

**Access arrangement for the ACT, Queanbeyan  
and Palerang gas distribution network**

**1 July 2010 – 30 June 2015**

April 2010

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# 1 Introduction

## ***Access Arrangement***

- 1.1 This Access Arrangement sets out the terms on which Users can access ActewAGL's gas distribution Network in the ACT, Queanbeyan and Palerang.
- 1.2 Users wishing to gain access should contact:  
Commercial Operations Manager  
Jemena Asset Management  
Locked Bag 5001  
Royal Exchange Sydney NSW 1225  
Phone (02) 9270 4500  
Fax (02) 9270 4501

## ***ActewAGL's Network***

- 1.3 ActewAGL's gas distribution Network (Pipeline licence no. 29) consists of approximately 4,000 km of pipeline. Approximately 112,000 Customers are served by the Network, 97,000 of these within the ACT.
- 1.4 A map of the Network is available on ActewAGL's website at [www.actewagl.com.au](http://www.actewagl.com.au), which shows the general location and key points of the Network (such as intersections with transmission pipelines).

## ***Regulatory background – National Gas Rules***

- 1.5 In 2008 the National Third Party Access Code for Natural Gas Pipeline Systems was replaced by the National Gas Law. The National Gas Law was made law in South Australia under the *National Gas (South Australia) Act 2008 (SA)*, and is contained in a schedule to that Act.
- 1.6 On 1 July 2008 the initial National Gas Rules were made and certified by the South Australian Minister for Energy under section 294(1) of the National Gas Law.
- 1.7 The National Gas Rules also apply in the ACT under the *National Gas (ACT) Act 2008 (ACT)*.

## ***Requirements for an Access Arrangement***

- 1.8 Under the National Gas Rules, the owner or operator of a Covered Pipeline is required to lodge an Access Arrangement with (and have it approved by) the Relevant Regulator.
- 1.9 ActewAGL's Network is a Covered Pipeline (by operation of item 7 of Schedule 3 of the National Gas Law). The Relevant Regulator for the ACT is the Australian Energy Regulator (**AER**).



- 1.10 The Access Arrangement must, as a minimum, contain the elements described in section 48 of the National Gas Rules. These include:
- (a) the terms and conditions on which the owner will provide each Reference Service; and
  - (b) the owner's policy on Services, Reference Tariffs, trading, capacity management, queuing, and extensions.
- 1.11 The Access Arrangement must be accompanied by applicable Access Arrangement Information (section 43 of the National Gas Rules).

### ***Structure of this Access Arrangement***

- 1.12 The structure of this Access Arrangement reflects the requirements of the National Gas Rules discussed above, and is organised as follows:
- (a) Services Policy - Part 2;
  - (b) General terms and conditions for access - Part 3;
  - (c) Determination of Total Revenue, Reference Tariffs and Variations to Reference Tariffs - Parts 4-6;
  - (d) Extensions/Expansions Policy - Part 7;
  - (e) Trading Policy - Part 8;
  - (f) Queuing Policy - Part 9; and
  - (g) Capacity Management Policy - Part 10.
- 1.13 Details of the terms and conditions and Reference Tariffs for each Reference Service are set out in Attachment 3.
- 1.14 Supporting information is provided in the Access Arrangement Information that has been submitted as a separate document.

### ***Commencement of this Access Arrangement***

- 1.15 This Access Arrangement commences on 1 July 2010.

### ***Revisions to this Access Arrangement***

- 1.16 ActewAGL will submit revisions to this Access Arrangement to the Relevant Regulator on or before 30 June 2014.
- 1.17 The revisions to this Access Arrangement will commence on the later of 1 July 2015 and the date on which the approval by the Relevant Regulator of the revisions to the Access Arrangement takes effect under the National Gas Rules.
- 1.18 ActewAGL may, at any other time, submit to the Relevant Regulator proposed revisions to this Access Arrangement together with the applicable Access Arrangement Information in accordance with section 65 of the National Gas Rules. Those revisions will commence in accordance with the National Gas Rules.

***Access Arrangement subject to applicable Gas Law***

- 1.19 All provisions in this Access Arrangement are subject to applicable Gas Law.

## 2 Services Policy

2.1 ActewAGL offers the following pipeline services:

- (a) seven Reference Services;
- (b) Interconnection of Embedded Network Service; and
- (c) Negotiated Services.

### ***Reference Services***

2.2 There is a single **Tariff Service** available (Attachment 3E) - this is a transport service for one or more Tariff Delivery Points with charges determined on the basis of throughput of gas.

2.3 There are a number of **Non-Tariff Services** available:

- (a) capacity reservation service (Attachment 3A) - this is a transport service for a single Non-Tariff Delivery Point, with charges determined on the basis of capacity reservation (\$ per GJ of MDQ) and Overruns;
- (b) managed capacity service (Attachment 3B) - this is a transport service for a single Non-Tariff Delivery Point, with charges determined on the basis of capacity reservation (\$ per GJ of MDQ), but with no charges payable for Overruns;
- (c) throughput service (Attachment 3C) - this is a transport service for a single Non-Tariff Delivery Point with charges determined on the basis of throughput of gas (\$ per GJ of throughput) with a minimum charge per annum based on 10TJ, but no charges payable for Overruns;
- (d) multiple delivery point service (Attachment 3D) - this is a transport service for a number of Non-Tariff Delivery Points for a single User. The User will nominate each Delivery Point as subject to the conditions applying to a capacity reservation service, a managed capacity service or a throughput service; and
- (e) ancillary service (Attachment 3I) - these are services for the provision of: (i) requests for services; (ii) special meter reads; (iii) disconnection; and (iv) reconnection.

2.4 There is a single meter data service available (Attachment 3F) - this is a service for the provision of:

- (a) meter reading at a Delivery Point; and
- (b) on-site data and communication equipment to a Delivery Point.

### ***Interconnection of Embedded Network Service***

2.5 There is an interconnection of embedded network service available (Attachment 3G) - this is a service to provide for the establishment of a single Delivery Point from the Network to an Embedded Network.

## ***Negotiated Services***

- 2.6 A Negotiated Service is any service negotiated to meet the needs of a User, which are not met by the Reference Services or the Interconnection of Embedded Network Service.

## ***Availability of Reference Services***

- 2.7 The availability of the Reference Services is as follows:
- (a) all Reference Services - to Delivery Points existing on the Network on the date this Access Arrangement takes effect;
  - (b) Capacity Reservation Service, Managed Capacity Service and Throughput Service - to new Delivery Points where the Network immediately upstream of the Delivery Point has a maximum allowable operating pressure of less than or equal to 1,050 kPa and where the MDQ is at least ten times the MHQ;
  - (c) Tariff Service - to new Delivery Points where the Network immediately upstream of the Delivery Point has a maximum allowable operating pressure of less than or equal to 500 kPa; and
  - (d) Meter Data Service and an Ancillary Service - to any Delivery Point for which a User has a Reference Service.
- 2.8 The Meter Data Service, or relevant elements of that service, will cease to be offered as a Reference Service, and at ActewAGL's discretion as a Service, on the date of the commencement of any Gas Law (or the lawful adoption of any requirement by any person or group of people appointed by Government or industry to implement retail contestability in the gas industry in the ACT or New South Wales) where that Gas Law or requirement permits the provision of gas meter reading or on-site data and communication equipment in the ACT, Queanbeyan and Palerang by a person other than ActewAGL.
- 2.9 If such a Gas Law or requirement is introduced in either the ACT or New South Wales, but not in both jurisdictions, then this clause will apply to the Meter Data Service only in so far as it relates to the area affected by the Gas Law or requirement.

## ***Requests for Service***

- 2.10 The procedure to be followed by a User seeking to obtain a Service is set out in Attachment 2.
- 2.11 Those procedures are subject to the Queuing Policy in Part 9 (if applicable).
- 2.12 ActewAGL will, on request from a User, connect premises to the Network:

- (a) for ACT premises - in accordance with section 31 of the *Utilities Act 2000* (ACT); and
- (b) for NSW premises - as agreed between ActewAGL and the User, and in accordance with the equivalent requirements (if any) under NSW Gas Law.

### **3 General Terms and Conditions for Access**

#### ***General***

- 3.1 The terms and conditions in this Part 3 apply to all Services.
- 3.2 Additional terms and conditions for each Service are set out in Attachment 3:
- (a) Capacity Reservation Service - Attachment 3A.
  - (b) Managed Capacity Service - Attachment 3B.
  - (c) Throughput Service - Attachment 3C.
  - (d) Multiple Delivery Point Service - Attachment 3D.
  - (e) Tariff Service - Attachment 3E.
  - (f) Meter Data Service - Attachment 3F.
  - (g) Interconnection of Embedded Network Service - Attachment 3G.
  - (h) Negotiated Services - Attachment 3H.
  - (i) Ancillary Service - Attachment 3I.
- 3.3 The policy for curtailment of supply set out in Attachment 4 applies to all Services.
- 3.4 The gas balancing mechanisms set out in Attachment 5 apply to all Users.

#### ***Gas Market Procedures and Minimum Network Standards***

- 3.5 Since **1 January 2002** all Customers in the ACT and New South Wales have been eligible to choose their gas supplier. The Gas Market Procedures set out the rules to support full retail contestability. The Minimum Network Standards cover aspects of the relationship between gas distributors and gas suppliers in the ACT, Queanbeyan and Palerang.

#### ***Transport Services Agreement***

- 3.6 A User is required to enter into a Transport Services Agreement with ActewAGL for a Service, before being given access to the Service (This requirement is satisfied if the User has an Access Determination granting it access to the Network for the relevant Service, under Chapter 6 of the National Gas Law (see the definition of "Transport Services Agreement")).
- 3.7 Currently, ActewAGL has two standard form Transport Services Agreements:
- (a) one for Tariff Services; and
  - (b) one for Non-Tariff Services.

- 3.8 A separate agreement is required for the Interconnection of Embedded Network Service and Negotiated Services.
- 3.9 Subject to clause 3.10, a Transport Services Agreement may contain different terms and conditions to this Access Arrangement if agreed between the parties, with the exception of the Queuing Policy in Part 9 (National Gas Law, sections 135 and 322).
- 3.10 Clause 3.9 does not apply to an Access Determination, which must give effect to the terms and conditions of this Access Arrangement. (See section 189 of the National Gas Law).
- 3.11 ActewAGL and the User will perform their obligations under a Transport Services Agreement, and conduct their relations with each other, in a commercially reasonable manner, and in accordance with reasonable operating and management practices.
- 3.12 ActewAGL may amend the terms and conditions set out in a Transport Services Agreement to reflect changes to:
- (a) the Gas Market Procedures and Minimum Network Standards, to the extent the changes are consistent with this Access Arrangement; or
  - (b) other applicable Gas Law.
- 3.13 If there is a change in any applicable Gas Law which affects only either New South Wales or the Australian Capital Territory, ActewAGL may, in its discretion, also apply the amended terms and conditions referred to in clause 3.12 to the jurisdiction not affected.
- 3.14 ActewAGL will endeavour to give Users reasonable notice of any such amendments.

### ***Right to access***

- 3.15 ActewAGL may not discriminate between Users in the provision of Services on the basis of:
- (a) the identity of the User, except that ActewAGL may require different amounts of security under clause 3.49 taking into account, among other things, the User's credit record and past transactions and relationships with ActewAGL or other parties;
  - (b) the fact that the User is a related party of ActewAGL; or
  - (c) the source of the gas proposed to be transported, subject to the gas meeting the Specifications and the User having arrangements in place to monitor and control the quality of gas, that are acceptable to ActewAGL.

### ***Obligation to transport***

- 3.16 If a User delivers gas to a Receipt Point in accordance with clause 3.20, ActewAGL will:
- (a) receive the gas at the Receipt Point; and

- (b) take reasonable steps to deliver a thermally equivalent quantity of gas to the relevant 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 or greater than the aggregate withdrawals by all Users on that day.

### ***Invoicing***

- 3.17 ActewAGL will invoice a User on a periodic basis, no less frequently than Monthly. Invoices are payable within 10 Business Days from the date of the invoice.
- 3.18 ActewAGL may charge interest on amounts that are not paid by the due date.

### ***Responsibility for gas***

- 3.19 ActewAGL is responsible for gas while the gas is in its control. ActewAGL will replace gas lost while in its control.

### ***Receipt Point Pressure***

- 3.20 A User will deliver gas to a Receipt Point within the pressure range set out in Attachment 7, or as otherwise required by ActewAGL.

### ***New Receipt Points***

- 3.21 Any person (including a User) seeking to interconnect with the Network for the purpose of enabling Users to deliver gas to the Network for onward transportation, may establish a new Receipt Point. If a person wishes to establish a new Receipt Point, they will enter into an agreement with ActewAGL that includes the matters outlined in Attachment 8.
- 3.22 A User will ensure that there is a Receipt Station immediately upstream of any new Receipt Point established during the term of this Access Arrangement, before gas is delivered to the Network at that Receipt Point.

### ***Receipt Stations***

- 3.23 Prior to installation of a Receipt Station, a User will:
  - (a) prepare a detailed design for construction of the Receipt Station, that conforms with any technical requirements for such facilities published by ActewAGL from time to time and the requirements of clause 3.24;
  - (b) submit the design, operation and maintenance principles for ActewAGL's approval (allowing a minimum of 4 weeks from the time of submission); and
  - (c) build the Receipt Station to the specifications of the approved design.
- 3.24 The Receipt Station design will:



- (a) be in accordance with good industry practice for that type of facility;
  - (b) comply with applicable Australian and internationally recognised standards and codes (including AS2885); and
  - (c) comprise:
    - (i) a filtration and liquid separation system;
    - (ii) gas quantity measurement facilities;
    - (iii) a flow and pressure control system; and
    - (iv) if ActewAGL reasonably requires, gas quality measurement facilities.
- 3.25 ActewAGL may, on reasonable notice to a User, operate the pressure and flow control facilities at any Receipt Station not owned by ActewAGL. A User will have contractual arrangements in place with the owner of the Receipt Station to allow ActewAGL to exercise this right.
- 3.26 If a new Receipt Point is established for the Network, ActewAGL may recover certain costs from:
- (a) the User who established the Receipt Point; or
  - (b) Users using, or proposing to use, that Receipt Point, to the extent that the costs have not been recovered from the party who established the Receipt Point.
- 3.27 The costs recoverable under clause 3.26 are:
- (a) costs incurred in modifying the Network as a result of the new Receipt Point;
  - (b) costs incurred in installing any systems required to enable the new Receipt Point to be established and integrated into the operation of the Network; and
  - (c) costs incurred in measuring or improving the measurement of gas quality at the Receipt Point.

### ***Alterations to Receipt Points and Receipt Stations***

- 3.28 ActewAGL may require Users to make alterations to, or install additional equipment at, a Receipt Station for the purpose of achieving upgraded measurement performance, or accommodating changes in gas demand characteristics.
- 3.29 ActewAGL may require Users to pay for the costs incurred by ActewAGL in altering, or adding equipment to any part of the Network for the purposes of the measuring gas quality at a Receipt Point.

### ***Estimating consumption at Receipt Points***

- 3.30 ActewAGL may estimate the quantity of gas delivered to a Receipt Point as agreed with the Users using that Receipt Point, or as otherwise reasonably determined by ActewAGL from time to time.

### ***Delivery Points and Delivery Stations***

- 3.31 Each Delivery Point will have only one Delivery Station unless ActewAGL in its discretion agrees to a request from a User for an additional Delivery Station at a Delivery Point.
- 3.32 Delivery Stations will be owned by ActewAGL, except for that part of those facilities that are not integral to the transportation of gas.

### ***Measuring consumption at Delivery Points***

- 3.33 Withdrawals at Delivery Points will be metered by Measuring Equipment provided by ActewAGL.
- 3.34 A User will take reasonable steps to provide ActewAGL with clear and safe access to each Delivery Point and Measuring Equipment. ActewAGL may enter a Delivery Point to obtain access to Measuring Equipment.
- 3.35 The quantity of gas delivered at a Delivery Point will be a product of the volume and the average heating value declared for the day for the Network, or as otherwise agreed.

### ***Estimating consumption at Delivery Points***

- 3.36 ActewAGL may estimate consumption:
- (a) for Customers to which the Gas General Metering Code applies - in the circumstances permitted by that code; and
  - (b) for other Customers - in the circumstances described in paragraph (a), and any other circumstances reasonably notified by ActewAGL from time to time.
- 3.37 An estimate will be calculated by ActewAGL using any of the following methods:
- (a) by agreement between ActewAGL and the User, or failing agreement, by successively using a check meter, calculating the percentage of error through calibration tests or mathematical calculation and varying the quantity by one half of the error, or by a deeming method; or
  - (b) as otherwise permitted or required by applicable Gas Law.

