

CENTRAL RANGES PIPELINE PTY LIMITED
ACN 108 218 355

**Access Arrangement for
Central Ranges Pipeline
August 2005**

CENTRAL RANGES PIPELINE PTY LIMITED ACCESS ARRANGEMENT FOR CENTRAL RANGES PIPELINE

1 INTRODUCTION

This Access Arrangement is established pursuant to the Gas Pipelines Access (New South Wales) Act 1998 and the National Third Party Access Code for Natural Gas Pipeline Systems. The tender process ("Tender Process") which has been documented in the Australian Competition and Consumer Commission ("ACCC") decision dated 19 May 2004 File No. 2002/67 approved a number of issues relevant to the Access Arrangement. The Pipeline is a Covered Pipeline under the Code and the items approved under the Tender will be referred to as "Tender outcome".

The Central Ranges Pipeline will be from Dubbo to ten (10) towns in the Central Ranges District (Central Ranges Towns) namely:

- Tamworth
- Gunnedah
- Mudgee
- Dunnedoo
- Coolah
- Gulgong
- Qurindi
- Werris Creek
- Coonabarabran
- Gilgandra

The Pipeline is to be constructed incrementally with the first stage of construction being from Dubbo to Tamworth. The remainder of the Pipeline will be constructed as stages prove to be economically viable.

Under the ACCC approval, a proposed Access Arrangement was to be lodged within 90 days. However due to the licence not being owned by the winning tenderer, Europacific Consortium which has been subsequently incorporated as Central Ranges Pipeline Pty Ltd (the "Service Provider"), a number of extensions for the lodgement date were sought and approved pending the completion of the purchase of Licence No 27. The purchase of the licence was completed on 6 May 2005.

The Revision Commencement Date is 1 July 2019.

The following items were determined by the Tender Process:

- the Revisions Commencement Date;
- Reference Tariffs;
- Relevant Parts of the Reference Tariff Policy; and
- Additional Revenue Policy.

Structure of this Access Arrangement

This Access Arrangement is set out as follows:

- Section 1:** **Introduction** sets out an overview of this Access Arrangement including its structure, commencement date and revisions date.
- Section 2:** **Services Policy** describes the Services offered under this Access Arrangement and the procedure to obtain access to the Services.
- Section 3:** **Reference Tariffs and other charges** describe the Reference Tariffs applicable to the Reference Services, variations to Reference Tariffs, Overrun Charges, Daily Variance Charges and other Charges.
- Section 4:** **Reference Tariff Policy** describes the principle used to determine the Reference Tariffs and additional matters regarding Capital Base, New Facilities Investment, Redundant Capital and Additional Revenue Policy.
- Section 5:** **Trading Policy** allows for Bare Transfer, assignment with consent and change of Delivery and Receipt Points.
- Section 6:** **Queuing Policy** describes the order in which capacity will be allocated to Prospective Users where there is insufficient capacity in the Pipeline to satisfy all Requests for Service.
- Section 7:** **Extensions/Expansions Policy** describes the manner in which extensions or expansions to the Pipeline will be dealt with under this Access Arrangement.
- Section 8:** **Capacity Management Policy** specifies whether the Pipeline is a contract carriage pipeline or a market carriage pipeline for the purposes of the National Code.
- Schedule 1 Definitions and Interpretation
- Schedule 2 General Terms and Conditions applicable to All Reference Services
- Schedule 3 Gas Balancing
- Schedule 4 Gas Quality Specification
- Schedule 5A Request for Service
- Schedule 5B Request for Service Form

Commencement of this Access Arrangement

This Access Arrangement will commence on the later of the date on which the approval by the Regulator takes effect under Section 2 of the Code and the date on which the Pipeline is capable of providing the Reference Services.

Revision Commencement Date

The Revision Commencement Date was a Tender outcome and is 1 July 2019. The Revisions Submission date is 30 September 2018.

2 SERVICES POLICY

Introduction

The Service Provider offers the following Services:

- i. Four Reference Services; and
- ii. Negotiated Services.

Reference Services

The four Reference Services are:

- i. Special Contract Transportation Service – Section 2.1
- ii. Contract Transportation Service – Section 2.2
- iii. I&C Transportation Service– Section 2.3
- iv. Domestic Transportation Service– Section 2.4

Non Reference Services

- i. Negotiated Services – Section 2.5

Requests for Services

The procedures to be followed by a User seeking to obtain a Reference Service or Negotiated Service are set out in Schedule 5.

An offer made in response to a Request is subject to the Queuing Policy as set out in Section 6.

Service Agreements

All Users of a Service will be required to enter into a Service Agreement specific to that User and that Service.

2.1 Special Contract Transportation Service

General

A Special Contract Transportation Service is, in respect of gas to be used by a Special Contract Customer, a service for the transportation of gas from a Receipt Point through the Pipeline to a Delivery Point(s) with Charges determined on the basis of throughput (\$ per GJ of throughput), no Charges payable for Overruns until Contracted Capacity of the Pipeline exceeds 85% of Capacity and a minimum annual bill based on 80% of ACQ per annum.

Section 2.1 contains the terms and conditions applicable to a Special Contract Transportation Service and lists the applicable Reference Tariffs. The definitions in Schedule 1 will apply where appropriate. These terms and conditions are in addition to:

- (a) the general terms and conditions in Schedule 2; and
- (b) the gas balancing arrangements in Schedule 3.

Terms and Conditions

ACQ

- Users will be required to specify a level of ACQ which fairly reflects the annual requirements for each Special Contract Customer.

Minimum Bill

- Where the Special Contract Customer uses less than 80% of the specified ACQ in any Contract Year, the User will pay for delivery of 80% of the ACQ in that Contract Year.

Overruns

- When the Contracted Capacity of the Pipeline is 85% or greater of Capacity, an Overrun Charge as specified in Section 2.6 will apply.

Metering and Billing

- A Special Contract Customer will be connected to the Pipeline through a service, main or network generally operated by a network service provider. The network service provider will read a meter at the Customer's premises monthly for the purpose of network billing. It is a condition of this Service that the User authorises the network service provider to provide to the Service Provider, in a timely manner, the monthly meter data collected by the network service provider, or other relevant person. This data will form the basis for billing for this Service.

Term

- The term of the Service will be one year from the commencement of the Service to the Delivery Point(s) or such longer period as the User elects up to the Revisions Commencement Date.

Charges

- There are three categories of Charges under a Special Contract Transportation Service, all of which are specified in Section 3:
 - (a) Transportation Service Charge – Part 3A
 - (b) Gas Balancing Charges – Part 3C
 - (c) Charges for Overruns – Part 3C

2.2 Contract Transportation Service

General

A Contract Transportation Service is, in respect of gas to be used by a Contract Customer, a service for the transportation of gas from a Receipt Point through the Pipeline to a Delivery Point(s) with Charges determined on the basis of throughput (\$ per GJ of throughput), no Charges payable for Overruns until the Contracted Capacity of the Pipeline exceeds 85% of Capacity and a minimum annual bill based on 80% of ACQ per annum.

Section 2.2 contains the terms and conditions applicable to a Contract Transportation Service and lists the applicable Reference Tariffs. The definitions in Schedule 1 will apply where appropriate. These terms and conditions are in addition to:

- (a) the general terms and conditions in Schedule 2; and
- (b) the gas balancing arrangements in Schedule 3.

Terms and Conditions

ACQ

- Users will be required to specify a level of ACQ which fairly reflects the annual requirements for each Contract Customer.

Minimum Bill

- Where the Contract Customer uses less than 80% of the specified ACQ in any Contract Year, the User will pay for delivery of 80% of the ACQ in that Contract Year.

Overruns

- When the Contracted Capacity of the Pipeline is 85% or greater of Capacity, an Overrun Charge as specified in Section 2.6 will apply.

Metering and Billing

- A Contract Customer will be connected to the Pipeline through a service, main or network generally operated by a network service provider. The network service provider will read a meter at the Customer's premises monthly for the purpose of network billing. It is a condition of this Service that the User authorises the network service provider to provide to the Service Provider, in a timely manner, the monthly meter data collected by the network service provider, or other relevant person. This data will form the basis for billing for this Service.

Term

- The term of the Service will be one year from the commencement of the Service to the Delivery Point(s) or such longer period as the User elects up to the Revisions Commencement Date.

Charges

- There are three categories of Charges under a Contract Transportation Service, all of which are specified in Section 3:
 - (a) Transportation Service Charge – Part 3A
 - (b) Gas Balancing Charges – Part 3C
 - (c) Charges for Overruns - Part 3C

2.3 I&C Transportation Service

General

An I&C Transportation Service is, in respect of gas to be used by an I&C Customer, a service for the transportation of gas from a Receipt Point through the Pipeline to a Delivery Point(s) with Charges determined on the basis of throughput (\$ per GJ of throughput) and no Charges payable for overruns until Contracted Capacity of the Pipeline exceeds 85% of Capacity.

Section 2.3 contains the terms and conditions applicable to an I&C Transportation Service and lists the applicable Reference Tariffs. The definitions in Schedule 1 will apply where appropriate. These terms and conditions are in addition to:

- (a) the general terms and conditions in Schedule 2; and
- (b) the gas balancing arrangements in Schedule 3.

Terms and Conditions

Overruns

- When the Contracted Capacity of the Pipeline is 85% or greater of Capacity, an Overrun Charge specified in Section 2.6 will apply.

