

COMMONWEALTH OF AUSTRALIA

*National Gas (ACT) Act 2008*

IN THE AUSTRALIAN COMPETITION TRIBUNAL

File No. 1 of 2010

**RE: APPLICATION UNDER SECTION 245 OF THE NATIONAL GAS LAW FOR A REVIEW OF AN ACCESS ARRANGEMENT DECISION MADE BY THE AUSTRALIAN ENERGY REGULATOR (AER), PURSUANT TO RULE 64 OF THE NATIONAL GAS RULES**

**BY: ACTEWAGL DISTRIBUTION (ABN 76 670 568 688), A PARTNERSHIP BETWEEN ACTEW DISTRIBUTION LIMITED (ABN 83 073 025 224) AND JEMENA NETWORKS (ACT) PTY LTD (ABN 24 008 552 663) (ACTEWAGL)**

**DETERMINATION**

**TRIBUNAL:** Justice Finkelstein (President), Mr RF Shogren, Dr JS Marsden  
**DATE OF ORDER:** 23 September 2010  
**WHERE MADE:** Melbourne

**THE TRIBUNAL DETERMINES THAT:**

1. The decision of the Australian Energy Regulator under 64(4) of the National Gas Rules, dated 27 April 2010, and entitled, *Decision Access Arrangement ACT, Queanbeyan and Palerang gas distribution network 1 July 2010 – 30 June 2015, April 2010* (“**Access Arrangement Decision**”), whereby the Australian Energy Regulator decided to approve its own Access Arrangement for the Canberra, Queanbeyan and Palerang gas distribution network owned by the applicant, be varied with effect from 23 September 2010 to determine the relevant estimate for the debt risk premium by taking the average of the Bloomberg and CBASpectrum fair value curves.
2. As a consequence of the determination in paragraph 1:

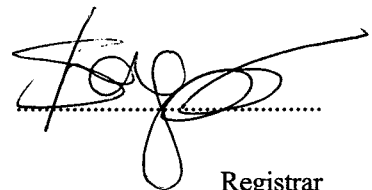


- (a) The debt risk premium be set at 3.89%, and as a result the weighted average cost of capital be set at 10.04% during the access arrangement period 1 July 2010 - 30 June 2015, comprising the following revised parameters:

Nominal risk free rate	5.63%
Equity beta	0.8
Market risk premium	6.5%
Debt risk premium	3.89%
Debt share of total value (gearing)	60%
Gamma (utilisation of imputation credits)	65%
Nominal return on equity	10.83%
Nominal return on debt	9.52%
Nominal vanilla WACC	10.04%

- (b) The Access Arrangement be varied in accordance with the marked up version of the Access Arrangement attached to these orders and initialled.
- (c) The Access Arrangement Information be varied in accordance with the marked up version of the Access Arrangement Information attached to these orders and initialled.

**Date entered:** 23 September 2010



Registrar