### ***Relocating Measuring Equipment***

- 3.38 ActewAGL may relocate Measuring Equipment at the User's expense if:
- (a) ActewAGL is unable to gain access to a Delivery Point or the Measuring Equipment; or
  - (b) metering data is not available for any other reason,
- or ActewAGL may cease providing the Service metered by that Measuring Equipment on reasonable notice.

### ***Allocation of gas***

- 3.39 Where gas is delivered to a Delivery Point for more than one User, or under more than one Service, the User or Users will establish allocation methodologies and notification processes reasonably acceptable to ActewAGL. Pending the establishment of such methodologies and processes, ActewAGL may adopt a reasonable methodology such as pro-rating based on MDQ to determine the allocation of the gas between Users or between the Services.

### ***Title to and responsibility for gas***

- 3.40 A User warrants that it has title to gas delivered into the Network by it or on its behalf. From time to time, ActewAGL may request a User provide satisfactory evidence that:
- (a) the User has title to gas at a Receipt Point; and
  - (b) the quantities of gas which the User is entitled to have delivered to the Receipt Point are consistent with the quantities of gas that the User is required to have delivered to the Receipt Point under gas balancing arrangements applying to that Receipt Point.
- 3.41 ActewAGL may co-mingle the gas in the Network. For the avoidance of doubt, ActewAGL does not gain title to gas delivered into the Network by Users, except for OBG and UAG purchased by ActewAGL (which will occur under some of the gas balancing options referred to in Attachment 5).

### ***Gas quality***

- 3.42 A User will deliver gas to a Receipt Point that meets the Specifications and, subject to a User complying with this requirement, ActewAGL will ensure that gas delivered to a User's Delivery Point meets the Specifications.
- 3.43 ActewAGL may direct a User to cease the delivery of gas that does not meet the Specifications, or may refuse to accept such gas and notify the User accordingly.
- 3.44 From time to time, ActewAGL may require a User to demonstrate that it has contractual arrangements in place to prevent gas that does not meet the Specifications being delivered into the Network. From time to time, ActewAGL may require a User to provide facilities to enable ActewAGL to monitor the quality of gas at any point where gas is introduced into the system of pipes through which it is delivered into the Network.
- 3.45 Where gas quality is measured upstream of the Network the User will comply with gas testing requirements prescribed by applicable Gas Law (including provisions applying to ActewAGL). If during the term of this Access Arrangement there is no such law in place, the User will comply with any gas testing requirements notified by ActewAGL from time to time.

## ***Gas source***

- 3.46 A User will notify ActewAGL of:
- (a) all points where gas is introduced into the system of pipes through which gas is delivered by or on behalf of a User to a Receipt Point. This notice will include the contractual and all possible physical sources of the gas; and
  - (b) any change to those points or sources, before the change takes effect.

## ***Variations in quality and pressure, interruptions***

- 3.47 ActewAGL's provision of Services is subject to a variety of factors, which include accidents, weather, the acts of third parties and the need to work on the gas transmission and distribution networks.
- 3.48 Accordingly, ActewAGL is unable to guarantee that there will be no:
- (a) variations in the quality or pressure of gas supplied; or
  - (b) interruptions to the gas supply,
- within the limitations set by applicable Gas Law.

## ***Security for payment***

- 3.49 A User will, on request by ActewAGL:
- (a) provide security for the performance of the User's obligations in connection with any of the Services. The security will be of a type, in an amount and on terms and conditions reasonably required by ActewAGL; and
  - (b) pay all amounts owing to ActewAGL to continue to receive the Services.

## ***Force majeure***

- 3.50 Subject to clause 3.51, if an event of Force Majeure affects or prevents a party's performance of its obligations in connection with any of the Services, the non-performance will not be a breach of the Transport Services Agreement or, where applicable, this Access Arrangement, but the party affected by the Force Majeure will take reasonable steps to put itself in a position to perform its obligations.
- 3.51 An event of Force Majeure does not relieve a party from its obligations:
- (a) unless the party affected by the event gives written notice of the event within 24 Hours to the other party, including details of the nature of the event, its likely duration and the nature and extent of its effect on that party's ability to perform its obligations; and

- (b) after the expiry of a reasonable period of time within which the event could have been remedied or overcome had reasonable steps been taken by the party affected.
- 3.52 Where there is a charge based on an MDQ, and ActewAGL is unable to perform its obligations due to an event of Force Majeure affecting the Network, the charge will be based on the actual amount withdrawn during that period (up to MDQ) rather than MDQ.
- 3.53 Clauses 3.50 to 3.52 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.

### ***Suspension of supply - User request***

- 3.54 A User may request ActewAGL to stop or suspend the delivery of gas to one or more Delivery Points on payment of the relevant Ancillary Service charge by the User, as set out in Attachment 3I.

### ***Suspension of supply - ActewAGL***

- 3.55 ActewAGL may suspend the delivery of gas to a Delivery Point if:
  - (a) the User does not or is unable to deliver sufficient gas to the Receipt Point to meet the User's withdrawal requirements (taking any gas balancing adjustments into account);
  - (b) the User has not ceased taking gas at a Delivery Point or the delivery of gas to a Receipt Point if notified to do so under the terms of this Access Arrangement or the User's Transport Services Agreement;
  - (c) the User is not a member of a scheme for the operation of the natural gas retail market in the ACT or New South Wales approved by the Minister (**Approved Scheme**); or
  - (d) ActewAGL is requested by the manager of an Approved Scheme to suspend the delivery of gas to the Delivery Point.

### ***Non-specification gas***

- 3.56 A User acknowledges that gas delivered by or on behalf of the User to a Receipt Point will enter into the Network in close proximity to, and will be available for use by, a large number of persons, and that its failure to ensure that gas delivered at any Receipt Point meets the Specifications may result in those persons suffering damage.
- 3.57 Accordingly, a User indemnifies ActewAGL against all Loss, which ActewAGL suffers or incurs or is liable for arising out of or in connection with:
  - (a) that User failing to cease delivery of gas to a Receipt Point, or cease delivery of gas to any system of pipes through

which gas is delivered to the Receipt Point, if directed to do so by ActewAGL under clause 3.43; or

- (b) that User failing to ensure that gas delivered to a Receipt Point meets the Specifications.

### ***Overruns***

- 3.58 A User is liable for any Loss, which ActewAGL suffers or incurs or is liable for as a result of an Unauthorised Overrun.

### ***Interruptions to supply***

- 3.59 If ActewAGL interrupts, reduces, suspends or terminates the Services in accordance with a Transport Services Agreement or, where applicable, this Access Arrangement, ActewAGL is not liable to compensate the User for any Loss which that User suffers or incurs or is liable for arising out of or in connection with that interruption, reduction, suspension or termination of supply.
- 3.60 A User indemnifies ActewAGL against any Loss which ActewAGL suffers or incurs or is liable for arising out of or in connection with a Claim by a third party for an interruption, reduction, suspension or termination by ActewAGL in accordance with the Transport Services Agreement or this Access Arrangement.

### ***Privacy***

- 3.61 Each party indemnifies the other against any Loss which the other party suffers or incurs or is liable for arising out of or in connection with any breach of the Privacy Act 1998 (Cth) by the first party.

### ***Terms implied by statute***

- 3.62 Consumer protection legislation implies terms into contracts for the supply of certain services that cannot be excluded (**Implied Terms**) but permits a supplier to limit its liability in respect of those terms in certain circumstances.
- 3.63 ActewAGL's liability for breach of an Implied Term applying to any Services provided to a User is limited at ActewAGL's option to one of the following remedies:
- (a) the supplying of the Services again; or
  - (b) the payment of the cost of having the Services supplied again.
- 3.64 ActewAGL's liability will not be limited in this way if:
- (a) the User establishes that such a limitation is not fair or reasonable in the circumstances; or
  - (b) the Implied Term is implied under section 69 of the *Trade Practices Act 1974* (Cth).

### ***Exclusion of other implied terms***

- 3.65 The only terms, conditions or warranties which apply to the Services are:
- (a) any Implied Terms, but subject to the preceding paragraphs of this clause; and
  - (b) the express terms of the Transport Services Agreement and, where applicable, this Access Arrangement.
- 3.66 All other terms, conditions or warranties implied by law (including statute), custom or usage are excluded to the fullest extent permitted by law.

### ***Limitation of liability***

- 3.67 Subject to clauses 3.62 to 3.64:
- (a) ActewAGL is not liable to a User for any Loss which that User suffers or incurs or is liable for unless that Loss is a direct result of ActewAGL's negligence or breach of a term of the Transport Services Agreement or, where applicable, this Access Arrangement;
  - (b) without limiting paragraph (a), unless ActewAGL negligently or wilfully delivers non-Specification gas to a Delivery Point, ActewAGL is not liable for any loss of profits, business, or anticipated savings, or for any indirect or consequential loss, arising out of or in connection with ActewAGL's provision of Services or performance (including any breach) of a Transport Services Agreement, whether in contract, tort (including negligence) or otherwise.
- 3.68 A User is liable for any Loss which ActewAGL suffers or incurs or is liable for as a result of any Unauthorised Overrun.

### ***Emergency contact information***

- 3.69 The User will ensure that at all times ActewAGL has accurate emergency contact information for the User and for the Customer at each Delivery Point. The User must also provide such information to ActewAGL, on request.

### ***Indemnities***

- 3.70 The indemnities in this Access Arrangement extend to all legal costs and expenses incurred by the party which is receiving the benefit of the indemnity on the higher of a solicitor and own client basis and a full indemnity basis.

## 4 Determination of total revenue

### *Principles*

- 4.1 Where required under the National Gas Law and National Gas Rules, the building block components used to determine total revenue have been derived in accordance with the revenue and pricing principles set out in subsections (2)–(7) of section 24 of the National Gas Law.
- 4.2 Total revenue was calculated using a building block approach in accordance with rule 76 of the National Gas Rules.
- In addition, total revenue may vary during the Access Arrangement Period, as Reference Tariffs are varied (see Part 6 of this Access Arrangement).
- 4.3 Reference Tariffs were determined using a nominal vanilla Weighted Average Cost of Capital resulting in a return on capital over the Access Arrangement Period as detailed in the Access Arrangement Information.
- 4.4 The expected revenue for each tariff class has been allocated on the basis of rule 94 of the National Gas Rules.

### *Incentive mechanisms*

- 4.5 The incentive mechanisms used in calculating Reference Tariffs are, as applicable:
- (a) that Reference Tariffs apply each year regardless of whether the forecasts on which the Reference Tariffs were determined are realised; and
  - (b) a rolling carryover mechanism, that results in ActewAGL retaining the reward associated with an efficiency-improving initiative for five years after the year in which the gain was achieved, that is, a reward (being the net amount of the efficiency gains (or losses) relating to operating expenditure) earned in one year of an Access Arrangement Period would be added to the total revenue and carried forward into the next Access Arrangement Period if necessary, until it has been retained by ActewAGL for a period of five years.

### **Rolling carryover mechanism for operating expenditure**

- 4.6 Carryover amounts for the first year of the access arrangement period will be estimated using the following equation:

$$E_1 = (F_1 - A_1)$$

where:

$E_1$  is the efficiency gain in year one of the Access Arrangement Period.



$F_1$  is the forecast operating expenditure in year one of the Access Arrangement Period.

$A_1$  is the actual operating expenditure in year one of the Access Arrangement Period.

Carryover amounts for the last year of the Access Arrangement Period will be estimated using the following equation:

$$A_5^* = F_5 - (F_4 - A_4)$$

where:

$A_5^*$  is the estimate of operating expenditure for the final year of the Access Arrangement Period.

$F_5$  is forecast operating expenditure for the final year of the Access Arrangement Period.

$F_4$  is the forecast operating expenditure for the fourth year of the Access Arrangement Period.

$A_4$  is the actual operating expenditure for the fourth year of the Access Arrangement Period.

Carryover amounts for the second, third and fourth years of the Access Arrangement Period will be estimated using the following equation:

$$E_i = (F_i - A_i) - (F_{i-1} - A_{i-1})$$

where:

$E_i$  is the efficiency gain in year  $i$  of the Access Arrangement Period.

$F_i$  is the forecast operating expenditure in year  $i$  of the Access Arrangement Period.

$A_i$  is the actual operating expenditure in year  $i$  of the Access Arrangement Period.

Carryover amounts for the first year of the access arrangement period commencing 1 July 2015 are to be estimated using the following equation:

$$E_6 = (F_6 - A_6) - (F_5 - A_5) + (F_4 - A_4)$$

where:

$E_6$  is the efficiency gain in the first year of that access arrangement period.

$F_6$  is forecast operating expenditure for the first year of that access arrangement period.

$A_6$  is the actual operating expenditure for the first year of that access arrangement period.

$F_5$  is forecast operating expenditure for the final year of the Access Arrangement Period.

A<sub>5</sub> is the actual operating expenditure for the final year of the Access Arrangement Period.

F<sub>4</sub> is the forecast operating expenditure for the fourth year of the Access Arrangement Period.

A<sub>4</sub> is the actual operating expenditure for the fourth year of the Access Arrangement Period.

4.7 For operating expenditure, the additional reward (penalty) associated with initiatives undertaken in a particular year would reflect the reduction (increase) in the level of recurrent operating expenditure in excess of the assumed productivity gain (as reflected in expenditure forecasts) over that year.

4.8 The forecast operating expenditure amount for each year will be adjusted by ActewAGL to take into account:

- (a) any change in the scope of the activities which form the basis for determining the forecast expenditure. ActewAGL will provide information in relation to any change in scope, to be assessed by the Relevant Regulator, as part of the Access Arrangement Information. This information will, without limitation, quantify and substantiate the impact of the scope changes on the original benchmarks;
- (b) any difference between the actual number of connections in a calendar year and the forecast number of connections for that year multiplied by the operating expenditure per connection, as set out in the Access Arrangement Information

If ActewAGL changes its approach to classifying costs as either capital expenditure or operating expenditure during the Access Arrangement Period then ActewAGL must adjust the forecast operating expenditure for the next access arrangement period so that the forecast operating expenditure is consistent with the changes that reclassify operating expenditure to capital expenditure.

If there is a change in ActewAGL's approach to classifying costs as either capital expenditure or operating expenditure ActewAGL must provide a detailed description of the change and a calculation of its impact on forecast and actual operating expenditure as part of its access arrangement submission relevant to the access arrangement period for which it is seeking a carryover amount.

4.9 The following operating expenditure categories will be excluded from the operation of the incentive mechanism (ie, the amounts in relation to these categories will be deducted from both the forecast operating expenditure and actual operating expenditure) in respect of operating expenditure during the Access Arrangement Period:

- (a) debt raising costs;
- (b) self insurance costs;
- (c) insurance costs;

- (d) superannuation costs; and
- (e) payments made in respect of non-controllable costs as referred to in Part 6 of this Access Arrangement and other non-controllable costs as agreed between ActewAGL and the Relevant Regulator; and
- (f) amounts for approved Cost Pass-Through Events.

### ***New Capital Expenditure***

- 4.10 Reference Tariffs have been determined on the basis of:
- (a) the Capital Base; and
  - (b) new capital expenditure that is forecast to occur within the Access Arrangement Period and is reasonably expected to satisfy the requirements of rule 79 of the National Gas Rules (“**Forecast Capital**”).
- 4.11 ActewAGL may increase the Capital Base for the Network for any part of the new capital expenditure that satisfies rule 79 of the National Gas Rules.
- 4.12 ActewAGL may undertake new capital expenditure that does not satisfy rule 79 of the National Gas Rules. Where ActewAGL does so, ActewAGL may increase the Capital Base for any part of that new capital expenditure that does satisfy rule 79 of the National Gas Rules. ActewAGL may also increase the Capital Base for capital contributions under rules 82(2) and (3) of the National Gas Rules<sup>1</sup>.
- 4.13 The amount that does not satisfy the requirements of rule 79 of the National Gas Rules, to the extent that it is not to be recovered through a surcharge on users or a capital contribution, forms part of the Speculative Capital Expenditure Account (as contemplated by rule 84 of the National Gas Rules). ActewAGL may increase the Capital Base in accordance with rule 84(3) of the National Gas Rules if a part of the Speculative Capital Expenditure Account subsequently satisfies the requirements of rule 79 of the National Gas Rules.
- 4.14 Any increase in the Capital Base under clauses 4.11 to 4.13, or in accordance with rule 80 of the National Gas Rules, may only take effect from the Revisions Commencement Date, or in accordance with the operation of the Cost Pass-Through mechanism.