Metering and Billing

- An I&C Customer will be connected to the Pipeline through a service, main or network generally operated by a network service provider. The network service provider will read a meter at the Customer's premises monthly (or quarterly) for the purpose of network billing. It is a condition of this Service that the User authorises the network service provider to provide to the Service Provider, in a timely manner, the monthly (or quarterly) meter data collected by the network service provider, or other relevant person. This data will form the basis for billing for this service.

Term

- The term of the Service for I&C Transportation Services will be one year from the commencement of the Service to the Delivery Point(s) or such longer period as the User elects up to the Revisions Commencement Date.

Charges

- There are three categories of Charges under an I&C Transportation Service, all of which are specified in Section 3:
 - (a) Transportation Service Charge – Part 3A.
 - (b) Gas Balancing Charges – Part 3C.
 - (c) Charges for Overruns - Part 3C.

2.4 Domestic Transportation Service

General

A Domestic Transportation Service is, in respect of gas to be used by a Domestic Customer, a service for the transportation of gas from a Receipt Point through the Pipeline to a Delivery Point(s) with Charges determined on the basis of throughput (\$ per GJ of throughput) and no Charges payable for Overruns until Contracted Capacity of the Pipeline exceeds 85% of Capacity.

Section 2.4 contains the terms and conditions applicable to a Domestic Transportation Service and lists the applicable Reference Tariffs. The definitions in Schedule 1 will apply when appropriate. These terms and conditions are in addition to:

- (a) the general terms and conditions in Schedule 2; and
- (b) the gas balancing arrangements in Schedule 3.

Terms and Conditions

Overruns

- When the Contracted Capacity of the Pipeline is 85% or greater of Capacity, an Overrun Charge as specified in Section 2.6 will apply.

Metering and Billing

- A Domestic Customer will be connected to the Pipeline through a service, main or network generally operated by a network service provider. The network service provider will read a meter at the Customer's premises quarterly for the purpose of network billing. It is a condition of this Service that the User authorises the network service provider to provide to the Service Provider, in a timely manner, the quarterly meter data collected by the network service provider, or other relevant person. This data will form the basis for billing for this Service.

Term

- The term of the Service for Domestic Transportation Services will be one year from the commencement of the Service to the Delivery Point(s) or such longer period as the User elects up to the Revisions Commencement Date.

Charges

- There are three categories of Charges under a Domestic Transportation Service, all of which are specified in Section 3:
 - (a) Transportation Service Charge – Part 3A.
 - (b) Gas Balancing Charges – Part 3C.
 - (c) Charges for Overruns – Part 3C.

2.5 NON REFERENCE SERVICES

Negotiated Services

- Where a Prospective User has specific needs which differ from those which would be satisfied by a Reference Service or other Services described in this Section 2, the Prospective User may seek to negotiate different terms and conditions as a Negotiated Service.
- Should a dispute arise, it will be resolved in accordance with the dispute resolution procedures in the Gas Pipelines Access Law and the Code, unless the parties agree otherwise.

2.6 MHQ, MDQ and ACQ and Overrun Charges

Application

The following provisions apply to any User of Special Contract, Contract, I&C, Domestic or Negotiated Services Transportation.

MHQ, MDQ and ACQ

- At the commencement of a Service Agreement, the User will establish for each Contract Year a MHQ, a MDQ and an ACQ that is to apply for the whole of that Contract Year.
- Where gas is to be delivered to more than one Delivery Point, the User must also establish a Delivery Point MHQ and a Delivery Point MDQ for each Delivery Point.
- Where gas is to be delivered into the Pipeline at more than one Receipt Point, the User must also establish a Receipt Point MDQ for each Receipt Point.
- Although the sum of the Receipt Point MDQs or Delivery Point MDQs may exceed the User's MDQ, the Service Provider will not be obliged to receive or deliver on any Day a quantity of gas in excess of the User's MDQ other than as an Authorised Overrun.
- Except as an Authorised Overrun and subject to the limitation on the Service Provider's obligation to receive or deliver gas to the User's MDQ, the Service Provider will not be obliged:
 - (a) on any Day to deliver at any of the User's Delivery Points a quantity of gas greater than the Delivery Point MDQ for that Delivery Point; or
 - (b) on any Day to receive at any of the User's Receipt Points a quantity of gas, excluding System Use Gas and the User's share of Users' Linepack, greater than the Receipt Point MDQ for that Receipt Point; or
 - (c) in any hour to deliver to any of the User's Delivery Points a quantity of gas greater than the Delivery Point MHQ for that Delivery Point.

Overruns

- An overrun will have occurred if withdrawals of gas by the User at a Delivery Point exceed the Delivery Point MHQ in any Hour or the Delivery Point MDQ on any Day. Overruns may be authorized or unauthorized.
- There will be no charge for overruns until Contracted Capacity reaches 85% of the Capacity of the Pipeline. The Service Provider will advise Users when Contracted Capacity of the Pipeline has reached 85% of Capacity.

Authorised Overrun Charges

- Where the Service Provider agrees to an Authorised Overrun, the User may be required to pay an Authorised Overrun Charge, calculated by multiplying the Authorised Overrun Quantity by the Authorised Overrun Rate in addition to the Reference Tariff.

Unauthorised Overrun Charges

- Where there is an Unauthorised overrun, the User may be required to pay an Unauthorised Overrun Charge calculated by multiplying the Unauthorised Overrun Quantity by the Unauthorised Overrun Rate in addition to the Reference Tariff.

3 REFERENCE TARIFFS AND OTHER CHARGES

Part 3A - Determined by the Tender

3.1 Reference Tariffs

The Reference Tariffs in Section 3 are expressed in 1 July 2003 dollars. The actual Reference Tariff applicable in a particular Year is the 1 July 2003 value escalated at CPI to that Year in accordance with this Section.

The Reference Tariffs shown in this Section are exclusive of GST. The schedule will be updated each year and published by the Service Provider including GST at the applicable rate.

Table 1 –Transportation Reference Tariffs

Transportation Pipeline Reference Service	Charge in \$ per GJ of throughput exclusive of GST
Special Contract Transportation Service	\$1.75
Contracts Transportation Service	\$2.50
Industrial and Commercial Transportation Service	\$5.00
Domestic Transportation Service	\$6.50

PART 3B – Variations to Reference Tariffs

Reference tariff variation method

3.2 Introduction

The Service Provider may vary the Reference Tariffs in accordance with the variation method set out in Section 3.3. The Service Provider is required to comply with the notification requirements set out in Section 3.4. Variations may result in both increases or decreases in Reference Tariffs.

3.3 Variation Method

The Reference Tariffs for the Reference Services established in the Tender are expressed in 1 July 2003 dollars and are to remain constant in real terms. This means that they must be increased at the then current rate of inflation for each subsequent Year. (Tender outcome)

Therefore during the Access Arrangement period, Reference Tariffs will only be adjusted on 1 July 2004 and on 1 July each year thereafter in accordance with the formula specified below and in accordance with Sections 8.3B to 8.3H of the Code.

$$RT_n = RT_{n-1} \times \left(\frac{CPI_{n-1}}{CPI_{n-2}} \right) \text{ where}$$

CPI means the Consumer Price Index (All Groups - Weighted Average Eight Capital Cities) published quarterly by the Australian Statistician. If the Australian Statistician ceases to publish the quarterly value of that Index, then CPI means the quarterly values of another Index which the Service Provider reasonably determines most closely approximates that Index.

CPI_{n-1} means the value of the CPI for the March quarter in Year n-1.

CPI_{n-2} means the value of the CPI for the March quarter in Year n-2

RT_n means the Reference Tariff in Year n

RT_{n-1} means the Reference Tariff in Year n-1

3.4 Notification

The following conditions apply to variations to Reference Tariffs in accordance with the variation method set out in Section 3.3.

The Service Provider may only adjust Reference Tariffs pursuant to Section 3.3 if it has provided the Regulator with a Notice pursuant to Clause 8.3B of the Code at least 30 Business Days before the end of the financial year and the Regulator has not disallowed the variation to the Reference Tariffs by 10 Business Days prior to the date they are due to come into effect.

The notice pursuant to Clause 8.3B of the Code must include:

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- the proposed new tariffs, and
- the calculations supporting the proposed new tariffs.

The Service Provider must submit one and only one notice pursuant to this Section 3.4 each financial year.

PART 3C – Other Charges

3.5 Gas Balancing Charges

Gas Balancing Charges are set out in Schedule 3 together with the conditions relating to Gas Balancing.

3.6 Daily Variance Charges

Once contracted volume exceeds 85% of nominal pipeline capacity the following charges are to apply:

- A Daily Variance will occur when the quantity of gas:
 - (a) delivered to or for the account of the User at a Delivery Point during a Day is different from the Nomination for that Delivery Point; or
 - (b) received from or on behalf of the User at a Receipt Point during a Day is different from the Nomination for that Receipt Point;

by more than 10% of the Delivery Point MDQ or the Receipt Point MDQ respectively (excluding any portion of that variation that has been caused by the Service Provider).

- For any Day in excess of:
 - (c) 4 Days in the Month; or
 - (d) 24 Days in a Contract Year;

in which a Daily Variance occurs, the Service Provider may require the User to pay a Daily Variance Charge calculated by multiplying the Daily Variance Rate by the Daily Variance Quantity.

