
— ISO 9001 —



CERTIFIED SAFETY  
MANAGEMENT SYSTEM  
— AS/NZS 4801 —



CERTIFIED  
ENVIRONMENTAL  
MANAGEMENT SYSTEM  
— ISO 14001 —

## Carbon Levy Tariffs

A separate calculation is included for the recovery of Carbon Levy payments that SP AusNet expects to be making in relation to its fugitive gas emissions in 2014 and a partial true-up for payments made and amounts received in 2013. An audit of SP AusNet's obligations for the financial year 2012/13 has been completed and this audited amount has formed the basis for this submission. SP AusNet's audited liability is \$3,198,311, of which 45% has been allocated to 2013 based on the annual energy profile of customers' use. An estimate for 2013/14 and 2014/15 have been used to complete the 2013 liability and to forecast the 2014 liability. These amounts have been allocated to calendar years on the same basis as 2012/13.

Using the methodology described, SP AusNet has set Carbon tariffs to recover \$3,582,911 in 2014, the rates set are 9% higher. Combined with the Distribution Use of System Tariffs the overall change in prices is -3.66%.

The following table outlines the price changes by component.

Price Variation Components	Percentage
CPI	2.16%
X - Factor	-6.00%
L - Factor	0.01%
Average DUoS Change	-3.95%
Carbon Levy Change	9.03%
Average Distribution Change	-3.66%

The revised Annual Tariff Report is also included with this submission; this report is in draft form pending your approval of these tariffs.

Should you have any queries on the attached material, please do not hesitate to contact either Eric Howie on 9695 6619 or by e-mail at [eric.howie@sp-ausnet.com.au](mailto:eric.howie@sp-ausnet.com.au) or Kate Jdanova on 9695 6630 or by email at [kate.jdanova@sp-ausnet.com.au](mailto:kate.jdanova@sp-ausnet.com.au). In the event that there are any issues requiring further information or clarification Eric or Kate will be available to work closely with your staff to ensure a prompt resolution.

Yours sincerely



John Howarth  
**MANAGER REGULATION & NETWORK STRATEGY**