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<sup>1</sup> Rule 82(3) of the National Gas Rules only permits capital expenditure (including a capital contribution made by a user, or part of such a capital contribution) to be rolled into the capital base if this Access Arrangement contains a mechanism which prevents ActewAGL from benefitting, through increased revenue, from the User’s contribution to the capital base. As of the Commencement Date, ActewAGL does not have such a mechanism. Accordingly, ActewAGL cannot increase the Capital Base for capital contributions pursuant to rule 82 of the National Gas Rules.

## **Surcharge**

- 4.15 ActewAGL may charge Users a Surcharge where permitted by the National Gas Rules.

## **Capital Contributions**

- 4.16 ActewAGL may charge Users a Capital Contribution to new capital expenditure where permitted by the National Gas Rules.<sup>2</sup>

## **Review of Capital Base after expiry of an Access Arrangement**

- 4.17 The Capital Base at the commencement of the next access arrangement period and each subsequent access arrangement period will be assessed by the Relevant Regulator using the information in relation to those assets in:

- (a) the asset register; and
- (b) the database on capital contributions.

In calculating the Capital Base at that time, depreciation is to be based on forecast capital expenditure.

## **Asset register**

- 4.18 ActewAGL will maintain an asset register. The asset register will include information on:
- (a) economic asset lives and remaining asset lives underlying the Capital Base at the Commencement Date;
  - (b) asset components (i.e. asset types and asset quantities) consistent with the regulatory Capital Base at the Commencement Date. The asset components should be consistent with those used in its Access Arrangement Information; and
  - (c) new capital expenditure incurred after the Commencement Date including information on economic asset lives and asset quantities.

## **Statement of costs**

- 4.19 For each 12 month period ending on 30 June during the Access Arrangement Period, ActewAGL must maintain records for:
- (a) JAM fees—any fees payable by ActewAGL to Jemena Asset Management Pty Ltd (JAM) in relation to field and asset management services provided under their distribution asset management services agreement (or any other replacement asset management services agreement);
  - (b) ActewAGL controllable costs—costs which can be controlled or varied by ActewAGL. For example, without limitation,

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<sup>2</sup> See section 82 of the National Gas Rules.

direct materials or direct labour costs can be varied by management through making different managerial decisions; and

- (c) ActewAGL non-controllable costs—costs that ActewAGL cannot control or vary. For example, without limitation, government levies and taxes.

ActewAGL must provide a breakdown of these fees and costs to the Relevant Regulator as part of its proposed revisions to this Access Arrangement under clause 1.16 of this Access Arrangement.

### ***Database of capital contributions***

- 4.20 ActewAGL will maintain a database that records the following information in relation to capital contributions (as defined in the National Gas Rules) made to ActewAGL:
- (a) the amount of a capital contribution made by a User in respect of new capital expenditure;
  - (b) the amount of any charges paid by a User which exceeds the charges that would apply under a Reference Tariff for a Reference Service (or in relation to another Service under the Equivalent Tariff) where the excess is paid by the User in relation to the funding of new capital expenditure;
  - (c) the date that the capital contribution is made under clause 4.20(a) or the charges are paid under clause 4.20(b);
  - (d) the name of the User and the User's contact details; and
  - (e) a description of the new capital expenditure in relation to which the capital contribution is made under clause 4.20(a) or the charges are paid under clause 4.20(b).

### ***Fixed principles***

- 4.21 The following are fixed principles for the purposes of section 99 of the National Gas Rules:
- (a) the carryover into the access arrangement period after the Revisions Commencement Date ("**Next Access Arrangement Period**") of any cost savings or overspend as provided in clauses 4.6 to 4.9; and
  - (b) ActewAGL's ability to increase the Capital Base for the Network as at the Revisions Commencement Date, in accordance with clauses 4.11 to 4.14.
- 4.22 These fixed principles shall apply for this Access Arrangement Period, and the Next Access Arrangement Period.

## **5 Reference Tariffs**

### ***General***

- 5.1 Numerical values for Reference Tariffs are expressed in real 2010/2011 dollars throughout this Access Arrangement.
- 5.2 The Reference Tariffs shown in this Access Arrangement are exclusive of GST.

### ***Date of application of Reference Tariffs***

- 5.3 Reference Tariffs apply from the date on which the approval of the Relevant Regulator takes effect under section 62 of the National Gas Rules.

### ***Reference Tariffs after 1 July 2015***

- 5.4 If the Revisions Commencement Date is later than 1 July 2015, the Reference Tariffs and terms for a Reference Service as at 30 June 2014 will continue to apply until the Revisions Commencement Date.
- 5.5 Upon the introduction of new Reference Tariffs or terms, those Tariffs or terms will apply to the Reference Services regardless of whether the Reference Services are existing Services being supplied to a User as at the Revisions Commencement Date.
- 5.6 If the categories of services under the revised Access Arrangement have changed, the applicable Reference Tariff and terms for an existing Service being supplied to a User as at the Revisions Commencement Date are the Tariff and terms for the nearest comparable service under the revised Access Arrangement.

### ***Reference Tariffs for each Reference Service***

- 5.7 Reference Tariffs for each Reference Service are shown in Attachment 3 (A to F and I).
- 5.8 The structure of the Reference Tariffs for the Capacity Reservation Service, Managed Capacity Service, Throughput Service and Tariff Service is shown in the table below.

**Table 5.1 Structure of Reference Tariffs**

Capacity Reservation Service	Managed Capacity Service	Throughput Service	Tariff Service
General	General	General	General
- MDQ	- MDQ	- Throughput	- Fixed - Throughput
- Provision of Basic Metering Equipment	- Provision of Basic Metering Equipment	- Provision of Basic Metering Equipment	- Provision of Basic Metering Equipment
- Short Term Capacity Charge			
Overrun charges			
Gas Balancing charges	Gas Balancing charges	Gas Balancing charges	Gas Balancing charges Alternative tariffs may be offered

- 5.9 Charges for the Multiple Delivery Point Service depend on the Service used at each point.
- 5.10 Charges for the Meter Data Service comprise:
- (a) provision of meter reading charge, and
  - (b) provision of on-site data and communication equipment charge,
- as described in Attachment 3F.
- 5.11 Charges for the Ancillary Service are as described in Attachment 3I.

## 6 Variations to Reference Tariffs

### ***Varying reference tariffs within the Access Arrangement Period***

- 6.1 Section 97 of the National Gas Rules provides that Reference Tariffs may vary during the Access Arrangement Period pursuant to a number of methods as set out in that section.
- 6.2 This Part 6 provides for two Reference Tariff variation mechanisms:
- (a) an annual scheduled Reference Tariff adjustment formula mechanism - which applies in respect of each year during the Access Arrangement Period; and
  - (b) a Cost Pass-Through Reference Tariff variation mechanism - under which ActewAGL or the AER may seek to vary one or more of the Reference Tariffs.

### ***Annual Reference Tariff adjustment formula mechanism***

- 6.3 The Reference Tariffs will be varied on 1 July 2011 and on each subsequent 1 July in the Access Arrangement Period in accordance with changes in the CPI, as set out in the formula below:

$$P_t = P_t^* (1 + CPI_t)$$

Where:

- $P_t$**  is the varied Reference Tariff for the relevant financial year  $t$ , rounded to the same number of decimal places for that Reference Tariff as provided in Attachment 3 of this Access Arrangement;
- $P_t^*$**  is the unadjusted Reference Tariff, in 2010/11 dollars, for the relevant financial year  $t$ , as set out in Attachment 3 of this Access Arrangement;
- $CPI_t$**  is the result of the formula in clause 6.4, which is a decimal number, rounded to 4 decimal places;
- $t$**  is the financial year for which Reference Tariffs are being varied.

- 6.4 The CPI to be applied to Reference Tariffs during the Access Arrangement is given by  $CPI_t$ :

$$CPI_t = \left( \frac{CPI_{MAR_{t-2}} + CPI_{JUN_{t-2}} + CPI_{SEP_{t-1}} + CPI_{DEC_{t-1}}}{CPI_{MAR_{2009}} + CPI_{JUN_{2009}} + CPI_{SEP_{2009}} + CPI_{DEC_{2009}}} \right) - 1$$



Where:

$CPI_{MAR}$  means the Consumer Price Index Number "All Groups, Australia", for the March quarter (and similarly for other quarters), published by the Australian Bureau of Statistics, or if the Australian Bureau of Statistics does not or ceases to publish the index, the CPI will mean an index determined by the Relevant Regulator that is its best estimate of the index

$CPI_{Dec2009}$  means the CPI for the December quarter for the year 2009 and similarly for other quarters.

Year t is the financial year for which Reference Tariffs are being varied.

Year t-1 is the financial year previous to year t and, where relevant, refers to quarters within that previous financial year.

For example, the CPI to be applied in respect to the year ending 30 June 2012 is calculated as:

$$CPI_{2012} = \left( \frac{CPI_{MAR\ 2010} + CPI_{JUN\ 2010} + CPI_{SEP\ 2010} + CPI_{DEC\ 2010}}{CPI_{MAR\ 2009} + CPI_{JUN\ 2009} + CPI_{SEP\ 2009} + CPI_{DEC\ 2009}} \right) - 1$$

- 6.5 At least 50 Business Days prior to each 1 July during the Access Arrangement Period, ActewAGL will notify the Relevant Regulator in respect of the annual Reference Tariff adjustment formula mechanism. This notification will include:
- (a) the varied Reference Tariffs to apply; and
  - (b) an explanation of how the varied Reference Tariffs have been calculated, including details of how the Reference Tariffs have been varied in accordance with the formula contained in clauses 6.3 and 6.4 of this Access Arrangement. ActewAGL must provide workings as to how the varied Reference Tariffs have been calculated using the relevant Reference Tariffs in Attachment 3 as a reference.
- 6.6 If ActewAGL is seeking to vary Reference Tariffs due to one or more Cost Pass-Through Events under clause 6.10, the same notification may contain the matters required by clause 6.5 and 6.14, and the varied Reference Tariffs may incorporate both the result of the annual Reference Tariff adjustment formula mechanism and of the Cost Pass-Through Event or Events.
- 6.7 The Relevant Regulator must notify ActewAGL of its decision within 30 Business Days of receiving a notification under clause 6.5.

- 6.8 If ActewAGL has not received notification from the Relevant Regulator of its decision within 30 Business Days of receiving a notification under clause 6.5, the Reference Tariffs will be automatically varied in accordance with the relevant notification given by ActewAGL.
- 6.9 If the Reference Tariffs have been automatically varied in accordance with clause 6.8 and the Relevant Regulator subsequently decides against all or part of the variation, the Relevant Regulator may require ActewAGL to amend tariffs in the following year to take account of the Relevant Regulator's decision in respect of the relevant variation, and should leave ActewAGL economically neutral compared with a situation in which the Relevant Regulator's decision had been implemented at the time of the earlier tariff variation.

### ***Application process for seeking a Cost Pass-Through***

- 6.10 Subject to clauses 6.11 and 6.12, at least 50 Business Days prior to each 1 July during the Access Arrangement Period ActewAGL will, if applicable, notify the Relevant Regulator that a Cost Pass-Through Event has occurred (or ActewAGL reasonably expects one will occur), and that ActewAGL is seeking to vary Reference Tariffs with effect from 1 July that year.<sup>3</sup>
- 6.11 ActewAGL may make a notification under clause 6.10 no more than once in each financial year during the Access Arrangement Period.
- 6.12 With the consent of the Relevant Regulator (which will not be unreasonably withheld), ActewAGL may notify the Relevant Regulator at any other time during a financial year that a Cost Pass-Through Event has occurred (or ActewAGL reasonably expects one will occur), and that ActewAGL is seeking to vary Reference Tariffs with effect from a date specified by ActewAGL in its notice to the Relevant Regulator.

ActewAGL may not make an application under this clause 6.12 in respect of a Specified Uncontrollable Cost Event or a Change in Tax Event where the lowest Administrative Cost Impact threshold applies.

Where an application made under this clause 6.12 is made after 30 June 2014, the Relevant Regulator may not withhold its consent to making an application under this clause 6.12, as there is no opportunity for ActewAGL to make an application for a cost pass

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<sup>3</sup> Note: In addition, if ActewAGL becomes aware that a Cost Pass-Through Event has occurred (other than a Specified Uncontrollable Cost Event or a Change in Tax Event), which has, or is likely to have, an Administrative Cost Impact, ActewAGL must advise this Relevant Regulator of this within 90 Business Days of becoming so aware. See clause 6.21 of this Access Arrangement.

through under clause 6.10 at the end of the last financial year of the Access Arrangement Period.

If the Relevant Regulator withholds consent to making an application under this clause 6.12, ActewAGL is not prevented from subsequently providing notification in respect of the relevant Cost Pass-Through Event under clause 6.10.

- 6.13 ActewAGL may make an application under clause 6.10 or 6.12 in respect of a Cost Pass-Through Event occurring or expected to occur during the then current financial year, or having occurred in an earlier financial year, but not before 1 July 2010.
- 6.14 A notification to the Relevant Regulator in accordance with clauses 6.10 or 6.12 will specify:
- (a) details of the relevant Cost Pass-Through Event concerned;
  - (b) the date the relevant Cost Pass-Through Event took or will take effect;
  - (c) the applicable Reference Tariffs;
  - (d) the incurred and/or forecast Change in Cost of the relevant Cost Pass-Through Event on ActewAGL and the basis on which this has been calculated. A Specified Uncontrollable Cost Event or a Change in Tax Event must only specify the incurred Change in Cost.
  - (e) whether the Cost Pass-Through Event has, or is expected to have, an Administrative Cost Impact, which must be substantiated to the Relevant Regulator's reasonable satisfaction;
  - (f) the Cost Pass-Through Amount or change in Reference Tariffs ActewAGL proposes in relation to the relevant Cost Pass-Through Event;
  - (g) the basis on which the Cost Pass-Through Amount or change in Reference Tariffs is to apply;
  - (h) how the Cost Pass-Through Amount or change in Reference Tariff complies with the Cost Pass-Through mechanism contained in this Part 6;
  - (i) the date from and period over which ActewAGL proposes to charge the Cost Pass-Through Amount or change the Reference Tariffs, which may occur over a number of financial years (not including financial years in the next Access Arrangement Period);
  - (j) if applicable, how ActewAGL proposes to allocate the Cost Pass-Through Amount over that period, and between Users, and the price or charging structure that ActewAGL proposes to use to recover the Cost Pass-Through Amount from Users

(being the basis on which ActewAGL proposes the Cost Pass-Through Amount is to apply);

- (k) that where relevant, the Cost Pass-Through Amount notified is net of any third party payments including insurer payments or reimbursement in connection with the relevant Cost Pass-Through Event; and
- (l) for an application in respect of paragraph (a) of the definition of a Specified Uncontrollable Cost Event, supported by information about the financial impact of that Specified Uncontrollable Cost Event from the relevant taxation or regulatory authority.

6.15 If the Relevant Regulator receives a notification from ActewAGL under clauses 6.10 or 6.12, the Relevant Regulator must decide:

- (a) whether the notification relates to a relevant Cost Pass-Through Event;
- (b) whether the Cost Pass-Through Event has, or is expected to have, an Administrative Cost Impact;
- (c) the Cost Pass-Through Amount or change in Reference Tariffs;
- (d) the basis on which any Cost Pass-Through Amount is to apply, and
- (e) if the notice was made in accordance with clause 6.12, the day on which the reference tariff variation is to apply.

For the purposes of this Part 6, if a number of Cost Pass-Through Events result from the same event or circumstances:

- (f) each individual Cost Pass-Through Event must have, or be expected to have, an Administrative Cost Impact.

6.16 The Relevant Regulator must notify ActewAGL of its decision under clause 6.15 within 30 Business Days of receiving the notification. This period may be extended for the time taken by the Relevant Regulator to obtain information from ActewAGL, obtain expert advice or consult about the notification. However, the Relevant Regulator must assess a cost pass through application within 90 Business Days, including any extension of the decision making time.

6.17 If ActewAGL has not received notification from the Relevant Regulator of its decision within 30 Business Days (excluding any extension of time outlined in 6.16) of receiving a notification under clause 6.10 or 6.12, the Reference Tariffs will be automatically varied in accordance with the relevant notification given by ActewAGL.

6.18 If Reference Tariffs have been automatically varied in accordance with clause 6.17 and the Relevant Regulator subsequently decides against all or part of the variation, the Relevant Regulator may

require ActewAGL to amend tariffs in the following year to take account of the Relevant Regulator's decision in respect of the relevant variation, and should leave ActewAGL economically neutral compared with a situation in which the Relevant Regulator's decision had been implemented at the time of the earlier tariff variation.