3.7 General

Any charge payable by a User in respect of an Overrun quantity, Imbalance or Daily Variance or other Charge specified above is payable in addition to, and not substitution for, any other charge payable by the User and does not affect the MDQ specified in the Service Agreement.

PART 3D – General Provisions on Reference Tariffs

3.8 Date of Application of Reference Tariffs

Reference Tariffs apply from the date on which the approval of the Relevant Regulator takes effect under Section 2 of the Code.

3.9 GST

Unless expressly stated otherwise, all amounts payable or the value of other consideration provided in respect of supplies made in relation to this Access Arrangement are exclusive of GST (if any). Where GST is payable or imposed on any supply made (or deemed to have been made) under or in accordance with this Access Arrangement, the amounts payable or the value of the consideration provided for that supply (or deemed supply) ("**Payment**") shall be increased by such amount as is necessary to ensure that the amount of the Payment net of GST is the same as it would have been prior to the inclusion of GST.

Where, in relation to this Access Arrangement, a party makes a taxable supply, that party must provide a tax invoice in respect of that supply before the GST payable in respect of that supply becomes due.

Terms defined in A New Tax System (Goods and Service Tax) Act 1999 of Australia have the same meaning when used in this clause.

4 REFERENCE TARIFF POLICY

4.1 Description of Principles

Reference Tariffs in this Access Arrangement were established through a competitive Tender Process.

The principle selection criterion for the awarding of the tender was that:

- the tenderer can provide for the supply of natural gas to consumers at the lowest sustainable combined distribution and transmission tariffs.

Secondary criteria included:

- the areas to which gas is to be made available;
- the number of customers which will have access to natural gas; and
- the proposed construction timetable.

The tender was to, and did, determine:

- the Revisions Commencement Date;
- Reference Tariffs;
- the additional Revenue Policy; and
- the Reference Tariff Policy (to the extent that it determines the manner in which Reference Tariffs will change over the period).

Pipelines typically have high up-front construction costs. In addition, greenfield projects generally take many years for demand to grow sufficient for revenue to sustain the large capital investments and on-going operating costs. As a consequence there are under-recoveries of revenue in the earlier years of operation which must be offset by over-recoveries in later years.

In these circumstances commercial prudence suggests that tariffs for services be set high to limit the period of under-recovery. However, if tariffs are set too high customers will not convert to natural gas, and demand will never rise sufficient to underpin the investment in infrastructure.

Europacific (subsequently incorporated as Central Ranges Pipeline Pty Ltd) established Reference Tariffs for its successful tender by reference to the current delivered prices of competing fuels (coal, LPG, light fuel oil and electricity) and the prices that different user classes may be able to bear. To set tariffs any higher would almost certainly result in market and economic failure, to set them any lower would increase the period of under-recovery and, as a consequence, the risk of the project.

These Reference Tariffs are in Section 3.1 and they will vary annually according to the Reference Tariff Variation Method in Section 3.2.

The Pipeline is not expected to recover total costs during the Initial Access Arrangement Period to 2019. To allow opportunity to recover total costs over the life of the assets, the Under-Recoveries in the first Access Arrangement period are to be capitalized into the Capital Base to be taken into account in the determination of Reference Tariffs in future Access Arrangements.

4.2 Capital Base

As noted in the Introduction, the Pipeline is to be constructed incrementally, with the first stage being the construction of the pipeline from Dubbo to Tamworth. For the purposes of this Access Arrangement, the Capital Base is the actual (not forecast) capital cost of construction of the Pipeline. (Tender outcome).

In the initial Access Arrangement Period, the Capital Base will include the actual capital cost of construction of such of the remaining stages of the Pipeline in the Year in which those costs are incurred.

4.3 New Facility Investment

The Tender dealt with the construction of the Covered Pipeline to all the Central Ranges Towns. Under the Tender, this also includes any capital expenditure needed to increase the capacity of the Central West Pipeline in order to meet demand from the Central Ranges Towns and any “stay in business” capital expenditure associated with the Pipeline. All this capital expenditure incurred in constructing the Pipeline in its entirety to all Central Ranges Towns will not be subject to Section 8.16 of the Code as this construction forms part of, and is not an extension to, the Covered Pipeline.

However, capital expenditure incurred in extending the pipeline to other than the Central Ranges Towns will, subject to Section 7.2(c) of this Access Arrangement, be subject to Section 8.16 of the Code as these will be extensions to the Covered Pipeline and will, therefore, constitute New Facilities Investment. Capital expenditure in expansions to the pipeline, to increase capacity to service locations other than the Central Ranges Towns, will similarly constitute New Facilities Investment.

4.4 New Facility Investment that does not satisfy Section 8.16 of the Code

The Service Provider retains the right to pursue New Facilities Investment that does not meet Section 8.16 of the Code (Speculative Investment).

If the Service Provider constructs a Speculative Investment then:

- (a) the portion of the New Facilities Investment which does satisfy the requirements of Section 8.16 of the Code (Recoverable Portion) may be added to the Capital Base at the commencement of the next Access Arrangement Period in accordance with Section 4.6(b) of this Access Arrangement; and
- (b) an amount in respect of the balance of the New Facilities Investment forms part of the Speculative Investment Fund (as contemplated by the Code) and, may subsequently be added to the Capital Base in accordance with Section 4.6(b) of this Access Arrangement if, at any time, the type and volume of services provided using the increased Capacity attributable to the Speculative Investment change such that any part of the Speculative Investment Fund would then satisfy the requirements of Section 8.16 of the Code.

The amount of the Speculative Investment Fund is to be calculated in accordance with Section 8.19 of the Code

4.5 Capital Base Annual Variation for Determining Under-recoveries

Under-recoveries are to be determined in relation to the Pipeline excluding any New Facilities Investment. The figures to be applied in relation to the formula for Capital Base and Under-recovery below are consequently those which relate to the Pipeline excluding any amounts pertaining to New Facilities Investment.

$$CB_n = CB_{n-1} \times \frac{CPI_n}{CPI_{n-1}} + Capex_n - Redundant Capital_n + Under - recovery_n$$

Where:

CB_n is the Capital Base at the end of the Year to June in Year n.

CPI_n is the CPI for the June quarter in Year n.

CPI_{n-1} is the CPI for the June quarter in Year n-1.

Capex_n is actual capital expenditure in Year n incurred in constructing the Pipeline to any Central Ranges Towns, capital expenditure to increase the capacity of the Central West Pipeline in order to meet demand from the Central Ranges Towns and any “stay in business” capital expenditure in respect of the Pipeline but will not include any expenditure funded pursuant to Section 4.9.

Redundant Capital_n is capital in the Pipeline made redundant in Year n. Redundant Capital is as defined in the Code.

Under – recovery_n is the amount of Under-recovery for the Year n and is equal to:

$$(Operating Expenditure)_{Year n} + (CB_{n-1} \times 11.955\%) - (Revenue)_{Year n}$$

in each Year in which the result of the formula is positive

In applying the formula for Capital Base Annual Variation, the initial Capital Base at the end of Year 2006 will be calculated as follows:

CB₂₀₀₆ is the initial Capital Base and is equal to all capital expenditure pre-1 July 2006 escalated using movements in CPI from the quarter in the Year of expenditure to 30 June 2006 (to convert expenditure to Year 2006 dollars); eg expenditure in the period 1 July 2005 to 30 September 2005 will be escalated according to the formula:

$$\frac{CPI_{Jun2006}}{CPI_{Sep2005}} \text{ where } CPI_{June 2006} \text{ is the CPI for the June quarter in Year 2006.}$$

4.6 Capital Base at the Commencement of Next Period

The Capital Base at the commencement of the next Access Arrangement Period will be:

- (a) the Capital Base calculated in accordance with Clause 4.5 for the Year ending June 2018 and then calculated for the Year ending June 2019 using best estimates; plus

- (b) the portion of New Facilities Investment approved by the Regulator under Sections 8.15 – 8.19 of the Code (net of any New Facilities Investment funded under Section 4.9 below) escalated using movements in the CPI from the end of the quarter in which expenditure is incurred to 30 June in that Year, and then by the change in the CPI each Year (using the same method as in the formula in 4.5).

The Access Arrangement for the second Access Arrangement Period will include a provision for the adjustment of tariffs once the difference between the estimates and actual figures are known.

4.7 Model Detailing Amendments to the Capital Base

The Service Provider will submit to the Regulator within 120 days after Year End, a model calculating the Year End Capital Base with supporting information including the:

- actual CPI outcomes; and
- the actual Under-recovery; and
- the details of the actual capital cost of construction of any stage of the Pipeline that was incurred during the Year.

4.8 Redundant Capital (Not a tender outcome)

Redundant Capital will be dealt with in accordance with Section 8.27 of the Code.

4.9 Additional Revenue Policy (Tender outcome)

The Tender Process established the following basis for the treatment of Additional Revenue

- (a) In each Year in which there is an Over-recovery, the Over-recovery will be moved into an Equity Reserve account named - "Pipeline Construction Capital" and an equivalent provision will be made for "Pipeline Capital Expenditure" with an amount equivalent to that provision being placed in a separate bank account. Any interest accruing in respect of this account will form part of the fund. These funds are to be used to meet one or more of the following:
- i. Under-recovery in subsequent Years (not for the prior Year Under-recoveries which have been added to the Capital Base);
 - ii. to meet capital expenditure required to fund the construction of the Pipeline to all the Central Ranges Towns;
 - iii. to reduce the Capital Base.

