

	Pricing Methodology	Doc Ref: CORP-PO-015
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Prices for 2018 services

For 1 January 2018 the capacity of the SEA Gas pipeline system is fully contracted under foundation shipper agreements. Accordingly, SEA Gas is only selling interruptible forward haul and as available back haul swap services in 2018, which are subject to the priority rights of foundation shippers. The methodology used to calculate the standing prices for interruptible and as available services is to offer prices consistent with existing contract prices negotiated with a number of shippers for those services, having regard to the nature of those services and their priority ranked against the services provided to foundation shippers.

Prices for 2019 services

Firm capacity will be available from 1 January 2019, which marks a **‘first public release’** of existing capacity on the SEA Gas pipeline system and represents a unique opportunity for those seeking firm capacity to service southern Australian markets.

SEA Gas has developed and structured a service, and associated tariff, based upon forecast / anticipated demand for a westerly Firm Forward Haul product as has been informed by discussions with prospective users and independent market analysis.

SEA Gas has adopted a cost-reflective approach to its pricing methodology for the westerly Firm Forward Haul Service. In doing so it has considered a range of asset valuations in relation to capital and establishment costs, plus forecast non-capital, operating and maintenance costs.

Revenue requirements have been determined using rates of return commensurate with the expected cost of raising equity and debt, cognisant of the need to achieve commercially sustainable outcomes for SEA Gas and prospective users.

The above approach yields a range of potential tariff outcomes. The standing offer is within that range and is considered to reflect a position that could be reasonably expected in a workably competitive market, in accordance with the objectives of Part 23 of the National Gas Rules.

Whilst the Firm Forward Haul service is the only post-2018 firm service presently identified, SEA Gas would welcome the opportunity to work with interested parties to develop additional services in response to identified needs. Any such additional service offerings will be published by SEA Gas once established.

Note, the as available back haul swap will continue to be offered consistent with the current approach described above.

SEA Gas encourages any interested party to contact SEA Gas at commercial@seagas.com.au to discuss any specific requirements.