- 6.19 In making the decisions referred to in clause 6.15, the Relevant Regulator must take into account the following:
- (a) whether the costs to be passed through:
    - (i) are for the delivery of pipeline services;
    - (ii) are building block components of total revenue; and
    - (iii) meet the relevant National Gas Rules criteria for determining the building block for total revenue in determining reference services;
  - (b) whether the costs to be passed through have been funded by other means including self insurance, external insurance or paid for or compensated by another third party;
  - (c) the time cost of money for the period over which the Cost Pass-Through Amount is to apply, to leave ActewAGL in an economically neutral position with respect to any delay in the recovery (or return) of a Cost Pass-Through Amount, consistent with the National Gas Law;
  - (d) the relative amounts of Reference Services supplied to each User in determining the allocation of the Cost Pass-Through Amount to Reference Tariffs, consistent with the National Gas Law;
  - (e) the manner in which and period over which the Cost Pass-Through Amount or change in Reference Tariffs is to apply within the Access Arrangement Period consistent with the National Gas Rules.
  - (f) consistent with National Gas Law the financial effect on ActewAGL associated with the provision of Reference Services directly attributable to the Cost Pass-Through Event concerned, and the time at which the financial effect arises; and
  - (g) any other factors the Relevant Regulator considers are relevant and consistent with the National Gas Law and National Gas Rules.
- 6.20 The date for commencement of the variation specified in the notice given under clause 6.12 will provide the Relevant Regulator with sufficient time to appoint an independent auditor (if the Relevant Regulator wishes) and to have that auditor review and report to the Relevant Regulator (on the basis of the information given by ActewAGL to the Relevant Regulator) on the following:

- (a) the impact of these costs on Reference Tariffs; and
- (b) any other matters that the Relevant Regulator may reasonably require.

6.21 ActewAGL must advise the Relevant Regulator if ActewAGL becomes aware that a Cost Pass-Through Event has occurred (other than a Specified Uncontrollable Cost Event or a Change in Tax Event), which has, or is likely to have, an Administrative Cost Impact.

ActewAGL must advise the Relevant Regulator of such a Cost Pass-Through Event within 90 Business Days of becoming so aware. For the avoidance of doubt, advice under this clause 6.21 is not an application to vary the Reference Tariffs.

6.22 The Relevant Regulator may initiate a Reference Tariff variation by requiring that ActewAGL lodge a notification in accordance with clause 6.10 or 6.12 where it becomes aware that a Cost Pass-Through Event has occurred, and where ActewAGL has not made an application under this Part 6 in respect of that Cost Pass-Through Event.

### ***Cost Pass-Through Events***

6.23 The Reference Tariffs may be varied if there is, or there is expected to be, an Administrative Cost Impact on the cost of providing Reference Services as a result of one of the cost pass-through events listed below, where that cost was not incorporated in the determination of Reference Tariffs at the Commencement Date of this Access Arrangement or, if there has been a previous review of the Reference Tariffs, at that review. For the purposes of this Part 6, a “**Cost Pass-Through Event**” means:

- (a) a Carbon Pollution Reduction Scheme Event;
- (b) a Change in Tax Event;
- (c) a Regulatory Change Event;
- (d) a Service Standard Event;
- (e) a Short Term Trading Market Event;
- (f) a National Energy Customer Framework/ National Gas Connections Framework Event;
- (g) a Specified Uncontrollable Cost Event;
- (h) a Supply Curtailment Event; and
- (i) a General Pass-Through Event.

### ***Definitions***

6.24 In this Part 6:

**Administrative Cost Impact** in relation to a Cost Pass-Through Event, means that the incurred and/or forecast Change in Cost, as a result of that event occurring, is:

- (a) in the case of a notification under clause 6.10 where:
  - (i) the event is a Specified Uncontrollable Cost Event or a Change in Tax Event; and
  - (ii) ActewAGL can readily verify the incurred costs of the event by documentation (including invoices or independently audited information),

sufficient to change the smallest increment in the Reference Tariffs expressed to the number of decimal places set out in Attachment 3 of this Access Arrangement.

- (b) in the case of notifications under clauses 6.10 and 6.12 other than a notification relating to an event listed in paragraph (a) of that which would exceed 1 per cent of the building block revenue requirement specified in the final decision in the years of the Access Arrangement Period that the costs are incurred.

**Authority** means any government or regulatory department, body, instrumentality, minister, agency or authority or any body which is the successor to the administrative responsibilities of that department, body, instrumentality, minister, agency or authority.

**Carbon Pollution Reduction Scheme Event** means an event which results in the imposition of legal obligations on ActewAGL or a third party arising from the introduction or operation of a carbon emissions trading scheme imposed by the Commonwealth, a State or Territory or an Authority and results in ActewAGL incurring costs directly or indirectly (including under statute or contract) and includes:

- (a) the cost of acquiring emissions allowances, permits or units (howsoever called);
- (b) costs incurred in order to reduce liability for carbon emissions associated with the production, transport or supply of gas, or otherwise in connection with ActewAGL's gas distribution business or the Services; and
- (c) administrative and compliance costs associated with the introduction or operation of such a scheme, including reporting costs.

**Change in Cost** in relation to a Cost Pass-Through Event means the net decrease or increase in operating expenditure plus incremental revenue requirement arising as a result of change in capital

expenditure, incurred as a result of the Cost Pass-Through Event for the remaining years of the Access Arrangement Period.

**Change in Tax Event means:**

- (a) a change in the amount of a Relevant Tax, or the way or rate at which a Relevant Tax is calculated (including a change in the application or official interpretation of a Relevant Tax); or
- (b) the removal of a Relevant Tax or imposition of a new Relevant Tax.

**Cost Pass-Through Amount** means the total revenue to be recovered or returned in respect of a Cost Pass-Through Event.

**Cost Pass-Through Event** has the meaning given in clause 6.23.

**General Pass-Through Event** occurs in the following circumstances:

- (a) an uncontrollable and unforeseeable event that falls outside of the normal operations of a business such that prudent operational risk management could not have prevented or mitigated the effect of the event;
- (b) which results in a change in the cost of providing the Services (or any of them) or the operation of its gas business (or any part of it); and
- (c) does not fall within any other category of Cost Pass-Through Event under this clause.

For the purposes of this definition, an event will be considered unforeseeable if:

- (a) it is an act of terrorism, natural disaster (including fire, flood and earthquake) or change in law; or
- (b) at the time the AER approves this Access Arrangement, despite the occurrence of the event being a possibility, there was no compelling reason to consider that the event was more likely to occur than not to occur during the access arrangement period.

**National Energy Customer Framework/ National Energy Connections Framework Event** means the introduction of new laws (including through proposed National Energy Retail Law and Rules, or by additions or changes to the National Gas Law or Rules) or additions or changes to the existing Gas Law, to implement either or both of the proposed National Energy Customer Framework or National Energy Connections Framework, which results in the imposition of legal obligations on ActewAGL or a third party and results in ActewAGL incurring costs directly or indirectly (including under statute or contract) from the operation of those frameworks.



**Regulatory Change Event** means a change in a regulatory obligation or requirement that:

- (a) substantially affects the manner in which ActewAGL provides the Services (or any one of them) or otherwise operates its gas business (or any part of it);
- (b) increases or decreases the costs of providing those Services or operating its business; and
- (c) does not fall within any other category of Cost Pass-Through Event under this clause.

**Relevant Tax** means any tax (including any rate, duty, charge or levy or other like impost) that is imposed by or payable directly or indirectly by ActewAGL to the Commonwealth of Australia, a State or Territory, or an Authority of the Commonwealth or of a State or Territory (including goods and services tax), but excluding:

- (a) income tax (or State or Territory equivalent income tax) or capital gains tax;
- (b) stamp duty, financial institutions duty, bank account debits tax or similar taxes or duties;
- (c) penalties and interest for late payment relating to any tax; and
- (d) any tax which replaces a tax referred to in (a) - (c) above, where "tax" includes any rate, duty, charge or other like impost.

**Service Standard Event** means any decision made by the Relevant Regulator or any other Authority, or any introduction of or amendment to applicable law or Gas Law, which:

- (a) has the effect of:
  - (i) imposing or varying standards (including Network Design and operational standards) on ActewAGL relevant to any one or more of the Services, that are more onerous than the standards imposed at the Commencement Date; or
  - (ii) altering the nature or scope of services that comprise any one or more of the Services; or
  - (iii) substantially altering the manner in which ActewAGL is required to undertake any activity forming part of, or ancillary to, any one or more of the Services (including through rules for the operation of competitive gas markets); and

- (b) results in ActewAGL incurring or being likely to incur higher or lower costs in providing any one or more of the Services than it would have incurred but for that event.

**Short Term Trading Market Event** occurs if ActewAGL participates in the Short Term Trading Market, resulting in:

- (a) changes in costs that ActewAGL incurs directly or indirectly (including under statute or contract); or
- (b) the need to change services provided to accommodate the market, leading to additional costs.

**Specified Uncontrollable Cost Event** means:

- (a) the difference between actual and forecast costs in the relevant year for the following costs:
- (i) the AEMO Fee;
  - (ii) the Utilities (Network Facilities) Tax; and
  - (iii) the Energy Industry Levy;
- where the forecast costs for each of the charges are those included in the revenue allowance for the relevant year as per the table below, and actual costs are those costs incurred in the relevant year for each of the charges; and
- (b) the difference between UAG forecast as 1.7 per cent of actual gas network receipts at the relevant forecast cost per GJ in \$2009/10 as follows:
- (i) in FY11: \$5.31
  - (ii) in FY12: \$5.23
  - (iii) in FY13: \$5.25
  - (iv) in FY14: \$5.27
  - (v) in FY15: \$5.29,
- and 1.7 per cent of actual network gas receipts at the efficient tendered market price per GJ for the relevant year.

***Forecast costs of specified uncontrollable charges (\$2009/10)***

Year	2010-11	2011-12	2012-13	2013-14	2014-15
Australian Energy Market Operator	\$42,409	\$ 42,399	\$ 42,389	\$ 42,379	\$ 42,370
Utilities Network Facilities Tax	\$3,373,711	\$3,422,415	\$3,471,821	\$3,521,941	\$3,572,785
Energy Industry Levy	\$527,000	\$527,000	\$527,000	\$527,000	\$527,000

**Supply Curtailment Event** means a period when insufficient gas is delivered to ActewAGL's gas network due to reasons beyond ActewAGL's control, and cannot be supplied to meet demand

requirements as represented by ActewAGL's forecasts used to derive the Reference Tariffs in this Access Arrangement, resulting in:

- (a) supply restrictions directed under the *Utilities (Gas Restrictions) Regulation 2005* (ACT); and/or
- (b) widespread domestic load shedding, gas rationing or curtailment within ActewAGL's Network.

For the avoidance of doubt, the cost of preparing for, arranging and managing domestic load shedding, gas rationing or curtailment are part of the expenditure incurred by ActewAGL when determining the relevant Change in Cost of a Supply Curtailment Event.

## 7 Extensions/Expansions policy

### *Extensions of the high pressure network*

- 7.1 If ActewAGL proposes a high pressure pipeline extension, it must advise the Relevant Regulator in accordance with clause 7.2 of this Access Arrangement before the extension comes into effect.

For the purposes of this Part 7, a “**high pressure pipeline extension**” is an extension to ActewAGL’s Covered Pipeline with a direct connection to a transmission pipeline that provides reticulated gas to a new development or an existing development not serviced with reticulated gas.

The anticipated extension in the Australian Capital Territory from Belconnen across the Molonglo Valley to Phillip does not represent a high pressure extension for the purposes of Part 7.

- 7.2 A notification given by ActewAGL under clause 7.1 must:
- (a) be in writing;
  - (b) state whether ActewAGL intends for the proposed extension to be covered by the Access Arrangement;
  - (c) describe the high pressure pipeline extension and describe why the extension is being undertaken; and
  - (d) be given to the Relevant Regulator before the proposed high pressure pipeline extension comes into service.
- 7.3 ActewAGL is not required to advise the Relevant Regulator under clause 7.1 to the extent that the cost of the high pressure pipeline extension has already been included and approved by the Relevant Regulator in the calculation of Reference Tariffs.
- 7.4 Within 20 Business Days of receiving a notification under clause 7.1, the Relevant Regulator must notify ActewAGL:
- (a) of its decision on ActewAGL’s proposed coverage approach for the high pressure pipeline extension; or
  - (b) whether the Relevant Regulator requires an extension of time including to allow further consultation with ActewAGL before making a decision.

### *Other extensions and expansions*

- 7.5 Subject to clause 7.6, extensions to and expansions of the Capacity of the Network carried out by ActewAGL which are not high pressure pipeline extensions for the purposes of clause 7.1 will be covered by this Access Arrangement.

- 7.6 Subject to clause 7.7, ActewAGL may propose to the Relevant Regulator that an extension to or expansion of the Capacity of the Network under clause 7.5 not be covered by this Access Arrangement. Notification under this clause 7.6 must be in writing and given to the Relevant Regulator before the extension or expansion comes into effect.
- 7.7 ActewAGL may not lodge a proposal with the Relevant Regulator under clause 7.6 to the extent that the cost of the extension or expansion has already been included in the calculation of Reference Tariffs.

### ***Treatment of covered pipelines***

- 7.8 If an extension or expansion is treated as a Covered Pipeline, ActewAGL will offer Reference Services for that extension or expansion at the Reference Tariffs (ie no change to the Reference Tariffs).
- 7.9 Surcharges
- ActewAGL will notify the Relevant Regulator of any proposed Surcharge to be levied on users of incremental services and designed to recover nonconforming capital expenditure or a specified portion of non-conforming capital expenditure (non-conforming capital expenditure which is recovered by means of a Surcharge will not be rolled into the capital base).

## **8 Trading policy**

### ***Transactions subject to Gas Market Procedures***

- 8.1 Transfers of contracted Capacity will be undertaken:
- (a) where the relevant parties are registered as participants under the Gas Market Procedures - in accordance with the Gas Market Procedures; or
  - (b) if the relevant parties are not so registered - in accordance with rules 105 and 106 of the National Gas Rules and this Part 8.

### ***Bare transfer***

- 8.2 A User may make a Bare Transfer to another person (**the transferee**).
- 8.3 The User must give ActewAGL notice of a Bare Transfer in accordance with section 105 of the National Gas Rules.

### ***Other transfer***

- 8.4 A User will obtain ActewAGL's prior consent to Transfer all or part of its Contracted Capacity other than by way of a Bare Transfer.

### ***Change of Receipt Point or Delivery Point***

- 8.5 A User may change the Receipt Point or Delivery Point specified in a Transport Service Agreement where that is required as a result of a Bare Transfer, or other transfer of Contracted Capacity, with the prior written consent of ActewAGL.

### ***ActewAGL's consent***

- 8.6 ActewAGL may:
- (a) give or withhold its consent under clause 8.4 or 8.5, on reasonable commercial and technical grounds. An example might be, if ActewAGL would not receive at least the same amount of revenue it would have received before the change; and
  - (b) impose reasonable conditions on that consent, subject to the requirements of the National Gas Rules.
- 8.7 ActewAGL will reply to any request from a User for ActewAGL's consent to a Transfer under clause 8.4, or for a change of Receipt Point or Delivery Point under clause 8.5, within 14 Business Days of receiving the request accompanied by information which is reasonably necessary to enable ActewAGL to consider the request.
- 8.8 If at the time the request is made a User informs ActewAGL that due to hardship the User requires an urgent reply to its request,

ActewAGL will take reasonable steps to respond to the request within 2 Business Days of receiving the request.

## **9 Queuing Policy**

- 9.1 This Queuing Policy explains how ActewAGL manages requests for Services when there is insufficient Capacity in the Network to satisfy those requests.
- 9.2 The policy applies to requests for access to both Developable Capacity and Spare Capacity.
- 9.3 The Request for Service procedure in Attachment 2 describes how the policy is triggered.

### ***Forming the queue***

- 9.4 If:
- (a) ActewAGL receives a Request from a User; and
  - (b) there is insufficient Capacity to satisfy the Request,
- then
- (c) ActewAGL will advise the User that their request will be placed in a queue; and
  - (d) the User will advise ActewAGL whether they wish to proceed with the request;
- then
- (e) if there is an existing queue - ActewAGL will add the Request to the queue; or
  - (f) otherwise - a new queue will be formed by ActewAGL.
- 9.5 At the time a Request is placed in a queue, ActewAGL will advise the User of:
- (a) its position in the queue;
  - (b) the aggregate Capacity sought under Requests which are ahead in the queue;
  - (c) its estimate of when Capacity may become available; and
  - (d) the amount of any Surcharge that may apply.
- 9.6 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 in the queue) or where the timing of availability of a new tranche of Developable Capacity or Spare Capacity changes, ActewAGL will provide revised information to the User.
- 9.7 Where a Request is made for a service to a Delivery Point and ActewAGL is satisfied that the Request is for the same tranche of capacity which is already provided to the User, or to another User, in respect of that Delivery Point, then ActewAGL may make that tranche of capacity available in response to the Request before satisfying any other requests in a queue to the extent that the existing User is otherwise entitled to maintain or extend that tranche of capacity.



