



21 May 2020

Ms Kami Kaur
 Acting General Manager Distribution
 Australian Energy Regulator
 GPO Box 520, Melbourne VIC 3001
 Via email kami.kaur@aer.gov.au

Dear Kami,

ROMA BRISBANE PIPELINE - NOTIFICATION OF ANNUAL TARIFF ADJUSTMENT
(Reference Tariffs Effective 1 July 2020 to 30 June 2021)

In accordance with section 4.5 of the Access Arrangement for the Roma Brisbane Pipeline (RBP), APT Petroleum Pipeline Limited (APTPL) 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 _n	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	2021
RT' _n	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 $RT'_n = RT'_{n-1} \times \left[1 + \frac{CPI_{n-1} - CPI_{n-2}}{CPI_{n-2}} \right] \times (1 - X)$	0.6604
RT' _{n-1}	means the unadjusted Long Term Firm Service Tariff in Year n-1, prior to adjustments to account for the rebate of rebateable services revenues	0.7047
CPI	means Consumer Price Index (All Groups — weighted Average Eight Capital Cities) published quarterly by the Australian Bureau of Statistics.	
CPI _{n-1}	means the CPI published for the March quarter in Year n-1. For tariffs in 2020-21, n-1 is March quarter 2020	
CPI ₂₀₂₀ = CPI _{n-2}	CPI figure for All Groups – Weighted Average Eight Capital cities, March 2020 =	116.6
CPI ₂₀₁₉ =	CPI figure for All Groups – Weighted Average Eight Capital cities, March 2019 =	114.1
X X ₂₀₂₁ =	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	8.29%
RB _n	The <i>rebateable services adjustment factor</i> calculated as follows: $RB_n = 0.70 \left[\frac{R_{n-1} \times (1 + WACC_n)}{RT'_n Q_n} \right]$ where: R _{n-1} is: any rebateable service revenue amount earned by APTPL in whole or part in calendar year n-1 for services classified as rebateable services. RT' _n q _n 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: <i>NominalVanillaWACC_n</i> = ((1 + <i>realVanillaWACC_n</i>) x (1 + CPI _n)) where: <i>realVanillaWACC_n</i> is as set out in the final decision PTRM and updated annually. 0.70 is the sharing ratio between APTPL and shippers who are taking the reference service.	0.0137 R _{n-1} = \$0.898m (see below) RT' _n = 0.6599 q _n = 200 TJ/day nomWACC _n = 5.20% realWACC = 2.95% CPI _n = 2.19% 0.70

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

Reference Tariffs to apply from 1 July 2020

$$\text{Long Term Firm tariff}_n = RT'_n \times (1 - RB_n)$$

$$\text{Long Term Firm tariff}_n = 0.6604 \times (1 - 0.0137)$$

$$= 0.6604 \times (0.9863)$$

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$$RT_{2021} = \mathbf{0.6514}$$

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
Park and Loan	\$2,673,218	\$599,583
In-Pipe Trading	\$343,041	\$199,668
Capacity Trading	\$60,367	\$98,819
Total	\$3,076,654	\$898,070
Rebate proportion	70%	70%
WACC adjustment	4.425%	5.196%
Rebateable amount	\$2,248,947	\$661,317
Forecast volume	200 TJ/day	200 TJ/day
Rebateable Services Tariff Impact (\$/GJMDQ/day)	\$0.0307	\$0.0091

This notice was updated following the publication of the March 2020 CPI, 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 on 02 9275 0010 or mark.allen@apa.com.au.

Regards,



Peter Bolding
General Manager Strategy and Regulatory