



22 November 2013

Mr Chris Pattas
General Manager
Network Operations and Development Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Mr Pattas

Victorian Transmission System – revised Reference tariff adjustment notification

Pursuant to section 4.7.5 of the Access Arrangement for the Victorian Transmission System (VTS), on 18 October 2013 APA GasNet made an initial notification to the Australian Energy Regulator (AER) of tariffs to apply from 1 January 2014.

As noted in that notification, the advised tariffs would require revision to reflect the Australian Competition Tribunal determination, as well as to reflect updated data for the Consumer Price Index (CPI) and volumes.

Following the publication of the AER's remittal decision on 21 November 2013, APA provides the AER with revised tariffs at **Attachment A** of this notification. These tariffs reflect the AER's remittal decision, as well as updated CPI and volume data, as required under the Access Arrangement. Tariffs are presented in tables that correspond to those in the Access Arrangement.

Timing of tariff variation

APA notes that the access arrangement currently allows tariff changes to only occur with effect from 1 January each year. While APA recognises the compressed timetable for AER assessment of this revised tariff notification, APA anticipates that the tariffs notified in this letter will come into effect on 1 January 2014. An AER decision on tariffs by this date is important as it would avoid an effective 12 month delay in the implementation of new tariffs, including a delay in the implementation of the Tribunal decision, which APA considers would not be in the interests of consumers.

Treatment of Authorised Maximum Daily Quantity Credit Certificate volumes

As previously advised, APA has used actual injection volumes in 2012 instead of Authorised Maximum Daily Quantity Credit Certificate (AMDQCC) contracted volumes in determining the carry-forward amount for the 2008-12 access arrangement period. This is consistent with the AER's view, confirmed by Queen's Counsel advice¹, that the revenue derived from AMDQCC could not be rebated against tariffs during the 2008-13 access arrangement period. APA notes that this advice indicates that this rebate should not have been applied at any stage during the earlier access arrangement period.

¹ Letter from the Australian Energy Regulator to the Australian Energy Market Commission, 27 April 2012, attaching memorandum of advice from C Scerri QC, 21 April 2012.



Consistent with the 2013-17 access arrangement, APA GasNet has also used actual injection volumes to derive tariffs in the current access arrangement period calculations. This is because AMDQCC is treated as a stand-alone reference service under the price control model, with a revenue allocation and volume assumption giving a reference tariff.

Please contact Alexandra Curran, Regulatory Manager on 02 9275 0020 if you have any questions on this Reference Tariff Adjustment notice.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Bolding', written over a light blue horizontal line.

Peter Bolding
General Manager Regulatory and Strategy



Attachment A

Victorian Transmission System tariffs from 1 January 2014

Tariff Notification

22 November 2013

Note that the section numbering and table references below correspond to those in Schedule A of the APA GasNet the access arrangement.

A.2 Injection Tariffs

(a) Injection at Longford Injection Zone

Matched Withdrawal Zone	Injection Tariff (\$/GJ, for the 10 Day Injection Volume)
All Withdrawal Zones except LaTrobe, Maryvale, Tyers, West Gippsland and Lurgi	1.9721
LaTrobe & Maryvale	0.3496
Tyers & Lurgi	0.4985
West Gippsland	1.1833

(b) Injection at Culcairn Injection Zone

Matched Withdrawal Zone	Injection Tariff (\$/GJ, for the 10 Day Injection Volume)
All Withdrawal Zones except Interconnect	1.6004
Interconnect	0.3958

(c) Injection at Port Campbell Injection Zone

Matched Withdrawal Zone	Injection Tariff (\$/GJ, for the 10 Day Injection Volume)
All Withdrawal Zones except Western, South West and SEAGas Pipeline	1.8252
Western and SEAGas Pipeline	-
South West	0.6422



(d) Injection at Pakenham Injection Zone

Matched Withdrawal Zone	Injection Tariff (\$/GJ, for the 10 Day Injection Volume)
All Zones	0.3184

(e) Injection at Dandenong Injection Zone

Matched Withdrawal Zone	Injection Tariff (\$/GJ, for the 10 Day Injection Volume)
All Zones	-

(f) AMDQ CC

Matched Withdrawal Zone	Injection Tariff (\$/GJ, for the 10 Day Injection Volume)
All Zones	0.0128

A.3 Withdrawal Tariffs

(a) Transmission Delivery Tariff

Withdrawal Zone Number	Withdrawal Zone Name	Transmission delivery tariff D (\$/GJ)	Transmission delivery tariff V (\$/GJ)
1	LaTrobe	0.1444	0.1445
2	West Gippsland	0.1726	0.1903
3	Lurgi	0.2008	0.2361
4	Metro North West	0.3190	0.3002
5	Calder	0.6763	0.8389
6	South Hume	0.4090	0.4138
7	Echuca	0.7902	1.1718
8	North Hume	0.8048	1.0384
9	Western	0.6226	0.8769
21	Warrnambool	0.0973	0.1634
22	Koroit	0.2053	0.5457
10	Murray Valley	1.1838	1.6417
11	Interconnect	0.9201	1.4821
13	South West	0.1442	0.1444
17	Wodonga	0.7153	1.4821
18	Tyers	0.1777	0.1921
19	Culcairn	0.8000	N/A

20	Metro South East	0.3190	0.3002
24	Geelong	0.1726	0.2031
25	Maryvale	0.0555	N/A

(b) System Export Tariff

Withdrawal Zone Number	Connected Transmission Pipeline Name	System Export Tariff (\$/GJ)
31	VicHub	0.0000
33	SEA Gas Pipeline	0.0188

(c) Transmission Refill Tariff

Withdrawal Zone Number	Storage Facility Name	Transmission Refill tariff (\$/GJ)
23	LNG	0.0513
32	WUGS	0.0513

(d) Cross System Withdrawal Tariff

Injection Pipeline	Cross System Withdrawal Tariff D (\$/GJ)	Transmission delivery tariff V (\$/GJ)
All	0.1749	0.1558

(e) Matched Withdrawals - Culcairn

Withdrawal Zone Number	Withdrawal Zone Name	Transmission delivery tariff D (\$/GJ)	Transmission delivery tariff V (\$/GJ)
8	North Hume	0.2936	0.3390
11	Interconnect	0.1444	N/A
17	Wodonga	0.1612	0.1879

(f) Matched Withdrawals - Metro (South East)

Withdrawal Zone Number	Withdrawal Zone Name	Transmission delivery tariff D (\$/GJ)	Transmission delivery tariff V (\$/GJ)
20	Metro South East	0.1409	0.1582