

Attachment 13.2

Response to Draft Decision:
Total Revenue

**2016/17 to 2020/21 Access
Arrangement Information
Response to Draft Decision**

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1 Response to Draft Decision on Total Revenue

1.1 Introduction

This attachment sets out Australian Gas Networks Limited's (AGN's) revised building block and smoothed reference tariff revenues as well as the proposed price paths. AGN's Ancillary Reference Service forecast remains unchanged from our initial AA proposal as the forecast was accepted by the AER in the Draft Decision.

1.2 Building Block Revenue

Table 1.1 presents the revised building block total revenue, ARS building block revenue and HRS building block revenue.

TABLE 1.1: BUILDING BLOCK REVENUE 2016/17 TO 2020/21

\$m Nominal	2016/17	2017/18	2018/19	2019/20	2020/21
Return on Capital	121.4	128.8	135.3	138.6	144.0
Return of capital	16.5	20.0	25.4	30.5	30.2
Operating Expenditure	72.9	75.8	78.9	80.6	82.4
Incentive Mechanism	5.7	-2.6	-3.4	0.4	0.0
Cost of Tax	9.0	8.8	8.7	9.9	8.3
Building Block Total Revenue (including ARS)	225.4	230.8	244.9	260.0	264.9
ARS Building Block Revenue	2.2	2.3	2.4	2.5	2.6
HRS Building Block Revenue (excluding ARS)	223.1	228.4	242.4	257.5	262.3

Table 1.2 presents the “smoothed” tariff revenue and price path for South Australia.

TABLE 1.2: PROPOSED PRICE PATH

Cost & Revenue Alignment (\$m Nominal)	2016/17	2017/18	2018/19	2019/20	2020/21
HRS Building Block Revenue	223.1	228.4	242.4	257.5	262.3
HRS Reference Tariff Revenue (including Prudent Discounts)	216.6	228.3	242.0	256.7	272.7
Real Price Path	5.47	-5.00	-5.00	-5.00	-5.00

Table 1.3 presents the expected revenue to be recovered from each tariff class.

TABLE 1.3: RECONCILIATION OF REVENUE RECOVERY BY TARIFF CLASS TO HAULAGE REVENUE REQUIREMENT

Tariff Revenue (\$m Nominal)	2016/17	2017/18	2018/19	2019/20	2020/21
Tariff R	167.4	177.0	187.5	198.8	211.0
Tariff C	30.2	32.4	34.5	36.7	39.2
Tariff D (including prudent discounts)	19.0	18.9	20.0	21.2	22.5
Total (HRS Reference Tariff Revenue)	216.6	228.3	242.0	256.7	272.7

Table 1.4 presents the expected revenue to be recovered from tariffs, smoothed and including ARS in both real and nominal terms.

TABLE 1.4: SMOOTH TARIFF REVENUE RECOVERY INCLUDING ARS (REAL AND NOMINAL)

\$m	2016/17	2017/18	2018/19	2019/20	2020/21
\$2014/15	209.6	216.5	225.0	234.0	243.6
Nominal	218.9	230.6	244.4	259.2	275.3