

Methodology used to establish standing prices

The standing price for the Wheatstone Ashburton West Pipeline is based on foundation contracts and consideration of the Standing Service's terms and conditions. The costs included in the pricing are on a stand-alone basis using a cost of capital commensurate with the level of risk and expected inflation at initiation of the project.

Definition of concepts and rationale

Foundation customers fund the construction of a new pipeline project. These customers will have a disincentive to fund the development of a new pipeline if subsequent customers can free-ride off the foundation customer's investment. This can happen when subsequent customers are allocated the marginal cost of accessing a pipeline with sufficient spare capacity gaining more advantageous terms of service and/or prices than those the foundation customer is contractually bound to. For these reasons costs are allocated to all customers on a stand-alone basis.

The **stand-alone cost** of providing the service is the cost to the customer of duplicating the service using least cost technology at the time the foundation contract was formed.

WAWP Standing Tariff

Service	Tariff (2018\$)	Unit per day
Tranche B Service Tariff	Reservation Charge:	/GJ
	\$0.0100	
	Commodity Charge:	
	\$0.0897	
	Total Tariff:	
	\$0.0997	