### ***Conditions applicable on queue***

- 9.8 The following conditions apply:
- (a) a User may reduce, but not increase, the Capacity sought in a Request that is in a queue;
  - (b) once every 3 Months, ActewAGL may seek confirmation from a User that it wishes to continue with a Request or Requests. If the User fails to respond within 14 days, the relevant Requests will lapse;
  - (c) a User will advise ActewAGL if it does not wish to proceed with a Request, which will then lapse;
  - (d) a lapsed Request will be removed from the queue and priority will be lost;
  - (e) if either party raises a dispute under the National Gas Law in connection with a Request, the Request will not lapse, and will retain its priority in the queue pending the resolution of the dispute in accordance with the National Gas Law;
  - (f) if a Request is placed in a queue, the User will, on request, demonstrate to ActewAGL's reasonable satisfaction that the User will have access to a sufficient supply of gas at the time it is anticipated that the User will be offered access to the Service;
  - (g) a User may only assign a Request in a queue to a bona fide purchaser of the User's business or assets. Any such assignment is subject to the purchaser:
    - (i) meeting ActewAGL's reasonable requirements concerning licensing, and technical and financial capacity; and
    - (ii) providing ActewAGL with any security reasonably requested by ActewAGL; and
  - (h) a Request lapses if a User assigns the Request contrary to clause 9.8(g).

### ***Procedure when Capacity can be made available***

- 9.9 If Capacity becomes available it will be offered to the Users in the queue:
- (a) whose Request requirements can be fully satisfied by the available Capacity; and
  - (b) in order of their respective priorities in the queue.

### ***Priority of Users in obtaining Services***

- 9.10 ActewAGL will advise a User if their Request is incomplete.
- 9.11 If the User completes the Request within 7 days, the priority of the Request for queuing purposes will be determined by ActewAGL

based on the time and date on which ActewAGL first received the Request.

- 9.12 Otherwise, the priority will be determined by ActewAGL based on the time and date on which ActewAGL receives the completed Request.
- 9.13 A Request for a Reference Service will have priority over a Request for a Negotiated Service.
- 9.14 A Request for Short Term Capacity has the lowest priority.

### ***Requirement for Transport Services Agreement***

- 9.15 A User will have a Transport Services Agreement with ActewAGL for a Service before an offer of Capacity under that Service may be accepted. (Note: This requirement is satisfied if the User has an Access Determination granting it access to the Network for the relevant Service, under Chapter 6 of the National Gas Law (see the definition of “Transport Services Agreement”).)
- 9.16 If Capacity becomes available, but a User has not entered into a Transport Services Agreement with ActewAGL for the relevant Service, the User’s Request will lose priority to other Users who have entered into a Transport Services Agreement relevant to their Request, until the first User has entered into the required Transport Services Agreement.
- 9.17 Alternatively, ActewAGL may agree to reserve Capacity for the User for a period nominated by ActewAGL, to enable a Transport Services Agreement to be finalised. In that case, the User will not lose priority, and the parties will use all reasonable endeavours to finalise the Transport Services Agreement within the period.
- 9.18 ActewAGL may agree to extend a period during which Capacity is reserved under clause 9.17, or any extended period under this clause.

### ***Compensation for reserving Capacity***

- 9.19 ActewAGL may require the User to pay compensation for ActewAGL agreeing to commence a Service more than 30 days from the execution of a Transport Services Agreement where the commitment of capacity to meet the requirements of the User contributes to:
  - (a) the continuation of a queue,
  - (b) the formation of a queue at any time prior to the commencement date, or
  - (c) the acceleration of investment for Developable Capacity (including pre-construction investment, such as planning and design for that capacity) by ActewAGL to provide capacity for other Users.
- 9.20 The User will pay compensation under clause 9.19 within 30 days of receipt of a notice from ActewAGL specifying the compensation and providing reasonable substantiation.

## 10 Trigger Event

- 10.1 If an amendment to the National Gas Law or the National Gas Rules takes effect or the National Energy Retail Law or the National Energy Retail Rules commence operation in New South Wales or the Australian Capital Territory and:
- (a) this affects the terms and conditions on which Users or Customers obtain access under the Access Arrangement; and
  - (b) this results in more favourable conditions for Users or Customers than those under the Access Arrangement
- ActewAGL is required to notify the Relevant Regulator no later than one month following this and to also provide contact details of its Users to the Relevant Regulator at this time.
- 10.2 The Relevant Regulator may consult with interested parties and ActewAGL in order to determine whether the circumstances outlined in 10.1 are circumstances that are likely to be significant and constitute a trigger event.
- 10.3 Following the consultation in 10.2, the Relevant Regulator will notify ActewAGL whether the circumstances constitute a trigger event, in which case the review submission date fixed in the Access Arrangement will advance, to a date 6 months from the date of the trigger event or such other date as determined by the Relevant Regulator subject to the National Gas Rules.

## ATTACHMENT 1: DEFINITIONS

1.1 In this Access Arrangement:

**Access Arrangement Information** means the separate information provided to the Relevant Regulator with this Access Arrangement.

**Access Arrangement Period** means the period from the Commencement Date to the Revisions Commencement Date.

**Access Determination** has the meaning given in the National Gas Law.

**ActewAGL** means the owner of the Network from time to time, which at the Commencement Date is ActewAGL Distribution ABN 76 670 568 688 a partnership between Jemena Networks (ACT) Pty Limited ABN 24 008 552 663 and ACTEW Distribution Limited ABN 83 073 025 224.

**AEMC** means the Australian Energy Market Commission established by section 5 of the *Australian Energy Market Commission Establishment Act 2004* (SA).

**AEMO** means the Australian Energy Market Operator (ACN 072 010 327).

**AEMO Fee** means those fees and charges imposed by the AEMO on ActewAGL at any time.

**Ancillary Service** means the ancillary service described in Attachment 3I.

**Authorised Overrun** means an Overrun approved by ActewAGL before the Overrun occurs.

**Bare Transfer** refers to a Transfer by way of subcontract of all or part of a User's Contracted Capacity to a third party where ; and

- (a) subject to paragraph (b), a User's rights against, and obligations to ActewAGL under a Transport Services Agreement remain unaffected by the Transfer ;
- (b) the User immediately gives notice to ActewAGL of:
  - (i) the subcontract and its likely duration;
  - (ii) the identity of the third party; and
  - (iii) the amount of the User's Contracted Capacity transferred.

**Basic Metering Equipment** means the standard meter set provided by ActewAGL, including gas meters, regulators, fittings and isolation valves, and may include filters and flow correctors.

**Business Day** means any day which is not a Saturday, Sunday or a public holiday in New South Wales or the Australian Capital Territory.

**Capacity** refers to the measure of the potential of a Covered Pipeline as currently configured to deliver a particular Service between a Receipt Point and a Delivery Point at a point in time.

**Capacity Reservation Service** means the transportation service described in Attachment 3A.

**Capital Base** has the meaning given in the National Gas Rules.

**Charge Number** means:

- (a) 9 days; plus
- (b) for each Month or part Month in excess of 12 Months but less than a whole Contract Year in the Period, an additional  $\frac{3}{4}$  of a day, rounded up to the nearest whole number.<sup>4</sup>

**Claim** means any cause of action, liability, claim, proceeding, suit or demand of any nature however arising and whether present or future, fixed or unascertained, actual or contingent whether at law, in equity, under statute or otherwise and which any party may have against the other in connection with this Access Arrangement.

**Commencement Date** means the date referred to in clause 1.15 of Part 1 of this Access Arrangement.

**Contract Year** means a period of 12 Months commencing on the first day of the term of a Service (or the anniversary of that day).

**Contracted Capacity** refers to that part of the Capacity of the Network which has been reserved by a User or Users pursuant to a Transport Services Agreement entered into with ActewAGL.

**Covered Pipeline** has the meaning given in the National Gas Law.

**Customer** means an end consumer of gas. A customer includes any consumer of hot water in a residential unit where hot water is supplied through a centralised gas fired hot water system.

**Delivery Point** means a point at which gas is withdrawn from the Network.

**Delivery Station** means the facilities installed at a Delivery Point to enable delivery of gas from the Network, including Measuring Equipment, and which regulate the delivery and measure the quantity of gas withdrawn at that Delivery Point.

**Developable Capacity** has the meaning given in the National Gas Law. This generally refers to the difference between the Capacity of the Network, and the Capacity that would be available if additions of plant and/or pipeline were made, but does not include any new capacity of a Covered Pipeline resulting from an extension of the geographic range of a Covered Pipeline.

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<sup>4</sup> For example, if the Term is 20 Months, the Charge Number is 15, being 9 plus (8x  $\frac{3}{4}$ ). If the Term is 21  $\frac{1}{2}$  Months, the Charge Number is 17, being 9 plus (10x  $\frac{3}{4}$  rounded up to the nearest whole number).

**Embedded Network** means a distribution system or a pipeline not owned and operated by ActewAGL, which receives gas from the Network.

**Embedded Network Operator** means the licensed owner or operator of an Embedded Network.

**Energy Industry Levy** means the levy imposed by section 54C of the *Utilities Act 2000* (ACT).

**Equivalent Tariff** refers to, in relation to a Service that is not a Reference Service, the Tariff that it is reasonably likely would have been set as the Reference Tariff had the Service been a Reference Service.

**Force Majeure** means any event or circumstance beyond the reasonable control of a person.

**Forecast Capital** has the meaning given in clause 4.10 of this Access Arrangement.

**Gas General Metering Code** means the Australian Capital Territory Gas General Metering Code approved or determined under the *Utilities Act 2000* (ACT) from time to time.

**Gas Law** means the *Utilities Act 2000* (ACT), the *Gas Safety Act 2000* (ACT), the *National Gas (ACT) Act 2008* (ACT), the *National Gas (New South Wales) Act 2008* (NSW), the Minimum Network Standards, the *Gas Supply Act 1996* (NSW), the proposed National Energy Retail Law and National Energy Retail Rules once in force, any other applicable market, industry or technical code, any licence issued under the *Utilities Act 2000* (ACT) or the *Gas Supply Act 1996* (NSW), and any other statute, regulation, ordinance, code or other law, whether territory, state or federal, including any lawfully binding determination, decree, edict, declaration, ruling, order or other similar pronouncement validly made by any government or authority.

**Gas Market Procedures** means the *Gas Retail Market Procedures to Support Retail Competition in Gas* in the ACT and New South Wales (or, if these procedures are no longer applicable, any other rules or procedures which govern a gas market that is applicable to ActewAGL) in force from time to time.

**GJ** means gigajoule.

**GST** has the meaning given in the *A New Tax System (Goods and Services) Tax Act 1999* (Cth).

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

**Interconnection of Embedded Network Service** means the Service described in Attachment 3G.

**Linepack** means the total quantity of gas in the Network.

**Loss** includes any Claim, damage, loss, cost, charge, expense or payment.

**Managed Capacity Service** means the transportation Service described in Attachment 3B.

**Maximum Daily Quantity** or **MDQ** means the maximum quantity of gas which ActewAGL is obliged to transport and deliver to a particular Delivery Point on behalf of a User on any day (excluding Overruns).

**Maximum Hourly Quantity** or **MHQ** means the maximum quantity of gas (in GJs) which ActewAGL is obliged to transport and deliver to a particular Delivery Point on behalf of a 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 the quantity of gas delivered to or at the Delivery Point or Receipt Point.

**Meter Data Service** means the Service described in Attachment 3F.

**Minimum Network Standards** means ActewAGL Distribution's Minimum Standards for Network Operation adopted by ActewAGL in compliance of its licence requirements in the Australian Capital Territory and New South Wales, in force from time to time.

**Minister** means the Minister responsible for administering the *National Gas (ACT) Act 2008* (ACT), or the *National Gas (New South Wales) Act 2008* (NSW) as the case may be.

**Month** means calendar month.

**Multiple Delivery Point Service** means the transportation Service described in Attachment 3D.

**National Gas Code** means the National Third Party Access Code for Natural Gas Pipelines Systems referred to in the *Gas Pipelines Access Act 1998* (ACT).

**National Gas Law** means the National Gas Law in the Schedule to the *National Gas (South Australia) Act 2008* (SA), in force from time to time.

**National Gas Rules** means the National Gas Rules made under the National Gas Law, in force from time to time.

**Negotiated Service** means a Service for the transportation of gas on terms and conditions different to those of a Reference Service, as described in Attachment 3H.

**Network** means ActewAGL's Pipeline in the Australian Capital Territory, and Queanbeyan and Palerang in New South Wales.

**Non-Tariff Delivery Point** means any Delivery Point where the Customer is reasonably expected to take delivery of a quantity of gas exceeding 10TJ per Contract Year.

**Non-Tariff Service** has the meaning given in clause 2.3 of Part 2 of this Access Arrangement.

**OBG** means operational balancing gas.

**Overrun** has the meaning given in Attachment 3A. An overrun applies to all Reference Services other than the Tariff Service and the Meter Data Service.

**Palerang** means the area known as Palerang Local Government Area by proclamation under the *Local Government Act 1993* (NSW) formerly the City of Queanbeyan and Tallaganda Shire.

**Period** means a Contract Year plus the number of Months or part Months in the term of a Service in excess of 12 Months but less than a whole Contract Year.

**Pipeline** has the meaning in the National Gas Law.

**Previous Maximum Quantity** is the maximum quantity metered at a User's single Delivery Point on any day in the 12 Month period ending 2 Months prior to the date on which a Managed Capacity Service commences.

**Queanbeyan** means the area known as Queanbeyan City Council by proclamation under the *Local Government Act 1993* (NSW), formerly the City of Queanbeyan and Yarrowlumla Shire.

**Receipt Point** means any point at which gas is received into the Network

**Receipt Station** means the facilities installed at a Receipt Point to enable receipt of gas from a User into the Network, including Measuring Equipment.

**Reference Service** means the:

- (a) Ancillary Service;
- (b) Tariff Service;
- (c) Capacity Reservation Service;
- (d) Managed Capacity Service;
- (e) Throughput Service;
- (f) Multiple Delivery Point Service; or
- (g) Meter Data Service.

**Reference Tariff** means a tariff or charge which relates to a Reference Service.

**Relevant Regulator** has the meaning given in the National Gas Law and at the commencement of this Access Arrangement is the Australian Energy Regulator (**AER**);

**Request for Service** or **Request** means a request for a Service, as described in Attachment 2.

**Revisions Commencement Date** means the date on which the revisions to this Access Arrangement commence under clause 1.17 of Part 1 of this Access Arrangement.



**Service** means a Reference Service, Interconnection of Embedded Network Service or Negotiated Service.

**Short Term Capacity** means the short-term capacity referred to in the Capacity Reservation Service.

**Short Term Trading Market** means the market-based wholesale gas balancing mechanism established under Part 19 of the NGR.

**Spare Capacity** means the difference between the Capacity of the Network and the Contracted Capacity, as well as the difference between the Contracted Capacity and the Contracted Capacity being used, as the case may be.

**Specifications** means the specifications for gas in Attachment 6.

**Speculative Capital Expenditure Account** has the meaning given in rule 84 of the National Gas Rules.

**Summer Tranche Capacity** means the summer tranche capacity referred to in the Capacity Reservation Service.

**Surcharge** has the meaning in rule 83 (2) National Gas Rules

**Tariff**, refers to the criteria that, when applied to a User's characteristics and requirements, determine the charges payable by that User to ActewAGL for the Service.

**Tariff Customer** means a Customer who is reasonably expected to take delivery of less than or equal to 10TJ of gas per year.

**Tariff Delivery Point** means a Delivery Point at which the Customer is a Tariff Customer.

**Tariff Service** means the transportation Service described in Attachment 3E.

**Throughput Service** means the transportation Service described in Attachment 3C.

**TJ** means terajoule.

**Transfer** includes a sale, assignment, lease, licence, exchange or gift and "transferred" has a corresponding meaning.

**Transport Service** means the:

- (a) Tariff Service;
- (b) Capacity Reservation Service;
- (c) Managed Capacity Service;
- (d) Throughput Service; or
- (e) Multiple Delivery Point Service.