The election will be at the sole discretion of the Service Provider.

Over-recoveries are to be determined in relation to the Pipeline excluding any New Facilities Investment. The figures to be applied in the formula below are those that relate to the Pipeline excluding any amounts pertinent to New Facilities Investment.

Over-recovery_n is the amount of Over-recovery in Year n and is equal to:

$(Revenue)_{Year\ n} - (Operating\ Expenditure)_{Year\ n} - (CB_{n-1} \times 11.955\%^1)$
in each Year in which the result of the formula is positive.

- (b) If the funds in the Pipeline Capital Expenditure account are not used in the ten years from the end of the Year in which the Over-recovery was made, then this amount will be returned to the Users in the form of a rebate in the first billing period 120 days after Year End in proportion to the total amount of gas revenue received in the prior Year.
- (c) Once the expansion to all Central Ranges Towns has been completed then any Over-recovery will be split 50/50 between the Users and the Service Provider, in the form of a rebate and additional profit distributions, respectively.

The rebate will be made in the first billing period 120 days after Year End in proportion to the total amount of gas revenue received in the prior Year.

- (d) The Service Provider will include in its annual report to the Regulator, pursuant to Section 4.7 of this Access Arrangement, details of Over-recoveries, with supporting information, including the Over-recovery for the Year, how it was spent (if it was), the balance of the equity reserve account and provision, and the balance of the separate bank account (if any).

¹ Pretax real

5 TRADING POLICY

5.1 Bare Transfer

A User may make a 'Bare Transfer' of Contracted Capacity (where the underlying contract terms and obligations do not change) without the consent of the Service Provider provided the transferee notifies the Service Provider of the portion of Contracted Capacity subject to the bare transfer and of the nature of the Contracted Capacity to be transferred.

5.2 Substituted Transfer

A User may make a 'Substituted Transfer of Contracted Capacity (where the underlying contract terms and obligations do change) with the prior written consent of the Service Provider which will only be withheld on reasonable commercial or technical grounds, and which may be given subject to reasonable commercial or technical conditions.

5.3 Change of Receipt Point or Delivery Point

The User may only change the Receipt Point and/or Delivery Point(s) specified in a Service Agreement with the prior written consent of the Service Provider, which will only be withheld on reasonable commercial or technical grounds, and which may be given subject to reasonable commercial or technical conditions.

Consent will generally be given if the proposed Delivery Point is upstream of the Delivery Point specified in the Service Agreement.

5.4 Response to Requests

The Service Provider will respond to requests to make substituted transfers and to change a receipt or delivery point within 14 Business Days of receiving the request and information reasonably required by the Service Provider to consider the request, and will endeavour to respond in 2 Business Days in cases of hardship.

5.5 User Remains Liable

A User who transfers or assigns any of its contracted capacity remains liable to the Service Provider for all charges or other amounts payable to the Service Provider in respect of the part of the contracted capacity transferred or assigned unless the Service Provider expressly agrees in writing that some other person will be liable for some or all of those charges or other amounts, and the other person concerned has agreed to be liable to the Service Provider in respect of those amounts.

6 QUEUING POLICY

6.1 Forming the Queue

Where there is insufficient capacity to satisfy a Request in full or part, a queue will be formed.

A queue will include all relevant Requests, which cannot be satisfied. Where an offer has been made in response to a Request received prior to formation of the queue, that Request will take first position in the queue.

At the time a Request is placed in a new or existing queue, the Service Provider will advise the Prospective User of:

- its position on the queue;
- the aggregate capacity sought under Requests which are ahead on the queue;
- its estimate of when capacity may become available; and
- the size of any Surcharge that may apply to Developable Capacity.

When the position of a Request changes relative to other Requests which are ahead in the queue (such as where a Request ceases to be on the queue) or where the timing of availability of a new tranche of Developable Capacity changes, the Service Provider will provide revised information to the Prospective User.

6.2 Conditions Applicable on Queue

A Prospective User may reduce but not increase the capacity sought in a Request which is in a queue.

Once every three months, the Service Provider may seek confirmation from a Prospective User that it wishes to continue with its Request. If a Prospective User fails to respond within 14 Days, the Request will lapse.

A Prospective User will advise the Service Provider if it does not wish to proceed with a Request, which will then lapse.

Any lapsed Request will be removed from the queue and priority will be lost.

A Prospective User may only assign a Request on a queue to a bona fide purchaser of the Prospective User's business and/or assets, subject to the Service Provider's prudential requirements.

A Request may lapse if, on assignment of a controlling interest in the shares of the Prospective User, the assignee fails to provide a guarantee as required by the Service Provider or to meet the Service Provider's prudential requirements.

6.3 Procedure When Capacity Can Be Made Available

When capacity can be made available which meets the requirements of any Request in a queue:

- that capacity will be progressively offered to each Prospective User in the queue in order of priority (notwithstanding that such capacity is not sufficient to meet the needs of that Prospective User);
- the Service Provider will advise each of those Prospective Users of its plans to make capacity available, and the terms and conditions on which the capacity will be available.
- a Prospective User will have 30 Days after an offer is made to enter into a Service Agreement (conditional if necessary on the Service Provider entering into Service Agreements with other Prospective Users), failing which the Request will lapse or lose priority to those entering into such a Service Agreement (upon that Service Agreement becoming unconditional).

Where a Prospective User is offered part of the capacity requested:

- (a) but declines it because the Prospective User wants all the capacity requested or nothing; or
- (b) accepts the capacity offered but the Prospective User wants to remain in the queue for the remainder of the desired capacity,

the Prospective User will not lose priority in respect of any capacity requested but not taken.

6.4 Priority of Prospective Users in Obtaining Services

The priority date of a Request is the date a complete Request is received by the Service Provider.

Where the Service Provider determines that two or more Requests relate to the same tranche of capacity for the same Delivery Point, all those Requests will have the priority date of the earliest Request.

A Request for a Reference Service will have priority over a Request for a Negotiated Service.

6.5 General

A Request will not lapse and will retain its priority in a queue in the event of a dispute being notified, until that dispute has been resolved in accordance with the Code.

Where a queue exists, a Prospective User must on request demonstrate to the Service Provider that the Prospective User will have access to a supply of gas at the time it is anticipated that the Prospective User will be offered access to the Service.

7 EXTENSIONS / EXPANSIONS POLICY

7.1 Expansions to Central Ranges Towns (Tender outcome)

Construction of the Pipeline to supply any Central Ranges Town is not an extension or expansion pursuant to the Code as it will form part of the Covered Pipeline and accordingly is not subject to Section 8.16 of the Code.

Reference Services or Reference Tariffs will not be varied except in accordance with Section 3.

7.2 New facilities investment

- (a) Subject to Section 7.2(c) of this Access Arrangement an extension to, or an expansion of, the Pipeline is covered by this Access Arrangement
- (b) Prior to an extension or expansion coming into service, the Service Provider will give notice to the Regulator specifying:
 - (i) the location of the extension or expansion;
 - (ii) its costs (or, where these are not available its anticipated costs);
 - (iii) a description of the extension or expansion, including in the case of an extension, its length; and
 - (iv) any other information the Service Provider consider relevant.
- (c) An extension will not be covered by the Access Arrangement if the Service Provider gives written notice to the Regulator before the extension comes into service that the extension will not be covered under this Access Arrangement.
- (d) As contemplated in Sections 4.2 and 4.3 of this Access Arrangement, the Service Provider may incur capital expenditure in New Facilities in extending the pipeline to locations other than the Central Ranges Towns or expanding any part of the pipeline to increase capacity to service locations other than the Central Ranges Towns.

7.3 Capital contributions and surcharges

Where New Facilities Investment does not pass Section 8.16(a) (ii) of the Code then the Service Provider may:

- seek to apply a Surcharge on Incremental Users in accordance with the Code; and/or
- negotiate a Capital Contribution with a specific User or Users.

8 CAPACITY MANAGEMENT POLICY

For the purposes of Section 3.7 of the Code, the Pipeline is a Contract Carriage Pipeline.

SCHEDULE 1:

DEFINITIONS AND INTERPRETATION

Words defined in the Code have the meaning given to them in the Code. Otherwise in this Access Agreement:

“Access Arrangement Information” means the separate information provided to the Regulator with the submission for this Access Arrangement.

“Access Arrangement Period” has the meaning given to it in the Code.

“Annual Contract Quantity” or **“ACQ”** means the quantity agreed between the Service Provider and the User as the maximum quantity of gas which the Service Provider agrees to receive, transport and deliver each Contract Year.

“Association” and **“CRNG&TAI”** means the Central Ranges Natural Gas and Telecommunications Association Incorporated.

“Authorised Overrun” means an Overrun approved before the Overrun occurs.

“Authorised Overrun Rate” means

- where the Contracted Capacity on the Pipeline is less than or equal to 85% of the Capacity of the Pipeline, zero, and
- where the Contracted Capacity on the Pipeline is greater than 85% of the Capacity of the Pipeline, as advised by the Service Provider from time to time, 20% of the Reference Charge for a Special Contract Transportation Service.

