

Making of National Gas (Binding Rate of Return Instrument) Amendment Rule

National Gas Law – Section 294CA

I, Daniel Cornelis van Holst Pellekaan, Minister for Energy and Mining for the Crown in right of the State of South Australia, as the Minister administering the *National Gas (South Australia) Act 2008* of South Australia, hereby make the National Gas (Binding Rate of Return Instrument) Amendment Rule 2019 under section 294CA of the *National Gas (South Australia) Law* on the recommendation of the Council of Australian Governments' Energy Council sitting as the Ministerial Council on Energy for the purposes of that section.

This Rule has been signed by me for the purposes of identification as the National Gas (Binding Rate of Return Instrument) Amendment Rule 2019 and commences operation on 1 February 2019 unless otherwise specified below.



Hon Dan van Holst Pellekaan MP
Minister for Energy and Mining

31/1/2019

National Gas (Binding Rate of Return Instrument) Amendment Rule 2019

under section 294CA of the *National Gas Law*

Preamble

This Rule revokes and amends Rules in the National Gas Rules consequential on the enactment of the *Statutes Amendment (National Energy Laws) (Binding Rate of Return Instrument) Act 2018*.

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Part 1—Preliminary

1 Name of Rule

This Rule is the *National Gas (Binding Rate of Return Instrument) Amendment Rule 2019*.

2 Commencement

This Rule commences on the day on which section 18 of the *Statutes Amendment (National Energy Laws) (Binding Rate of Return Instrument) Act 2018* comes into operation.

3 Amendment of National Gas Rules

The *National Gas Rules* are amended as set out in Part 2.

Part 2—Amendment of National Gas Rules

4 Amendment of rule 3 (Interpretation)

- (1) Rule 3, definitions of *allowed rate of return*, *allowed rate of return objective*, *rate of return consultative procedure* and *rate of return guidelines*—omit the definitions
- (2) Rule 3—insert in alphabetical order:

allowed imputation credits for a regulatory year of an *access arrangement period* for an applicable access arrangement means the value of imputation credits stated, or calculated in the way stated, in the *applicable rate of return instrument*;

allowed rate of return for a regulatory year of an *access arrangement period* for an applicable access arrangement means the rate of return calculated in the way stated in the *applicable rate of return instrument*;

applicable rate of return instrument for a regulatory year of an *access arrangement period* for an applicable access arrangement means the rate of return instrument in force when the AER makes the applicable access arrangement decision.

5 Revocation of rule 9B

Rule 9B—omit the rule

6 Amendment of rule 72 (Specific requirements for access arrangement information relevant to price and revenue regulation)

- (1) Rule 72(1)(g) and (ga)—omit paragraphs (g) and (ga) and substitute:
 - (g) the *allowed rate of return* for each regulatory year of the *access arrangement period*;
- (2) Rule 72(1)(h)—omit “the proposed value of imputation credits” and substitute “the *allowed imputation credits*”

7 Amendment of rule 84 (Speculative capital expenditure account)

Rule 84(2)—omit subrule (2) and substitute:

- (2) The balance of the speculative capital expenditure account must be adjusted annually by applying to the balance a rate that is the same as the *allowed rate of return* for the regulatory year in which the adjustment is made.

8 Substitution of rule 87

Rule 87—omit the rule and substitute:

87 Rate of return

The return on the projected capital base for a service provider for a regulatory year of an *access arrangement period* for an applicable access arrangement (RPCB_t) is to be calculated using the following formula:

$$\text{RPCB}_t = a_t \times v_t$$

where:

a_t is the *allowed rate of return* for the regulatory year; and

v_t is the value, as at the beginning of the regulatory year, of the projected capital base for the regulatory year (as established under rule 78 and subject to rule 82(3)).

9 Amendment of rule 87A (Estimated cost of corporate income tax)

Rule 87A(1)—omit the definition of γ and substitute:

γ is the *allowed imputation credits* for the regulatory year.