**Transport Services Agreement** means:

- (a) an executed agreement between ActewAGL and a User for the supply of Services; or

- (b) the terms and conditions for access specified in an access determination by the relevant dispute resolution body under Part 6 of the National Gas Law or Part 12 of the National Gas Rules in relation to a User, whether or not those terms and conditions are embodied in a formal agreement between the parties.

**UAG** means gas necessary to make up for gas lost or unaccounted for in the Network.

**Unauthorised Overrun** means any Overrun that is not an Authorised Overrun.

**User** has the meaning given in the National Gas Law.

**Utilities (Network Facilities) Tax** means the “network facility tax” as defined in the *Utilities (Network Facilities Tax) Act 2006* (ACT).

### **Interpretation**

- 1.2 Unless the contrary intention appears, a reference in this agreement to:
  - (a) **(variations or replacement)** a document (including this agreement) includes any variation or replacement of it;
  - (b) **(clauses, annexures, attachments and schedules)** a clause, annexure, attachment or schedule is a reference to a clause in or annexure or schedule to this agreement;
  - (c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
  - (d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments or codes under them, and consolidations, amendments, re-enactments or replacements of any of them);
  - (e) **(singular includes plural)** the singular includes the plural and vice versa;
  - (f) **(person)** the word “person” includes an individual, a firm, a body corporate, a partnership, joint venture, an unincorporated body or association, or any Government Agency;
  - (g) **(executors, administrators, successors)** a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

- (h) **(two or more persons)** an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (i) **(jointly and severally)** an agreement, representation or warranty by two or more persons binds them jointly and each of them individually;
- (j) **(reference to a group of persons)** a group of persons or things is a reference to any two or more of them jointly and to each of them individually;
- (k) **(dollars)** Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia;
- (l) **(calculation of time)** if a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day; Attachment 1 - Definitions 8
- (m) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;<sup>5</sup>
- (n) **(accounting terms)** an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act 2001 (Cth), or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia;
- (o) **(meaning not limited)** 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;
- (p) **(next day)** if an act under this agreement to be done by a party on or by a given day is done after 5.30pm on that day, it is taken to be done on the next day;
- (q) **(next Business Day)** if an event under this agreement must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day; and
- (r) **(time of day)** time is a reference to Canberra time.

1.3 Headings are for convenience only and do not affect the interpretation of this Access Arrangement.

1.4 Footnotes form part of this Access Arrangement.

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<sup>5</sup> A different definition applies to Attachment 5.

## **ATTACHMENT 2: REQUESTS FOR SERVICE**

### ***Application***

- 1.1 If a User wishes to obtain access to a Service for a Delivery Point:
  - (a) in the case of a new connection - the User will ensure that ActewAGL's requirements for connection of the Customer's premises are satisfied, including requirements relating to the Customer's gas installation;
  - (b) the User will comply with the requirements of this Access Arrangement for the relevant Service;
  - (c) the User will follow the Request procedure in this Attachment; and
  - (d) the parties will comply with their respective obligations under the Minimum Network Standards.
- 1.2 The User will also follow the Request procedure in this Attachment if a Customer seeks an increase in the MHQ or MDQ for an existing Service.
- 1.3 If the MHQ for a Service under clause 1.1 or 1.2 of this Attachment is expected to be 6m<sup>3</sup>/Hour or more, the User will notify ActewAGL of the expected MHQ for the Service, and provide evidence of the expected consumption reasonably satisfactory to ActewAGL.
- 1.4 The User will give ActewAGL evidence of its compliance with clause 1.1(a) and (b) of this Attachment reasonably satisfactory to ActewAGL, on request.

### ***MHQ less than 6m<sup>3</sup>/Hour***

- 1.5 If the MHQ of the Service will be less than 6m<sup>3</sup>/Hour, the User will lodge a Request. The Request will include the details required by the National Gas Rules. The Queuing Policy in Part 9 of this Access Arrangement does not apply.
- 1.6 The parties will then comply with their respective obligations under the Gas Market Procedures in relation to the establishment of the Service.

### ***MHQ of 6m<sup>3</sup>/Hour or more***

- 1.7 If:
  - (a) for a new Service - ActewAGL is satisfied that the MHQ will be 6m<sup>3</sup>/Hour or more; or
  - (b) for an existing Service with an MHQ of less than 6m<sup>3</sup>/Hour - the Customer wishes to increase its consumption to 6m<sup>3</sup>/Hour or more; or
  - (c) for an existing Service with an MHQ of 6m<sup>3</sup>/Hour or more - the Customer wishes to make any increase in its consumption,

the User will:

- (d) lodge a Request in the form of Attachment 2A (which contains the information required by the National Gas Rules); and
  - (e) use a single Request for each tranche of capacity for a Delivery Point.
- 1.8 On receipt of such a Request, ActewAGL will advise the User:
- (a) if the Request is incomplete and, if so, what is required to complete the Request; or
  - (b) whether Capacity is available, and if so, at what price, whether a queue exists for the Capacity, and any other terms and conditions, within the following timeframes:
    - (i) for a Request for Summer Tranche Capacity - within 10 Business Days of receiving a complete Request;
    - (ii) for a Request for Short Term Capacity - within 5 Business Days of receiving a complete Request, except where the Request involves an increase in the MHQ such that the total MHQ requirement would exceed the capacity of the metering facilities at the Delivery Point. In this case ActewAGL will advise the User as soon as reasonably practicable; or
    - (iii) for any other Request - within the shortest reasonable time and in any event within 20 Business Days of receiving a complete Request; or
  - (c) that investigations are required to be undertaken before responding to the Request and setting out a proposal for the investigation in accordance with the National Gas Rules.

### ***Sufficient capacity***

- 1.9 If ActewAGL considers that there is sufficient Capacity to meet the Request, ActewAGL will make an offer of Capacity to the User.
- 1.10 An offer of Capacity may be accepted within 30 days of the date shown on the offer, or any extended period nominated by ActewAGL in its discretion.
- 1.11 The User will have a Transport Services Agreement with ActewAGL for a Service, before an offer of Capacity for that Service may be accepted.<sup>6</sup>

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<sup>6</sup> This requirement is satisfied if the User has an Access Determination granting it access to the Network for the relevant Service, under Chapter 6 of the National Gas Law (see the definition of “Transport Services Agreement”).

1.12 If the User has not accepted an offer in accordance with clauses 1.10 and 1.11 of this Attachment, the offer will lapse (unless a party has raised a dispute under the National Gas Rules in connection with the Request, in which case the offer will not lapse pending the resolution of the dispute in accordance with the National Gas Rules).

1.13 If:

(a) an offer lapses under clause 1.12 of this Attachment due to the User not having a Transport Services Agreement for the Service; and

(b) ActewAGL considers that there is sufficient Capacity to meet the Request,

ActewAGL may in its discretion make a further offer of Capacity under clause 1.9 of this Attachment without requiring a new Request to be lodged, and clauses 1.10 to 1.12 of this Attachment (and this clause 1.13) will apply.

1.14 The parties will then comply with their respective obligations under the Gas Market Procedures in relation to the establishment of the Service.

### ***Insufficient capacity***

1.15 If ActewAGL considers that there is insufficient Capacity to satisfy the Request, the Queuing Policy in Part 9 of this Access Arrangement will apply.

## **ATTACHMENT 2A: REQUEST FOR SERVICE FORM (MHQ of 6m<sup>3</sup>/hour or greater)**

*Sections 1, 2, 3, 4, and 5 must be completed for all Requests.*

*Sections 6 and 7 must be completed for additional capacity at an existing site.*

*Sections 6, 7, 8, and 9 must be completed for new delivery points.*

### **1. USER INFORMATION**

Name of User & .....  
A.B.N

Contact Officer .....

Position Title .....

Telephone .....

Fax .....

Customer Contact  
Details:

Name .....

Position Title .....

Telephone .....

Fax .....

### **2. RECEIPT POINT INFORMATION**

Receipt Point Location .....

Entity supplying inlet gas .....

### **3. DELIVERY POINT INFORMATION**

Delivery Point .....  
Business Name

A.B.N. ....

Delivery Point .....  
Street Address

Postcode .....

Delivery Point is ..... metres (N, S, E or W)

from (nearest cross Street) .....

Delivery Point is located on the (N, S, E or W) side of the Street.

**4. TRANSPORTATION INFORMATION**

Service Requested	Managed Capacity/ Capacity Reservation/Throughput/Negotiated/ Tariff
	Short Term Capacity/Summer Tranche

If Short Term Capacity or Summer Tranche Capacity is requested there must be a pre-existing Capacity Reservation Service in place.

Service Commencement Date	
Duration of Transport Services Agreement Sought	
ANZIC code(s)	
Gas Applications	
AQ (GJ/yr) Annual Quantity	
MDQ (GJ/day) Maximum Daily Quantity	
MHQ (GJ/hr) Maximum Hourly Quantity	

**5. DELIVERY STATION PRESSURE**

Delivery Station Pressure (kPa) —

Metering pressure (1.38, 2.75, 7.0, 35, 100, if other please specify)

**6. APPLIANCE & GAS LOAD INFORMATION**

Appliance Type	Hourly Rate (MJ/hr)	Operating Capacity (%)	Hour/Day	Days/week	Weeks/year	Total Annual Quantity (TJ/yr)
Total						

Do any of these appliances have pilots or small flow rates? If so, which ones?

.....



## 7. FUEL CONVERSION INFORMATION

(if applicable)

Current Fuel Type .....

Current Annual Consumption .....  
(GJ/yr)

## 8. DELIVERY STATION INFORMATION

If the customer requires other than a standard single run meter set, please specify:	
Is the proposed meter set located indoors?	Y/N
Is a security compound required?	Y/N

## 9. DELIVERY STATION LOCATION SKETCH

Please provide a sketch showing the proposed location of the meter set and the following:

- length of customer service (path valve to meter set);
- surface restoration from front boundary to meter set;
- any walls to be pierced or other obstacle, eg. stairs, retaining walls etc. to be negotiated;
- all buildings and any other permanent structures on the site;
- side and front building lines, and kerb line; and
- bearing (north).

## **ATTACHMENT 3: SERVICE SCHEDULES**

### ***Service Schedules***

- 1.1 The Service Schedules are:
- (a) Attachment 3A - Capacity Reservation Service;
  - (b) Attachment 3B - Managed Capacity Service;
  - (c) Attachment 3C - Throughput Service;
  - (d) Attachment 3D - Multiple Delivery Point Service;
  - (e) Attachment 3E - Tariff Service;
  - (f) Attachment 3F - Meter Data Service;
  - (g) Attachment 3G - Interconnection of Embedded Network Service;
  - (h) Attachment 3H - Negotiated Service; and
  - (i) Attachment 3I - Ancillary Service.

### ***Term of Service***

- 1.2 Notwithstanding anything to the contrary in this Attachment 3, the term of a Service under this Attachment 3 ends if the User ceases to have a Transport Services Agreement for that Service, and there is no entitlement for a further term for that Service.

## **ATTACHMENT 3A: CAPACITY RESERVATION SERVICE**

### ***General***

- 1.1 The Capacity Reservation Service is a Service for the transportation of gas by ActewAGL from a Receipt Point to a single Non-Tariff Delivery Point (> 10TJ per annum), including options for Summer Tranche Capacity and Short Term Capacity.
- 1.2 This Attachment contains:
  - (a) additional terms and conditions for the Service; and
  - (b) the Reference Tariffs for the Service.
- 1.3 These terms and conditions are in addition to:
  - (a) the general terms and conditions in Part 3 of this Access Arrangement; and
  - (b) the curtailment of supply policy in Attachment 4 and gas balancing mechanisms in Attachment 5.

### ***Additional eligibility requirements***

- 1.4 The Capacity Reservation Service is only available for a Delivery Point where all Services to the Delivery Point are Capacity Reservation Services.

## **ADDITIONAL TERMS AND CONDITIONS**

### ***Term***

- 1.5 The term of the Service is a minimum of 1 year and a maximum of 2 years from the commencement of the Service, as specified by the User at the time of commencement of the Service (**Term**).

### ***Extension of Term***

- 1.6 Subject to clause 1.9 of this Attachment, a User is entitled to extend a Service for a further term if:
  - (a) the further term expires on or before the Revisions Commencement Date; and
  - (b) the User gives ActewAGL at least four weeks notice prior to the expiry of the Term requesting an extension.
- 1.7 If the further term expires after the Revisions Commencement Date, the User is not entitled to extend the Service, without ActewAGL's consent. ActewAGL may give or withhold its consent, conditionally or unconditionally, in its discretion.
- 1.8 If a User extends a Service for a further term under clause 1.6 of this Attachment, the Service will be provided:

- (a) to a Capacity not exceeding the MDQ and MHQ applying at the expiry of the Term (excluding any Short Term Capacity, Summer Tranche Capacity); and
  - (b) at the Reference Tariffs payable under this Access Arrangement from time to time during the further term.
- 1.9 Where the MHQ for a Service is more than one tenth of the booked MDQ, and ActewAGL 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 any further term, the User is not entitled to extend the Service for a further term without ActewAGL's consent. ActewAGL may give or withhold its consent, conditionally or unconditionally, in its discretion. Conditions may include commercial and technical conditions, including the installation of demand management devices by the User.
- 1.10 Unless the User has notified ActewAGL at least four weeks prior to the expiry of the Term, that:
- (a) ActewAGL is to cease delivering gas for a Service from the expiry of the Term; or
  - (b) the User wishes to exercise its rights under clause 1.6 of this Attachment,
- ActewAGL will be entitled (but not obliged) to continue to deliver gas for that Service on the basis that:
- (c) the Term of the Service is automatically extended by a further 12 Months; and
  - (d) the type of Service and MDQ will continue unchanged.

### ***MDQ and MHQ***

- 1.11 At the commencement of a Service, and of each subsequent Contract Year, the User will specify to ActewAGL:
- (a) a level of MHQ for the Service which reflects the maximum Hourly requirement at the Delivery Point; and
  - (b) a level of MDQ which reflects the maximum Daily requirement,
- based on prior consumption where that information is available.
- 1.12 ActewAGL's maximum obligation to deliver gas to the Delivery Point for a Service is limited to the MHQ in any Hour and the MDQ on any day, for that Service.
- 1.13 Subject to clause 1.14 of this Attachment, the User may request an increase in the specified MDQ for a Service if:
- (a) new equipment is commissioned at the Delivery Point, that increases the capacity of the Delivery Point; or
  - (b) daily metering is installed at the Delivery Point, when it was not previously available at that Delivery Point.

- 1.14 The User may increase the MDQ for a Service once under clause 1.13 of this Attachment. An increase to the MDQ may only be made within three Months of the commencement of the Service. An increase will be subject to the Queuing Policy in Part 9 of this Access Arrangement. An increase in MDQ will be deemed to take effect from the commencement of the current Term of the Service.

### ***Basic Metering Equipment***

- 1.15 ActewAGL will provide Basic Metering Equipment at the Delivery Point. The appropriate meter type for the Delivery Point will be determined by ActewAGL, or as agreed with the User.

### ***Meter Data Service***

- 1.16 Where ActewAGL offers a Meter Data Service as a Reference Service, the User will take the Capacity Reservation Service in conjunction with the Meter Data Service for the relevant Delivery Point.

Users shall be free to acquire such services from parties unrelated to ActewAGL on the date that meter reading or on-site data and communications becomes contestable.

### ***Overruns***

- 1.17 Clauses 1.18 to 1.20 of this Attachment deal with **Overruns**, which is any withdrawal of gas that exceeds the MHQ in any Hour, or the MDQ in any day, other than a withdrawal that constitutes:
- (a) an approved request for Short Term Capacity; or
  - (b) an approved request for Summer Tranche Capacity; or
  - (c) an approved request for Additional Capacity.
- 1.18 Overruns may be authorised or unauthorised.
- 1.19 A User may request prior approval for an Overrun by:
- (a) giving 1 Business Day's notice to ActewAGL; and
  - (b) agreeing with ActewAGL:
    - (i) the Overrun quantity for MDQ and MHQ (the agreed Quantity is the **Authorised Overrun Quantity** in respect of the Overrun); and
    - (ii) the day or days and Hour or Hours, on which the Authorised Overrun Quantity will be transported.
- 1.20 If a Delivery Point is served under 2 or more Services and an Overrun occurs:
- (a) an Overrun will have occurred under each Service; and

- (b) the Overrun will be apportioned between the Services proportionately according to the MDQ for the Delivery Point nominated for each Service.