“Bare Transfer” means a transfer or assignment of any interest in the right to obtain a Service (including, but without limitation, a sub-licence) in which the contract between the Service Provider and the User remains in effect in terms identical to those existing between the Service Provider and the User immediately prior to that transfer or assignment.

“Business Day” means any day which is not a Saturday, Sunday or a public holiday in New South Wales.

“Capacity” has the meaning given to it in the Code.

“Capital Base” has the meaning given to it in the Code

“Capital Contribution” has the meaning given to it in the Code.

“Capital Cost” means the costs of construction of the pipeline and associated facilities in providing the Reference Services. This will include the cost of the Service Provider meeting all statutory, environmental, safety and operating standards.

“Central Ranges Towns” and **“CRT”** means Tamworth, Gunnedah, Mudgee, Dunnedoo, Coolah, Gulgong, Quirindi, Werris Creek, Coonabarabran and Gilgandra.

“Central West Pipeline” means the pipeline from Marsden to Dubbo described in Pipeline Licence 25 under the Pipelines Act 1967 New South Wales and includes the receipt stations

and delivery stations which exist from time to time and any extension or expansion which forms part of that pipeline.

“Charge” for a Service means the amount that is payable by a User for that Service under this Access Arrangement.

“Code” means the National Third Party Access Code for Natural Gas Pipeline Systems established under the Gas Pipelines Access Law.

“Contracted Capacity” has the meaning given to it in the Code.

“Contract Customer” means a business with an annual usage of gas delivered through the Pipeline of more than 10 TJ and not more than 1 PJ.

“Contract Year” means the period of a Year commencing on the first Day of the Term for a Delivery Point or commencing on the anniversary of the first Day of the Term.

“Covered” has the meaning given to it in the Code.

“Covered Pipeline” has the meaning given to it in the Code.

“CPI” means the Consumer Price Index (All Groups - Weighted Average Eight Capital Cities) published quarterly by the Australian Statistician. If the Australian Statistician ceases to publish the quarterly value of that Index, then CPI means the quarterly values of another Index which the Service Provider reasonably determines most closely approximates that Index.

“CRP” means Central Ranges Pipeline Pty Ltd.

“Daily Variance Quantity” means, on any Day on which a Daily Variance occurs, the greater of:

- (a) the sum, for all Delivery Points, of the absolute differences between the Nomination and the actual quantity of gas delivered to or for the account of the User at each Delivery Point for the Day; and
- (b) the sum, for all Receipt Points, of the absolute differences between the Nomination and the actual quantity of gas received from or on behalf of the User at each Receipt Point for the Day,

(excluding any portion of that quantity which has been caused by the Service Provider).

“Daily Variance Rate” means 20% of the Reference Charge for a Special Contract Transportation Service payable by the User on the Day on which the Daily Variance occurred.

“Day” means a period of 24 consecutive hours beginning at 6.30am Australian Eastern Standard Time and **“Daily”** has a corresponding meaning. When referring to a particular Day, the date of the Day shall be the date on which that Day begins.

“Delivery Point” means a point on the Pipeline at which gas is delivered from the Pipeline to or for the account of any User.

“Delivery Point MDQ” means the MDQ established by the User for that Delivery Point. Where gas is to be delivered to only one Delivery Point under a Service Agreement, the User's MDQ will be taken to be the Delivery Point MDQ.

“**Delivery Point MHQ**” means the MHQ established by the User for that Delivery Point.

“**Delivery Station**” means those facilities installed at a Delivery Point to enable delivery of gas from the Pipeline including a tapping point, remote shutoff valve, SCADA and other communications facilities, and associated power supply.

“**Domestic Customer**” is a residential customer, which is not a business.

“**End User**” means a Domestic, I&C, Contract or Special Contract Customer that uses gas distributed through the Pipeline.

“**Force Majeure**” means any event or circumstance not within the control of a party to a Service Agreement and which by the exercise of due diligence that party is not reasonably able to prevent or overcome.

“**gas**” means Natural Gas as defined in the Code.

“**Gas Balancing Charge**” means any charge, settlement amount or gas purchase amount required under Schedule 3.

“**Gas Pipelines Access Law**” means the Gas Pipelines Access Law 1998.

“**General Terms & Conditions**” means those terms and conditions set out in Schedule 2 in respect of Reference Services.

“**GJ**” means a gigajoule of gas.

“**GST**” has the meaning given to it in Division 195 of A New Tax System (Goods & Services Tax) Act 1999.

“**Hour**” means any period of 60 consecutive minutes.

“**Imbalance Rate**” means 250% of the Reference Charge for a Special Contract Transportation Service payable by the User on the final Day of M3 (as described clause 18 of Schedule 3).

“**Incremental Capacity**” has the meaning given to it in the Code.

“**Incremental Users**” has the meaning given to it in the Code.

“**Industrial and Commercial**” or “**I&C**” means a business which has an annual usage of gas delivered through the Pipeline of not more than 10 TJ at a single Delivery Point.

“**Linepack**” means the quantity of gas in the Pipeline from time to time.

“**Maximum Daily Quantity**” or “**MDQ**” means the maximum quantity of gas (in GJ) which the Service Provider is obliged to transport and deliver for or on behalf of the User on any Day (excluding Overruns).

“**Maximum Hourly Quantity**” or “**MHQ**” means the maximum quantity of gas (in GJ) which the Service Provider is obliged to transport and deliver for or on behalf of the User in any Hour (excluding Overruns).

“Measuring Equipment” means all the equipment and facilities forming part of a Delivery Station or a Receipt Station required to measure and communicate the quantity of gas delivered to or at the Delivery Point or Receipt Point.

“Metering Facilities” means facilities to measure quantities and monitor quality of gas being received or delivered which facilities may include filters, metering system and associated instrumentation, shutoff valves, links to SCADA and other communications facilities, and power supplies.

“Month” means calendar month.

“Negotiated Service” means a Service for the transportation of gas on terms and conditions different to those of a Reference Services.

“Network” means CRP’s system of pipes and associated facilities and including Receipt Stations components, Delivery Station components and Measuring Equipment and includes the networks to be constructed in each Central Ranges Town.

“New Facility” has the meaning given to it in the Code.

“New Facilities Investment” has the meaning given to it in the Code.

“Nomination” means a schedule provided by the User showing, for each Day of a specified period:

- (a) the quantities of gas (in GJ) intended to be presented at each of the User’s Receipt Points by or on behalf of the User; and
- (b) the quantities of gas (in GJ) required to be delivered at each of the User’s Delivery Points to or for the account of the User.

“Operating Expenditure” means all Non Capital Costs relating to the provision of Services in respect of the transportation of gas from Dubbo or any other Receipt Points to Users connected to the Pipeline.

“Over-recovery” equals Revenue less (Operating Expenditure plus Capital Base closing balance in Year n-1 times 11.955%) for each Year in which this produces a positive number and is calculated in accordance with Section 4.9(a) of this Access Arrangement.

“Overrun” means the withdrawal of a quantity of gas at a Delivery Point in excess of the MHQ in any Hour or in excess of the MDQ on any Day for that Delivery Point.

“Pipeline” means the pipeline from Dubbo to the Central Ranges Towns and includes the Receipt Stations, Delivery Stations and related facilities which exist from time to time.

“PJ” means one petajoule of gas and is equal to one million (106) GJ.

“Prospective User” has the meaning given to it in the Code.

“Queuing Policy” means the policy set out in Section 6 of this Access Arrangement.

“Receipt Point” means the Dubbo Interconnect Station or any other point at which gas is delivered into the Pipeline.

“Receipt Station” means those facilities installed at a Receipt Point to enable receipt of gas from a User into the Pipeline, including a tapping point, a remote shutoff valve, SCADA and other communications facilities and associated power supply.

“Receipt Point MDQ” means the MDQ for that Receipt Point.

“Recoverable Portion” has meaning given in Section 8.18 of the Code.

“Redundant Capital” has the meaning given to it in the Code.

“Reference Service” means a Reference Service described in Section 1.

“Reference Service Agreement” means a Service Agreement in respect of a Reference Service.

“Reference Tariff” means the Reference Tariff described in Section 3.

“Regulator” means the Australian Competition and Consumer Commission or the Relevant Regulator under the Gas Pipelines Access Law.

“Request” means a Request for Service as described in Section 1.4.

“Revenue” means all revenue relating to the provision of Services in respect of the Pipeline.

“Revision Commencement Date” means 1 July 2019.

“Revisions Submission Date” means 30 September 2018.

“Service” means a service provided by the Service Provider in relation to the Pipeline including but not limited to Reference Services.

“Service Agreement” means a Reference Service Agreement, or a Negotiated Service Agreement (or, where the context requires, both) between a User and the Service Provider, the basic terms are contained in Schedule 2.

“Service Provider” means the owner from time to time of the Pipeline which at the date of commencement of this Access Arrangement is Central Ranges Pipeline Pty Limited ACN 108 218 355.

“Special Contract Customer” means a business with an annual usage of gas delivered through the Pipeline more than 1 PJ at one Delivery Point.

“Specifications” means the specifications for gas in Schedule 3.

“Speculative Investment” has the meaning given in Section 8.19 of the Code.

“Speculative Investment Fund” has the meaning given in Section 8.19 of the Code.

“System Use Gas” means the quantities of gas necessary for the efficient operation of the Pipeline, including gas used as fuel for compressors or other equipment and for heating of gas, and quantities otherwise lost and unaccounted for in connection with the operation of the Pipeline including as a result of any limitations on the accuracy of Metering Equipment but excludes:

- (a) Linepack; and

- (b) gas lost from the Pipeline due to the negligence or wilful default of the Service Provider.

“Substituted Transfer” means a transfer or assignment of any interest in the User’s right to obtain a Service (including, but without limitation, an assignment) in which the contract between the Service Provider and the User either does not remain in effect or remains, in effect, with terms not identical to those existing between the Service Provider and the User immediately prior to that transfer or assignment.

“Surcharge” has the meaning given to it in the Code.

“Tariff Customers” means Domestic Customers and Commercial and Industrial Customers.

“Tender” means the tender conducted by the Association and approved by the Regulator on the 19 May 2004.

“Term” means the period specified in the Services Agreement for a Delivery Point.

“TJ” means 1 terajoule of gas and is equal to one thousand (103) GJ.

“Unaccounted for Gas” or **“UAG”** means gas necessary to make up for gas lost or unaccounted for in the Pipeline.

“Unauthorised Overrun” means an Overrun which is not approved by the Service Provider before it occurs.

“Unauthorised Overrun Rate” means:

- (a) where the Contracted Capacity on the Pipeline is less than or equal to 85% of the Capacity of the Pipeline, zero; and
- (b) where the Contracted Capacity on the Pipeline is greater than 85% of the Capacity of the Pipeline, as advised by the Service Provider from time to time, 100% of the Reference Tariff for a Special Contract Transportation Service.

“Under-recovery” is defined as Operating Expenditure plus (Capital Base closing balance in Year n-1 times 11.955%) less Revenue for each Year in which this produces a positive number and is calculated in accordance with Section 4.5 of this Access Arrangement.

“User” has the meaning given to it in the Code.

“User’s Delivery Point” means a Delivery Point to which the Service Provider is obliged to transport and deliver gas to or on account of the User.

“Users’ Linepack” means the quantity of gas determined from time to time by the Service Provider as the amount reasonably required for the good operation of the Pipeline.

“Year” means a period of 365 consecutive Days but, for any Year which contains a date of 29 February, means 366 consecutive Days ending on 30 June.

“Year End” means the 30 June of any Year.

Interpretation:

In the construction of the Access Arrangement, unless the context otherwise requires:

- (a) a reference to a clause or a schedule is to a clause in, or schedule to, the Access Arrangement;
- (b) the singular includes the plural and vice versa;
- (c) references to any statute, regulations, or other statutory instrument, standard or by-laws shall be deemed to be references to the statute, regulation, statutory instrument, standard or by-law as from time to time amended, consolidated, re-enacted or replaced including substituted provisions that substantially correspond to those referred to;
- (d) references to any agreement, deed, instrument, or publication shall be deemed to be references to the agreement, deed, instrument or publication as from time to time amended, supplemented, novated or replaced;
- (e) clause or condition headings are inserted for convenience only and do not affect the interpretation of the Access Arrangement;
- (f) expressions referring to writing will be construed as including references to words printed, type-written, telexed, lithographed, facsimiled or otherwise traced, copied or reproduced;
- (g) references to 'dollars' and '\$' are references to Australian dollars expressed in 1 July 2003 values unless otherwise stated;
- (h) an agreement, representation or warranty on the part of two or more persons binds them jointly and severally or if given in favour of two or more persons may be enjoyed by them jointly or severally or jointly and severally;
- (i) when referring to a particular Day, the date of the Day shall be the date on which that Day begins; and
- (j) the words "include", "including", "for example" or "such as" are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

SCHEDULE 2:

TERMS AND CONDITIONS

General

1. The General Terms and Conditions in this Schedule 2 apply to all Reference Services.
2. Additional terms and conditions for each Reference Service are set out in Section 2.
3. The gas balancing arrangements set out in Schedule 3 apply to all Reference Services.
4. The operational principles set out in Schedule 4 apply to all Reference Services.

Reference Services Agreement

5. A User is required to enter into a Reference Services Agreement with the Service Provider for a Service, before being given access to the Reference Service.
6. The Service Provider and a User must perform their obligations under a Reference Service Agreement, and conduct their relations with each other, in a commercially reasonable manner, and in accordance with reasonable operating and management practices.

Right to Access

7. The Service Provider will not discriminate between Prospective Users in the provision of Services on the basis of:
 - (a) past transactions or relationships with the Service Provider;
 - (b) the identity of the Prospective User, except that the Service Provider may require different amounts of security under Schedule 2 clauses 13 and 14, taking into account, amongst other things, the User's credit record and past transactions and relationships with the Service Provider or other parties;
 - (c) the fact that the Prospective User is a related party of the Service Provider; or
 - (d) the source of the gas proposed to be transported, subject only to the gas meeting the Specifications, and the User having suitable arrangements in place to monitor and control the quality of the gas.

Obligation to Transport

8. The Service Provider's obligation to transport gas will consist of:
 - (a) the receipt of gas at the Network Receipt Point ; and
 - (b) the delivery of a thermally equivalent quantity of gas at the Network Delivery Point up to a maximum of the MHQ in any Hour, subject to the aggregate deliveries from all Users on a Day being equal to the aggregate withdrawals by all Users on that Day.

Title to and responsibility for Gas

9. The User will warrant that it has title to gas delivered at the Receipt Point.
10. The Service Provider is entitled to commingle gas received from a User with gas that is received into the Pipeline from other Users of the Pipeline.
11. The Service Provider will be responsible for any gas lost from the Pipeline due to its negligence or wilful default.
12. On the termination of a Service Agreement, the User will be entitled to:
 - (a) recover a quantity of gas equivalent to any quantity delivered by or on behalf of the User into the Pipeline (net of System Use Gas) and not delivered to or for the account of the User; or
 - (b) sell the gas to another User and advise the Service Provider of the quantity of gas and the identity of that User.

Should the User fail to comply with either (a) or (b) within 3 months of termination, title in the gas passes to the Service Provider to be used for operational purposes on the Pipeline.

Security for Payment

13. A User must, on request by the Service Provider:
 - (a) pay all amounts owing under a Service Agreement to continue to receive Services under that Service Agreement;
 - (b) demonstrate its ability to meet all financial obligations under a Service Agreement;
 - (c) provide all information reasonably required by the Service Provider for the purpose of assessing the User's credit worthiness. The User will provide the information in a timely manner; and
 - (d) provide the Service Provider with security for the performance of the User's obligations under a Service Agreement.
14. The amount and form of security requested by the Service Provider must comply with the following:
 - (a) the amount of any security will be determined by the Service Provider with regard to the User's credit rating, payment history and any additional factors which, in the Service Provider's reasonable opinion, may have a material effect on the User's ability to perform any of its obligations under the service agreement or upon the Service Provider's ability to recover any amounts payable or to be payable by the User;
 - (b) the amount of security shall be proportionate to the charges under the Service Agreement; and

- (c) the type of security shall be one or a combination of the following:
- i. a refundable deposit, or bank guarantee;
 - ii. if the Service Provider agrees (in its sole discretion), a parent company guarantee; or
 - iii. such other form of security as agreed between the User and the Service Provider,

which must be in a form satisfactory to the Service Provider.

Gas Pressure

15. Users will arrange for the deliver of gas at the Receipt Points at pressures nominated by the Service Provider and, in the case of the Dubbo Interconnect Station, agreed with CWP or, in the case of other Receipt Points, agreed with other Receipt Point Operator/Owners from time to time.
16. Subject to receipt of gas at pressures specified in Clause 15 above, the Service Provider will supply gas to Users at the outlet of Delivery Stations at a pressure of not more than 1050 kPa and not less than 900 kPa.

Nominations

17. The User must provide a Nomination for each Month at least 7 Days prior to the first Day of the Month and may vary the Nomination in respect of any particular Day by giving reasonable notice (but not later than 3 pm on the Business Day prior to the particular Day). If the User's Nomination in respect of any Delivery Point for any Day is in excess of the MHQ or MDQ for that Delivery Point, the Nomination will be deemed to be equal to the MHQ or the MDQ, as the case may be, except to the extent that the Service Provider approves an Authorised Overrun for the Delivery Point and for the Day in question, in which case the Nomination will be deemed to be the Authorised Overrun Quantity.

Overruns

18. An Overrun will have occurred if withdrawals by the User at a Delivery Point exceed the MHQ in any Hour or the MDQ on any Day.
19. A User may request an Authorised Overrun on giving not less than one Day's notice to the Service Provider.
20. The Service Provider will agree to a request for an Authorised Overrun except to the extent that in the reasonable opinion of the Service Provider capacity is not available in the Pipeline, the provision of the Overrun may cause the Service Provider to be unable to perform its obligations under another Service Agreement or to enter into another Service Agreement, or the provision of the Overrun would cause the Service Provider to incur additional capital costs or to incur capital costs earlier than those costs would be incurred or greater than the costs which would be incurred if the Overrun were not provided.
21. The Service Provider will advise the Authorised Overrun Quantity and the Day or Days for which the Overrun has been authorised.

22. Where the Contracted Capacity is greater than 85% of the Capacity of the Pipeline, the User is not entitled to request an Authorised Overrun if:
- (a) the User has taken delivery of quantities of gas in excess of the User's MDQ on more than 4 Days in the current Month; or
 - (b) the User has already taken delivery of quantities of gas in excess of 105% of the User's MDQ on more than 12 Days in the Year up to and including the current Month.