### ***Summer Tranche Capacity***

- 1.21 Clauses 1.22 to 1.23 of this Attachment deal with Summer Tranche Capacity, which relates to withdrawals of gas for a minimum period of a whole Month during 1 October to 30 April.
- 1.22 A User may increase the MDQ for a Delivery Point for periods of 1 or more whole Months between 1 October and 30 April inclusive during the term of the Service, commencing on the first day of any of those Months (**Summer Tranche Capacity**).
- 1.23 A User will request Summer Tranche Capacity in accordance with Attachment 2, and the availability of the Capacity will be subject to the Queuing Policy in Part 9 of this Access Arrangement (if applicable).

### ***Short Term Capacity***

- 1.24 Clauses 1.25 to 1.31 of this Attachment deal with Short Term Capacity, which relates to withdrawals of gas for a minimum period of a week up to a maximum period of 4 weeks.
- 1.25 Short Term Capacity is an increase in the MDQ for a minimum of 1 week and a maximum of 4 weeks in weekly increments (**Short Term Capacity**).

### ***Short Term Capacity for Customers 30TJ or less per annum***

- 1.26 A User may request Short Term Capacity for a Customer at a Delivery Point, who is reasonably expected to withdraw 30TJ or less per Contract Year:
  - (a) if the User provides evidence of a one-off requirement for an increase in consumption at the Delivery Point, which may only be for purposes other than space heating. The User will provide evidence of the need to increase the MDQ, reasonably satisfactory to ActewAGL;
  - (b) if the MDQ reservation in the second or subsequent Contract Year of the Service is not less than 95 per cent of the MDQ reservation in the first Contract Year of the Service;
  - (c) if there has been a minimum of 30 days between the end of a Short Term Capacity period for the Customer and the commencement of the next Short Term Capacity period for that Customer;
  - (d) if the total Short Term Capacity made available by ActewAGL for the Delivery Point does not exceed 8 weeks in any 12 Month period;
  - (e) in accordance with Attachment 2 and the Queuing Policy in Part 9 of this Access Arrangement (if applicable);

- (f) if the request is made no more than 1 Month in advance of the proposed commencement date for the Short Term Capacity.
- 1.27 ActewAGL will respond to a request for Short Term Capacity within 5 Business Days of receiving a completed request, except where the request involves an increase in the MHQ such that the total MHQ requirement would exceed the Capacity of the metering facilities. In that case, ActewAGL will advise the User as soon as reasonably practicable.

### ***Short Term Capacity for Customers above 30TJ per annum***

- 1.28 A User may request Short Term Capacity for a single Delivery Point, which is reasonably expected to withdraw an amount in excess of 30TJ per Contract Year:
- (a) to cover the Customer's reasonable requirements during periods of equipment failure, commissioning or additional production following equipment failure, and events such as the re-firing of furnaces after re-builds or at start ups after non-scheduled plant maintenance, where such activity occurs less frequently than once every year;
  - (b) if the User provides evidence of the need to increase the MDQ for these reasons, which is reasonably satisfactory to ActewAGL; and
  - (c) in accordance with Attachment 2 and the Queuing Policy in Part 9 of this Access Arrangement (if applicable).

### ***Retrospective request for Short Term Capacity***

- 1.29 A Request for Short Term Capacity may be made at any time within 1 Month after that Capacity (or any part of it) has been used by the User.
- 1.30 If the Request is accepted by ActewAGL, the User will not have incurred an Authorised or Unauthorised Overrun in respect of that Capacity.
- 1.31 Notwithstanding that a request for Short Term Capacity is accepted, the User is liable for, and indemnifies ActewAGL against any Loss which ActewAGL suffers or incurs or is liable for as a result of a User exceeding the MDQ applicable at the time it utilised the Capacity, unless the Capacity was taken at that time as an Authorised Overrun.

### ***Additional Capacity for remaining term of an existing Service***

- 1.32 Where a Delivery Point is served under a Capacity Reservation Service, a User will, in requesting additional Capacity for that Delivery Point (other than Summer Tranche Capacity or Short Term Capacity) during the term of the Service (**Additional Capacity**):
- (a) relate to the Capacity Reservation Service;
  - (b) have a term of at least one year; and

- (c) have either the same commencement date or the same termination date as the existing tranche of capacity under the Service (excluding any Summer Tranche Capacity or Short Term Capacity).
- 1.33 A request for Additional Capacity may be made in advance or at any time up to the first Business Day of the Month after the first Month on which the Additional Capacity or part of it is used by the User.
- 1.34 If the Term of the Capacity Reservation Service is less than two Contract Years, that Term may be extended by up to two Contract Years, calculated from the commencement date of the Capacity Reservation Service so that the expiry date for the Capacity Reservation Service is the same as the expiry date for the Additional Capacity requested.
- 1.35 Where a request for Additional Capacity is accepted after the Additional Capacity or part of it has been used by the User:
  - (a) the request will be deemed to take effect from the first day of the Month during which the Additional Capacity or part of it is first used (the **Retrospective Date**);
  - (b) the Charge for MDQ will be payable by the User from the commencement date of the Additional Capacity, notwithstanding that it may be earlier than the Retrospective Date;
  - (c) a charge will be payable by the User in respect of an Overrun incurred as a result of the User exceeding:
    - (i) the MDQ (excluding the Additional Capacity requested) prior to the Retrospective Date; and
    - (ii) the MDQ (including the Additional Capacity requested) on or after the Retrospective Date.
- 1.36 Except as provided above, a charge will be payable by the User in respect of an Overrun on the quantity of Gas in excess of the MDQ (excluding the Additional Capacity Requested), up until the later of the date ActewAGL agrees to the Request and the date of commencement of the Additional Capacity.
- 1.37 Notwithstanding that a request for Additional Capacity is accepted, the User is liable for and indemnifies ActewAGL against any Loss which ActewAGL suffers or incurs or is liable for as a result of the User exceeding the MDQ applicable at the time it utilised the Additional Capacity, unless the Additional Capacity was taken at that time as an Authorised Overrun.



## CHARGES

### **Charges for the Capacity Reservation Service**

1.38 There are 4 categories of charges for a Capacity Reservation Service:

- (a) general charges for:
  - (i) MDQ; and
  - (ii) provision of Basic Metering Equipment;
- (b) Overrun charges;
- (c) gas balancing charges; and
- (d) Short Term Capacity Charges (applicable to Customers below 30TJ per annum).

### **Charge for MDQ**

1.39 The **Charge for MDQ** is the lesser of:

- (a) the charge for MDQ set out in clause 1.40 of this Attachment 3A; and
- (b) the Capped Charge for MDQ set out in clauses 1.41 to 1.42 of this Attachment (if applicable).

1.40 The charge for MDQ is the Network Unit Charge for Capacity multiplied by the MDQ, where the **Network Unit Charge for Capacity** expressed in GST exclusive real 2010/2011 dollars (\$/GJ/MDQ per annum) is:

Year Ending 30 June 2011	Year Ending 30 June 2012	Year Ending 30 June 2013	Year Ending 30 June 2014	Year Ending 30 June 2015
256.08	256.09	256.09	256.09	256.09

### **Capped Charge for MDQ**

1.41 A User may request a Capped Charge for MDQ for a Customer. The User will, in requesting a Capped Charge for MDQ, nominate an annual consumption quantity<sup>7</sup> for that Customer, which ActewAGL may adjust in a reasonable manner based on the historical usage pattern of the Customer, and which adjusted figure will be the **Annual Quantity** for the Customer.

<sup>7</sup> Where sufficient historical consumption data exists, the Annual Quantity will be quantity metered at the Delivery Point during the 12 months prior to the date 2 months before the date from which the Capped Charge is to be applied, rounded up to the nearest 0.5TJ.

- 1.42 The **Capped Charge for MDQ**<sup>8</sup> is determined by dividing the Capped Revenue (as defined in clause 1.43 of this Attachment) by the MDQ for the Service.
- 1.43 The **Capped Revenue** is calculated by applying the annual quantity block structure and relevant capped rate set out in the table below to the Annual Quantity, and subtracting the provision of Basic Metering Equipment charge (set out in clause 1.48 of this Attachment) from that total.
- 1.44 The annual quantity block structure and relevant capped rate in real 2010-2011 dollars are:

Annual Quantity Block Structure	Relevant Capped Rate \$/GJ Equivalent (GST exclusive real 2010–2011 dollars)
First 20 TJ p.a.	3.10
Next 30 TJ p.a.	2.70
All Additional	2.30

- 1.45 The Capped Charge for MDQ will be recalculated on the anniversary of the commencement date of the Service and, if requested by a User, on one other occasion during the Term.
- 1.46 Any recalculation of the Capped Charge for MDQ will take effect on:
- (a) the anniversary of the commencement date; or
  - (b) the first day of the Month commencing after the date of request,
- as applicable, and will not have any retrospective application.
- 1.47 The Capped Charge for MDQ will be escalated for CPI in accordance with Part 6 of this Access Arrangement.

### ***Provision of Basic Metering Equipment charge***<sup>9</sup>

- 1.48 The provision of Basic Metering Equipment charge is determined on the basis of the type of metering device installed at the Delivery Point, as shown in the table below.

<sup>8</sup> Excluding any short term or summer tranche capacity.

<sup>9</sup> Charges for new types of metering devices introduced during the Access Arrangement will be determined by ActewAGL on an equivalent size and function basis.

Meter Set Type Typical/Alternative Meter Provision of Basic Metering Equipment Charge in \$ per annum expressed in GST exclusive real 2010–2011 dollars	Year Ending 30 June 2011	Year Ending 30 June 2012	Year Ending 30 June 2013	Year Ending 30 June 2014	Year Ending 30 June 2015
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### Single Run & Bypass

Toyo MT5, Email 602, Email 610	63	63	63	63	63
Toyo MT10, Email 1010, Email 750	127	127	127	127	127
AL-425	951	951	951	951	951
AL-1000, AL-1400, Romet RM30	1,990	1,990	1,990	1,990	1,990
AL-2300, Romet Rm55, Romet RM85, Roots 3M, Instromet G65	2,762	2,762	2,762	2,762	2,762
Romet Rm140, AL-5000, roots 5M, Instromet G100	3,318	3,318	3,318	3,318	3,318
Roots 7m, Rockwell TPL9, Instromet G160	5,095	5,095	5,095	5,095	5,095
Roots 16M, Roots 11M, Instromet G250	6,090	6,090	6,090	6,090	6,090
Singer 4GT, Rockwell AT- 18, Instromet G400	7,236	7,236	7,236	7,236	7,236
Singer 6GT, Rockwell AT- 30	10,418	10,418	10,418	10,418	10,418
Rockwell AT-60	12,279	12,279	12,279	12,279	12,279

### Single Run & Shunt or Double Run (different Meters) – requiring special charges

Rockwell AT-30 + AL 1400	11,890	11,890	11,890	11,890	11,890
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### Overrun charges

1.49 Overrun charges are payable only in respect of Overruns relating to MDQ in any day, and are not separately payable in respect of Overruns relating to MHQ.

1.50 For each day on which an Overrun occurs, a User will pay:

- (a) for an Authorised Overrun - a charge calculated by multiplying the Overrun quantity by 1/365 of the Network Unit Charge for Capacity set out in clause 1.40 of this Attachment; and
  - (b) for an Unauthorised Overrun - a charge calculated by multiplying the Overrun quantity by 1.5/365 of the Network Unit Charge for Capacity set out in clause 1.40 of this Attachment.
- 1.51 In addition to an Overrun charge incurred on a day, a User will also pay an annual Overrun charge as follows:
- (a) if the Overrun in the Period is equal to or less than the Charge Number, the annual Overrun charge will be nil; and
  - (b) if the Overrun in the Period is greater than the Charge Number, the annual Overrun charge will be the time-weighted average Network Unit Charge for Capacity set out in clause 1.40 of this Attachment<sup>10</sup> during the Period multiplied by the Relevant Quantity.
- 1.52 The **Relevant Quantity** will be determined as follows:
- (a) if the number of Overrun days during the Period is equal to the Charge Number plus 1, the Relevant Quantity will be the daily Overrun quantity which is third in the order of all Daily Overrun quantities for the Period when ranked from largest to smallest;<sup>11</sup>
  - (b) if the number of Overrun days is equal to the Charge Number plus 2, then the Relevant Quantity will be the second in the ranking in clause 1.52(a) of this Attachment;
  - (c) if the number of Overrun days is equal to the Charge Number plus 3, 4 or 5, then the Relevant Quantity will be the largest Daily Overrun quantity; and
  - (d) if the number of Overrun days is equal to or greater than the Charge Number plus 6, the Relevant Quantity will be 1.2 times the largest daily Overrun quantity.
- 1.53 Any Overrun charge payable by a User to ActewAGL is payable in addition to, and not in substitution for, any other charge for the Service.
- 1.54 Payment of Overrun charges does not alter the MDQ for the Service.

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<sup>10</sup> Time-weighting is required to reflect the fact that the Network Unit Charge may change in the course of the Period.

<sup>11</sup> For example, if the Charge Number was 12 and there were 13 overrun Days, with daily overrun quantities of 9, 3, 2, 8, 8, 6, 5, 3, 7, 6, 2, 4 and 5, then the ranking would be 9, 8, 8, 7, 6, 6, 5, 5, 4, 3, 3, 2, 2, and the Relevant Quantity would be 8.

### **Gas Balancing Charges**

1.55 The gas balancing charges are set out in Attachment 5, and include any charge, Settlement Amount, or other amount payable under that Attachment.

### **Short Term Capacity Charge**

1.56 The Short Term Capacity Charge is determined by applying the premium set out in the table below to the Charge for MDQ for the additional MDQ reserved as Short Term Capacity

Short Term Capacity Charge for below 30TJ Customers	
Period of Additional Capacity	Premium
1 Week	20%
2 Weeks	15%
3 Weeks	10%
4 Weeks	0%

1.57 The premium is applied for the period during which the Short Term Capacity is reserved.

## **ATTACHMENT 3B: MANAGED CAPACITY SERVICE**

### ***General***

- 1.1 The Managed Capacity Service is a Service for the transportation of gas by ActewAGL from a Receipt Point to a single Non-Tariff Delivery Point (> 10TJ per annum).
- 1.2 This Attachment contains:
  - (a) additional terms and conditions for the Service; and
  - (b) the Reference Tariffs for the Service.
- 1.3 These terms and conditions are in addition to:
  - (a) the general terms and conditions in Part 3 of this Access Arrangement; and
  - (b) the curtailment of supply policy in Attachment 4 and gas balancing mechanisms in Attachment 5.

### ***Additional eligibility requirements***

- 1.4 The Managed Capacity Service is only available to a User where the Delivery Point has had daily metering information available for Measuring Equipment at all Delivery Stations at the Delivery Point for a period in excess of 14 Months.
- 1.5 The Managed Capacity Service is only available for a Delivery Point where all Services to the Delivery Point are Managed Capacity Services.

## **ADDITIONAL TERMS AND CONDITIONS**

### ***Term***

- 1.6 The term of the Service is 1 year from the commencement of the Service (**Term**).

### ***Extension of Term***

- 1.7 Subject to clauses 1.10 and 1.11 of this Attachment, a User is entitled to extend a Service for a further term if:
  - (a) the further term expires on or before the Revisions Commencement Date; and
  - (b) the User gives ActewAGL at least four weeks notice prior to the expiry of the Term requesting an extension.
- 1.8 If the further term expires after the Revisions Commencement Date, the User is not entitled to extend the Service, without ActewAGL's consent. ActewAGL may give or withhold its consent, conditionally or unconditionally, in its discretion.

- 1.9 If a User extends a Service for a further term under clause 1.7 of this Attachment, the Service will be provided:
- (a) to a Capacity not exceeding the MDQ and MHQ applying at the expiry of the Term (excluding any Short Term Capacity, Summer Tranche Capacity); and
  - (b) at the Reference Tariffs payable under this Access Arrangement from time to time during the further term.
- 1.10 If the maximum quantity of gas metered at the Delivery Point for a Service in the 12 Months ending 2 Months prior to the expiry of the Term is greater than the MDQ for the Service, the User is entitled to receive a Capacity Reservation Service for that Delivery Point at that MDQ, in accordance with Attachment 3A, but may instead request a new Managed Capacity Service in accordance with Attachment 2 of this Access Arrangement.
- 1.11 Where the MHQ for a Service is more than one tenth of the booked MDQ, and ActewAGL 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 any further term, the User is not entitled to extend the Service for a further term without ActewAGL's consent. ActewAGL may give or withhold its consent, conditionally or unconditionally, in its discretion. Conditions may include commercial and technical conditions, including the installation of demand management devices by the User.
- 1.12 Unless the User has notified ActewAGL at least four weeks prior to the expiry of the Term, that:
- (a) ActewAGL is to cease delivering gas for a Service from the expiry of the Term; or
  - (b) the User wishes to exercise its rights under clause 1.7 of this Attachment,
  - (c) ActewAGL will be entitled (but not obliged) to continue to deliver gas for that Service on the basis that:
  - (d) the Term of the Service is automatically extended by a further 12 Months; and
  - (e) the type of Service and MDQ will continue unchanged.