If withdrawals by the User at a Delivery Point on a Day exceed the sum of the User's Delivery Point MDQ and any Authorised Overrun Quantity for the Delivery Point for the Day, then an Unauthorised Overrun will have occurred and the excess will be an Unauthorised Overrun Quantity.

System Use Gas and Linepack

23. Users will supply gas for use as System Use Gas at their own cost. Each Month the User will supply the quantity of gas advised by the Service Provider which will be in the proportion that the User's throughput bears to the total throughput for all Users.
24. The User will from time to time supply at its cost the proportion of Users' Linepack determined by the Service Provider which will not exceed the quantity determined by multiplying:
- (a) the ratio of the User's MDQ to the total MDQ of all Users at that time, by
 - (b) the amount determined by the Service Provider as Users' Linepack at that time.
25. If the quantity of gas supplied by a User as Linepack at any time is less than 90% of its proportion of Users' Linepack and this is likely to jeopardise the ability of the Service Provider to comply with any Service Agreement or to operate the Pipeline properly, the Service Provider may require the User to correct the shortfall as soon as possible. If the User fails to correct, or to take reasonable action to correct, the shortfall within four hours of receipt of the notice, and the Service Provider reasonably believes that its ability to comply with any Service Agreement or to operate the Pipeline properly will continue to be impaired, the Service Provider may without liability to the User reduce the quantities of gas received, transported and delivered for or on behalf of the User to the extent necessary to enable the Service Provider to correct the User's share of Users' Linepack.

Metering

26. Withdrawals at Delivery Points will be metered. Where facilities exist, quantities passing through the meter each Day will be recorded and telemetered to the Service Provider's premises daily and will be accessible by the Service Provider, the User, and other persons as permitted by the User.

27. If Metering Facilities fail to operate, the quantity of gas withdrawn will be determined by agreement, or failing agreement by successively using a check meter, calculating the percentage error through calibration tests or mathematical calculation and varying the quantity by one half of the error, or by a deeming method.
28. The quantity of gas delivered at a Delivery Point on any Day will be the product of the volume of gas delivered and the average heating value of gas delivered as declared or measured for the Pipeline for that Day.

Metering and Records

29. The User will be allowed to inspect and audit metering equipment owned by the Service Provider used in determining amounts payable by the User at least once each Contract Year. Each party must bear its own costs of any such inspection or audit.
30. An independent auditor appointed by the User will be allowed to inspect and audit records used in determining amounts payable by the User:
 - (a) at least once each Contract Year; and
 - (b) at least once within 12 Months after termination of a Service Agreement.

Each party must bear its own costs of any such inspection or audit.

Gas Quality

31. The User will deliver gas at the Receipt Points, which meets the Specification, and subject to the User complying with this requirement; the Service Provider will ensure that gas delivered at Delivery Points meets the Specification.
32. The Service Provider may direct the User to cease the delivery of gas, which does not meet the Specification, or may refuse to accept such gas and give notice to the User accordingly.

Interruptions and Curtailments

33. If the Service Provider proposes to carry out any planned work which may affect its ability to provide Services to Users, the Service Provider will give Users reasonable notice of the planned work and after consultation with Users who may be affected will use reasonable endeavours to carry out that work:
 - (a) so as to avoid or minimise so far as is reasonably practicable any curtailment of Services to Users;
 - (b) during a period which the Service Provider reasonably determines to have low aggregate demand for capacity; and
 - (c) with as little disruption to the provision of Services as is reasonably practicable,and may, if necessary, curtail or interrupt receipts or deliveries of gas to the extent necessary to carry out that work.
34. When necessary to protect the operational integrity or safe operation of the Pipeline, or

to comply with any applicable laws and regulations, or during an emergency situation or the like when immediate repairs or maintenance are required, and after giving as much notice to the Users as is reasonably practicable, the Service Provider will be entitled, without incurring liability, to curtail or interrupt receipts or deliveries of gas.

35. Where Services are to be curtailed due to an event of Force Majeure or under the preceding paragraphs, those Services will be curtailed or interrupted downstream of the location of the affected part of the Pipeline and will be curtailed or interrupted proportionately according to the User's Nominations for the first Day and MDQ thereafter, or as otherwise agreed with all Users.
36. The Service Provider will not be liable for any losses, liabilities or expenses incurred by the User and/or the User's customers arising from interruptions and curtailments, where the Service Provider acts in accordance with the principles of the Access Arrangement in good faith. The User will be liable for, and indemnify the Service Provider against any claims made by the User's customers (including against the User) arising out of the Service Provider's implementation of load shedding procedures.

Part Periods

37. Where a charge or fee is specified or determined by reference to a particular period but the actual period in respect of which the charge is or may be applicable is less than the particular period, the charge or fee will be pro-rated to reflect the actual period.

Accounts and Payments

38. The Service Provider will render monthly accounts showing at least the quantity of gas transported during the preceding Month, the Reference Tariff(s) applicable during the preceding Month, and the total amount due for payment.
39. The Service Provider may charge interest on amounts, which are not paid within 14 days of the date of the account at the Commonwealth Bank corporate overdraft reference rate plus two percentage points.

Extension of Term

40. A User is entitled to continue to receive the Services to the Delivery Point after the expiry of the Term if:
 - (a) the further term expires on or before the Revisions Commencement Date; and
 - (b) the User gives the Service Provider at least four weeks notice prior to the expiry of the Term requesting an extension of the Term.

An application by a User for Services contemplated under this clause 40 will not be subject to the Queuing Policy.

41. If the requirements of clause 40 are satisfied, the User shall be entitled to continue to receive the Services for a further term at a capacity not exceeding the MDQ and MHQ applying under the Service Agreement at the expiry of the Term at the Reference Tariffs payable under the Access Arrangement in force from time to time during such further term

42. Where the MHQ at a Delivery Point is more than one tenth of the MDQ, and the Service Provider gives the User at least 12 weeks notice prior to expiry of the Term that a queue has been formed, or is likely to be formed during the following Term, the User is not entitled to continue to receive the Services to the Delivery Point after the expiry of the Term. The Service Provider may agree to continue to provide the Services after the expiry of the Term, to the Delivery Point on reasonable commercial and/or technical grounds, including, the installation of demand management devices by the User which are acceptable to the Service Provider. This clause 42 does not apply to Domestic Transportation Services.

Force Majeure

43. Where an event of Force Majeure affects or prevents a party's performance under a Service Agreement, the non-performance will not be a breach of the Service Agreement but the party affected by the Force Majeure must use reasonable endeavours to put itself in a position to perform its obligations.
44. An event of Force Majeure will not relieve a party from its obligations under a Service Agreement after the expiry of a reasonable period of time within which the Force Majeure could have been remedied or overcome had reasonable endeavours been exercised by the party affected.
45. An event of Force Majeure will not relieve a party from any obligations under a Service Agreement unless promptly after becoming aware of the Force Majeure the party affected gives written notice to the other party.
46. If an event of Force Majeure continues to prevent a party from performing its obligations under the Service Agreement for a Year the parties shall consult in good faith to resolve the Force Majeure. If they are unable to agree, either party may terminate the Service Agreement. Both parties will be relieved of any future obligations but not relieved of obligations arising prior to termination.
47. Where there is a charge based on MDQ, and the Service Provider is unable to perform its obligations under the Service Agreement due to an event of Force Majeure the charge will be based on the highest quantity of gas (up to the MDQ) available to be continuously withdrawn during that period rather than MDQ.
48. Clauses 43 – 47 do not apply to:
 - (a) a party's failure to pay money; or
 - (b) a User failing to ensure that gas delivered to a Receipt Point meets the Specifications.

Liabilities and Indemnities

49. Each party will be responsible and liable for the maintenance and operation of its properties and facilities under a Service Agreement, and indemnifies the other for any claim or action in respect of or arising out of them.
50. Each party indemnifies the other in respect of any inaccuracy of representation, warranty or covenant made by it or failure to perform or satisfy any of the provisions of the Service Agreement.
51. Liability will be limited to actual damages except for:

- (a) delivery of non-Specification gas to a Receipt Point;
- (b) delivery of non-Specification gas due to the negligence or wilful default of the Service Provider;
- (c) failure by the User to cease delivery or taking of gas as required under the Service Agreement; or
- (d) withdrawal at a Delivery Point of a quantity greater than MHQ in any Hour or a quantity greater than MDQ on any Day except as an Authorised Overrun.

Additional Service Agreements

52. Where a User enters into more than one Service Agreement, the User will, in addition to the information required under Section 2.6, provide aggregate MHQ and MDQ for each Delivery Point, aggregate MDQ for each Receipt Point and aggregate ACQ and MDQ to show the aggregate requirements under all Service Agreements.

SCHEDULE 3:

GAS BALANCING

Forecasts and Nominations.

1. At least 7 days prior to the first Day of the Month a User must provide a Nomination for each Month and may vary the Nomination in respect of any particular Day by giving reasonable notice (but not later than 3 pm on the Business Day prior to the particular Day).
2. A Nomination is a schedule showing, for each Day of the specified period the quantities of gas (in GJ) required to be delivered at each Delivery Point to or for the account of the User.
3. Where the Service Provider approves an Authorised Overrun for a User, the User's Nomination for that Day will be deemed to be revised to reflect the Authorised Overrun.
4. Nominations will be made in good faith so that the total quantity nominated under clause 2 for all Delivery Points is the aggregate amount which the User intends to withdraw from the Pipeline on the Nomination Day under all Service Agreements.
5. The Service Provider will advise the User of the quantity of gas which the User should plan to deliver or have delivered at each Receipt Point on the Nomination Day in order to enable the Service Provider to satisfy the User's withdrawal requirements and any other aggregate needs for the Pipeline (including adjustment for the User's change in share of Linepack and UAG) to ensure safe and reliable supply ("Proposed Nomination").
6. The User will advise the Service Provider of the Quantity of Gas which the User intends to deliver or have delivered at each Receipt Point on the Nomination Day (the User's "Confirmed Nomination").
7. Should the User fail to provide the Service Provider with a valid Confirmed Nomination, the Service Provider shall determine the User's Proposed Nomination as the Confirmed Nomination.
8. Each of the obligations set out in clauses 1 to 7 must be completed in accordance with a timetable determined by the Service Provider.

Input and Withdrawal Quantities

Inputs

9. The User's Input at a Receipt Point will be one of three amounts:
 - (a) where there is one User at a Receipt Point, the daily metered quantity of gas at that Receipt Point; or
 - (b) where there is more than one User at a Receipt Point, the daily metered quantity of gas will be allocated to each User in accordance with the allocation methodology agreed by all Users; or

- (c) if Users fail to agree, then such methodology as the Service Provider reasonably determines.
10. Where a User trades a Daily Imbalance with another User, the Input will be adjusted accordingly.
 11. A User's Total Inputs to the Pipeline on a day will be the sum of daily Inputs at each Receipt Point.

Withdrawal

12. The User's Withdrawal at a Delivery Point will be one of three amounts:
 - (a) where there is one User at a Delivery Point, the daily metered quantity of gas at that Delivery Point; or
 - (b) where there is more than one User at a Delivery Point, the amount of gas allocated to that User at the commensurate Network Receipt Point (which shall be determined on the assumption that each Users is in balance in the relevant Network Section²), or
 - (c) if Users fail to agree, then such methodology as the Service Provider reasonably determines.
13. A User's total Withdrawals from the Pipeline on a day will be the sum of daily Withdrawals at each Delivery Point.

Gas Balancing

14. Users will be responsible to control and, if necessary, adjust Nominations and vary receipts and deliveries of gas to ensure that each Day the quantity of gas:
 - (a) received into the Pipeline on or behalf of the User; and
 - (b) delivered to the User's Delivery Points to or on account of the User;is the same.

Calculation of Imbalance

15. The User's Daily Imbalance = User's Total Inputs less User's Total Withdrawals less User's contribution to Linepack and UAG.

² It is understood that in each network section all Users are deemed to be in balance and the issues of Imbalance are dealt with entirely in the transmission pipeline.

Consistency requires that a Users pipeline Withdrawals at each Delivery Point be set equal to the amount of gas allocated to that User at the commensurate Network Receipt Point.

Obligation to rectify.

16. If an Imbalance exists on the last Day of a Month (M1), the User must endeavour to reverse the Imbalance during the subsequent Month (M2) by making adjustments in receipts and / or deliveries. If on any Day during M2 the User reverses the Imbalance, then the Imbalance for M1 will be deemed to be corrected. (ie. A positive Imbalance at the end of M1 will be corrected by a negative Imbalance on any Day during M2 and vice versa).
17. If a User fails to correct the Imbalance during M2, the Service Provider may adjust the User's receipts and deliveries over the next Month (M3) to correct the Imbalance.
18. Where on the last Day of M3 an Imbalance remains, the Service Provider may:
 - (a) Charge the User an Imbalance Charge calculated by multiplying the Imbalance existing on the last Day of M3 by the Imbalance Rate; and
 - (b) In the case of an Imbalance shortfall, correct the Imbalance by purchasing gas at the Receipt Point and charging the User the amount paid by the Service Provider for that gas. The Service Provider will notify the User promptly after it corrects an Imbalance in this manner.

Procedures Relating to Trading of Imbalance Quantities

19. The User may during M2 trade gas with other Users so as to reduce or eliminate Daily Imbalances they would otherwise have, provided that:
 - (a) the gas traded relates to the same Month for both parties; and
 - (b) the parties to the trade must both advise the Service Provider of the identity of the buyer and seller, the period to which the trade relates, and the quantity traded no later than the last Day of M2.

SCHEDULE 4:

GAS QUALITY SPECIFICATION

The User must ensure that gas delivered by it or on its behalf at each Receipt Point complies with:

- (a) the specifications prescribed by any New South Wales law, including but not limited to any regulation made under the *Gas Supply Act 1996 (NSW)*, applying during the Agreement that extends to any such gas;
- (b) where the law referred to in paragraph (a) does not prescribe a particular matter, or for any period during the Service Agreement in which there is no such law, the specification set out below; and
- (c) any other specification notified by the Service Provider to a User from time to time.

The specifications prescribed by any New South Wales law prevail over the specifications referred to in (b) and (c) of Schedule 4 to the extent of any inconsistency.

Where Gas quality is measured upstream of the Pipeline, permissible variations outside of the specifications will be determined by the Service Provider from time to time, subject to the specifications prescribed by any New South Wales law.

	PARAMETER ³	SPECIFICATION LIMIT
1.	Wobbe Index	Min. 46.0 MJ/m ³ Max. 52.0 MJ/m ³
2.	Oxygen	Max. 0.2 mol%
3.	Hydrogen Sulphide	Max. 5.7 mg/m ³
4.	Total Sulphur ⁴	Max. 50 mg/m ³
5.	Water Content	Max. Dew Point 0°C at maximum transmission pressure upstream of receipt point, but in any case no more than 112.0 mg/m ³
6.	Hydrocarbon Dewpoint	Max. 2° at 3,500 kPaG
7.	Total Inert Gases	Max. 7.0 mol %
8.	Solid Matter and Liquids	Nil Permitted
9.	Temperature at Receipt Point	-5°C to 50°C
10.	Odorant	Odorant to be of a type approved by the Service Provider

³ The standard testing conditions for all gas properties are: Temperature 15°C, Absolute Pressure 101.325 kPa with the natural gas dry (that is, completely free of water vapour).

⁴ Including odorant, or an allowance for odorant in cases where odorant is injected downstream of test points.

SCHEDULE 5A

REQUEST FOR SERVICE

Access and Requests for Services

Reference Services and Negotiated Services

In order to obtain access to a Reference Service or a Negotiated Service, a Prospective User must observe the following procedures:

- A Prospective User must lodge a Request and meet the Service Provider's prudential requirements. A Request must include as a minimum the level of detail envisaged by the form of Request for Service set out in this Schedule.
- A Prospective User may have only one active Request for the same tranche of capacity to a particular Delivery Point.
- The Service Provider will advise the Prospective User where a Request is incomplete. If the Prospective User corrects the deficiency within 7 Days of being advised that the Request is incomplete, the priority of the Request will depend on the date on which the Service Provider first received the Request. Otherwise, the priority will depend on the date on which the Service Provider receives the complete Request.
- The Service Provider will within the shortest reasonable time and in any event within 30 Days of receiving a complete Request advise whether capacity is available and at what price, and whether a queue exists for the capacity.
- A Request will lapse unless, within 30 Days of the Service Provider advising that capacity is available, the Prospective User has either entered into a Service Agreement, or commenced bona fide negotiations⁵.
- Where there is sufficient capacity to meet a Request, there will be no queue.
- Where there is insufficient capacity to satisfy a Request, then a queue will be formed and the Queuing Policy (set out in Section 6) will apply.

⁵ A Request for Service will not lapse in the event of a dispute being notified under the Code until that dispute has been resolved in accordance with the Code.

SCHEDULE 5B

FORM OF REQUEST FOR SERVICE

1. PROSPECTIVE USER DETAIL:

Name of Prospective User :
ACN:
Contact Officer:
Title:
Address:
.....
Telephone:
Fax:
Service Requested:

If the requested service is not a Reference Service, then what conditions, different from those available under a Reference Service, are sought, and what are the special circumstances or conditions which give rise to that need?

.....
.....
.....
.....

Date for Commencement of Service:
Term sought:

2. RECEIPT POINT INFORMATION:

Receipt Point Location:
Entity Responsible for Delivery of Gas to:
Receipt Point
(if other than the Prospective User)
ACN:
Contact Officer:
Title:
Address:
.....
Telephone:
Fax:

3. DELIVERY POINT INFORMATION:

Delivery Point Location:
 Entity Controlling Withdrawal of
 Gas at Delivery Point:
 (if other than the Prospective User)
 ACN:
 Contact Officer:
 Title:
 Address:

 Telephone:
 Fax:

4. TRANSPORTATION INFORMATION:

Annual Quantity – ACQ(GJ):
 Maximum Daily Quantity - MDQ (GJ):
 Maximum Hourly Quantity - MHQ (GJ):

Transportation Patterns:
 (graphically if possible, to assist with the assessment of the request)
 Typical Daily Profile
 Typical Weekly Profile
 Typical Annual Profile
 Examples of Atypical Profiles which you might envisage

Is the Service being sought to serve a new load or an existing load on the Pipeline?

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