### ***MDQ and MHQ***

- 1.13 At the commencement of a Service, the User will specify to ActewAGL:
- (a) a level of MHQ for the Service which reflects the maximum Hourly requirement at the Delivery Point; and
  - (b) a level of MDQ, which reflects the maximum Daily requirement that is equal to or greater than the Previous Maximum Quantity,
- based on prior consumption where that information is available.

- 1.14 ActewAGL's obligation to deliver gas to the Delivery Point for a Service is limited to the MHQ in any Hour and MDQ on any day, for that Service.

### ***Basic Metering Equipment***

- 1.15 ActewAGL will provide Basic Metering Equipment at the Delivery Point. The appropriate meter type for the Delivery Point will be determined by ActewAGL, or as agreed with the User.

### ***Meter Data Service***

- 1.16 Where ActewAGL offers a Meter Data Service as a Reference Service, the Managed Capacity Service must be taken in conjunction with the Meter Data Service for the relevant Delivery Point.

Users shall be free to acquire such services from parties unrelated to ActewAGL on the date that meter reading or on-site data and communications becomes contestable.

### ***Overruns***

- 1.17 No charges are payable for an Overrun under this Service.

## **CHARGES**

### ***Charges for the Managed Capacity Service***

- 1.18 There are 2 categories of charges under a Managed Capacity Service.

- (a) general charges for:
  - (i) MDQ; and
  - (ii) provision of Basic Metering Equipment; and
- (b) gas balancing charges.

### ***Charge for MDQ***

- 1.19 The **Charge for MDQ** is the lesser of: Attachment 3B - Managed Capacity Service 30
- (a) the charge for MDQ set out in clause 1.20 of this Attachment; and
  - (b) the Capped Charge for MDQ set out in clause 1.21 of this Attachment (if applicable).

### ***Charge for MDQ***

- 1.20 The charge for MDQ is the Network Unit Charge for Capacity multiplied by the MDQ, where the **Network Unit Charge for Capacity** expressed in GST exclusive real 2010-2011 dollars (\$/GJ/MDQ per annum) is:



Year Ending 30 June 2011	Year Ending 30 June 2012	Year Ending 30 June 2013	Year Ending 30 June 2014	Year Ending 30 June 2015
256.08	256.09	256.09	256.09	256.09

### ***Capped Charge for MDQ***

- 1.21 A User may request a Capped Charge for MDQ for a Customer. The User will in requesting a Capped Charge for MDQ nominate an annual consumption quantity<sup>12</sup> for that Customer, which ActewAGL may adjust in a reasonable manner based on the historical usage pattern of the Customer, and which adjusted figure will be the **Annual Quantity** for the Customer.
- 1.22 The **Capped Charge for MDQ** is determined by dividing the Capped Revenue (as defined in clause 1.23 of this Attachment) by the MDQ for the Service.<sup>13</sup>

### ***Capped Revenue***

- 1.23 The **Capped Revenue** is calculated by applying the relevant capped rate and the annual quantity block structure set out in the table below to the Annual Quantity, and subtracting the provision of Basic Metering Equipment Charge (set out below) from that total.
- 1.24 The annual quantity block structure and relevant capped rate in real 2010/2011 dollars are:

Annual Quantity Block Structure	Relevant Capped Rate \$/GJ Equivalent (GST exclusive real 2010–2011 dollars)
First 20 TJ p.a.	3.10
Next 30 TJ p.a.	2.70
All Additional	2.30

- 1.25 The Capped Charge for MDQ will be recalculated on the anniversary of the commencement date of the Service and, if requested by a User, on one other occasion during the Term.
- 1.26 Any recalculation of the Capped Charge for MDQ will take effect on:
- the anniversary of the commencement date; or
  - the first day of the Month commencing after the date of request,
- as applicable, and will not have any retrospective application.

<sup>12</sup> Where sufficient historical consumption data exists, the Annual Quantity will be quantity metered at the Delivery Point during the 12 month prior to the date 2 months before the date from which the Capped Charge is to be applied, rounded up to the nearest 0.5TJ.

<sup>13</sup> For Users with a Managed Capacity Service, the MDQ for the purposes of this calculation will be replaced by the ninth highest actual withdrawal during the previous 12 months.

1.27 The Capped Charge for MDQ will be escalated for CPI in accordance with Part 6 of this Access Arrangement.

**Provision of Basic Metering Equipment charge<sup>14</sup>**

1.28 The provision of Basic Metering Equipment charge is determined on the basis of the type of metering device installed at the Delivery Point, as shown in the table below.

Meter Set Type Typical/Alternative Meter Provision of Basic Metering Equipment Charge in \$ per annum expressed in GST exclusive real 2010– 2011 dollars	Year Ending 30 June 2011	Year Ending 30 June 2012	Year Ending 30 June 2013	Year Ending 30 June 2014	Year Ending 30 June 2015
<b>Single Run &amp; Bypass</b>					
Toyo MT5, Email 602, Email 610	63	63	63	63	63
Toyo MT10, Email 1010, Email 750	127	127	127	127	127
AL-425	951	951	951	951	951
AL-1000, AL-1400, Romet RM30	1,990	1,990	1,990	1,990	1,990
AL-2300, Romet Rm55, Romet RM85, Roots 3M, Instromet G65	2,762	2,762	2,762	2,762	2,762
Romet Rm140, AL-5000, roots 5M, Instromet G100	3,318	3,318	3,318	3,318	3,318
Roots 7m, Rockwell TPL9, Instromet G160	5,095	5,095	5,095	5,095	5,095
Roots 16M, Roots 11M, Instromet G250	6,090	6,090	6,090	6,090	6,090
Singer 4GT, Rockwell AT-18, Instromet G400	7,236	7,236	7,236	7,236	7,236
Singer 6GT, Rockwell AT-30	10,418	10,418	10,418	10,418	10,418
Rockwell AT-60	12,279	12,279	12,279	12,279	12,279

<sup>14</sup> Charges for new types of metering devices introduced during the Access Arrangement will be determined by ActewAGL on an equivalent size and function basis.

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**Single Run & Shunt or Double Run (different Meters) – requiring special charges**

Rockwell AT-30 + AL 1400	11,890	11,890	11,890	11,890	11,890
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***Gas balancing charges***

- 1.29 The gas balancing charges are set out in Attachment 5, and include any Charge, Settlement Amount, or other amount payable under that Attachment.

## **ATTACHMENT 3C: THROUGHPUT SERVICE**

### ***General***

- 1.1 The Throughput Service is a Service for the transportation of gas by ActewAGL from a Receipt Point to a Non-Tariff Delivery Point (> 10TJ per annum).
- 1.2 This Attachment contains:
  - (a) additional terms and conditions for the Service; and
  - (b) the Reference Tariffs for the Service.
- 1.3 These terms and conditions are in addition to:
  - (a) the general terms and conditions in Part 3 of this Access Arrangement; and
  - (b) the curtailment of supply policy in Attachment 4 and gas balancing mechanisms in Attachment 5.

### ***Additional eligibility requirements***

- 1.4 The Throughput Service is only available for a Delivery Point where all Services to the Delivery Point are Throughput Services.

## **ADDITIONAL TERMS AND CONDITIONS**

### ***Term***

- 1.5 The term of the Service is one year from the commencement of the Service to the Delivery Point (**Term**).

### ***Extension of Term***

- 1.6 Subject to clause 1.9 of this Attachment, a User is entitled to extend a Service for a further term if:
  - (a) the further term expires on or before the Revisions Commencement Date; and
  - (b) the User gives ActewAGL at least four weeks notice prior to the expiry of the Term requesting an extension.
- 1.7 If the further term expires after the Revisions Commencement Date, the User is not entitled to extend the Service, without ActewAGL's consent. ActewAGL may give or withhold its consent, conditionally or unconditionally, in its discretion.
- 1.8 If a User extends a Service for a further term under clause 1.6 of this Attachment, the Service will be provided:
  - (a) to a Capacity not exceeding the MDQ and MHQ applying at the expiry of the Term (excluding any Short Term Capacity, Summer Tranche Capacity); and

- (b) at the Reference Tariffs payable under this Access Arrangement from time to time during the further term.
- 1.9 Where the MHQ for a Service is more than one tenth of the booked MDQ, and ActewAGL 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 any further term, the User is not entitled to extend the Service for a further term without ActewAGL's consent. ActewAGL may give or withhold its consent, conditionally or unconditionally, in its discretion. Conditions may include commercial and technical conditions, including the installation of demand management devices by the User.
- 1.10 Unless the User has notified ActewAGL at least four weeks prior to the expiry of the Term, that:
- (a) ActewAGL is to cease delivering gas for a Service from the expiry of the Term; or
  - (b) the User wishes to exercise its rights under clause 1.6 of this Attachment,
- ActewAGL will be entitled (but not obliged) to continue to deliver gas for that Service on the basis that:
- (c) the Term of the Service is automatically extended by a further 12 Months; and
  - (d) the type of Service and MDQ will continue unchanged.

### ***MDQ and MHQ***

- 1.11 At the commencement of a Service, the User will specify to ActewAGL:
- (a) a level of MHQ for the Service which reflects the maximum Hourly requirement at the Delivery Point; and
  - (b) a level of MDQ which reflects the maximum Daily requirement,
- based on prior consumption where that information is available.
- 1.12 ActewAGL's obligation to deliver gas to the Delivery Point for a Service is limited to the MHQ in any Hour and MDQ on any day, for that Service.
- 1.13 Where a User withdraws less than 10TJ of gas in any Contract Year, the User will pay for delivery of 10TJ of gas in that Contract Year (calculated on a pro-rata basis as if consumption had been equal in each Month during the Contract Year).

### ***Basic Metering Equipment***

- 1.14 ActewAGL will provide Basic Metering Equipment at the Delivery Point. The appropriate meter type for the Delivery Point will be determined by ActewAGL, or as agreed with the User.

## **Meter Data Service**

1.15 Where ActewAGL offers a Meter Data Service as a Reference Service, the Throughput Service must be taken in conjunction with the Meter Data Service for the relevant Delivery Point.

Users shall be free to acquire such services from parties unrelated to ActewAGL on the date that meter reading or on-site data and communications becomes contestable.

## **Overruns**

1.16 No charges are payable for an Overrun under this Service.

## **CHARGES**

### **Charges for the Throughput Service**

1.17 There are 2 categories of charges under a Throughput Service:

- (a) general charges comprising:
  - (i) a Throughput Charge; and
  - (ii) provision of Basic Metering Equipment charge; and
- (b) gas balancing charges.

### **Throughput Charge**

1.18 The Throughput Charge expressed in GST exclusive real 2010-2011 dollars (\$/GJ/throughput) is:

Year Ending 30 June 2011	Year Ending 30 June 2012	Year Ending 30 June 2013	Year Ending 30 June 2014	Year Ending 30 June 2015
3.753	3.753	3.753	3.753	3.753

### **Provision of Basic Metering Equipment charge<sup>15</sup>**

1.19 The provision of Basic Metering Equipment charge is determined on the basis of the type of metering device installed at the Delivery Point as shown in the table below.

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<sup>15</sup> Charges for new types of metering devices introduced during the Access Arrangement will be determined by ActewAGL on an equivalent size and function basis.

Meter Set Type Typical/Alternative Meter Provision of Basic Metering Equipment Charge in \$ per annum expressed in GST exclusive real 2010– 2011 dollars	Year Ending 30 June 2011	Year Ending 30 June 2012	Year Ending 30 June 2013	Year Ending 30 June 2014	Year Ending 30 June 2015
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### Single Run & Bypass

Toyo MT5, Email 602, Email 610	63	63	63	63	63
Toyo MT10, Email 1010, Email 750	127	127	127	127	127
AL-425	951	951	951	951	951
AL-1000, AL-1400, Romet RM30	1,990	1,990	1,990	1,990	1,990
AL-2300, Romet Rm55, Romet RM85, Roots 3M, Instomet G65	2,762	2,762	2,762	2,762	2,762
Romet Rm140, AL-5000, roots 5M, Instromet G100	3,318	3,318	3,318	3,318	3,318
Roots 7m, Rockwell TPL9, Instromet G160	5,095	5,095	5,095	5,095	5,095
Roots 16M, Roots 11M, Instromet G250	6,090	6,090	6,090	6,090	6,090
Singer 4GT, Rockwell AT-18, Instromet G400	7,236	7,236	7,236	7,236	7,236
Singer 6GT, Rockwell AT-30	10,418	10,418	10,418	10,418	10,418
Rockwell AT-60	12,279	12,279	12,279	12,279	12,279

### Single Run & Shunt or Double Run (different Meters) – requiring special charges

Rockwell AT-30 + AL 1400	11,890	11,890	11,890	11,890	11,890
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### **Gas balancing charges**

1.20 The gas balancing charges are set out in Attachment 5, and include any charge, Settlement Amount, or other amount payable under that Attachment.

## **ATTACHMENT 3D: MULTIPLE DELIVERY POINT SERVICE**

### ***General***

- 1.1 The Multiple Delivery Point Service is a Service for the transportation of gas by ActewAGL from a Receipt Point to a number of Non-Tariff Delivery Points (each >10TJ per annum).
- 1.2 This Attachment contains:
  - (a) additional terms and conditions for the Service; and
  - (b) the Reference Tariffs for the Service.
- 1.3 These terms and conditions are in addition to:
  - (a) the general terms and conditions in Part 3 of this Access Arrangement; and
  - (b) the curtailment of supply policy in Attachment 4 and gas balancing mechanisms in Attachment 5.

### ***Additional eligibility requirements***

- 1.4 The Multiple Delivery Point Service is available to any User that requires Reference Services to multiple Delivery Points.
- 1.5 Each Delivery Point to which the Service is supplied will be identified by the User at the commencement of the Service as a Capacity Reservation Service Delivery Point, a Managed Capacity Service Delivery Point or a Throughput Service Delivery Point.

## **ADDITIONAL TERMS AND CONDITIONS**

### ***Term and terms and conditions***

- 1.6 The term, additional terms and conditions, and Reference Tariffs applying to the Service for each Delivery Point will be those applicable under this Attachment 3 for the type of Service nominated for that Delivery Point.



## **ATTACHMENT 3E: TARIFF SERVICE**

### ***General***

- 1.1 The Tariff Service is a Service for the transportation of gas by ActewAGL from a Receipt Point to one or more Tariff Delivery Points (each  $\leq 10\text{TJ}$  per annum).
- 1.2 This Attachment contains:
  - (a) additional terms and conditions for the Service; and
  - (b) the Reference Tariffs for the Service.
- 1.3 These terms and conditions are in addition to:
  - (a) the general terms and conditions in Part 3 of this Access Arrangement; and
  - (b) the curtailment of supply policy in Attachment 4 and gas balancing mechanisms in Attachment 5.

## **ADDITIONAL TERMS AND CONDITIONS**

### ***Term***

- 1.4 The term of a Transport Services Agreement for Tariff Services will be from the commencement date of the agreement until the Revisions Commencement Date, or any other date agreed by ActewAGL and the User.

### ***Delivery Points***

- 1.5 The User will provide ActewAGL with a list in an electronic or other form as agreed by ActewAGL and the User, identifying the Tariff Delivery Points to which the Tariff Service is to be provided.
- 1.6 The User may add Tariff Delivery Points to the list, in accordance with the Request for Service procedure in Attachment 2.
- 1.7 The User may remove a Tariff Delivery Point from the list by giving at least 3 Business Days notice to ActewAGL.

### ***MHQ***

- 1.8 For any new Delivery Point where the MHQ is expected to exceed  $6\text{m}^3/\text{Hour}$ , the User will specify a level of MHQ that reflects the maximum Hourly requirement at the Delivery Point.
- 1.9 ActewAGL's obligation to deliver gas to a Delivery Point is limited to:
  - (a) the MHQ in any Hour; or
  - (b) for a Delivery Point where there is no requirement to specify an MHQ, as required by the User up to a maximum of  $6\text{m}^3/\text{Hour}$ .

### ***Basic Metering Equipment***

- 1.10 ActewAGL will provide Basic Metering Equipment at the Delivery Point. The appropriate meter type for the Delivery Point will be determined by ActewAGL, or as agreed with the User.

### ***Meter Data Service***

- 1.11 Where ActewAGL offers a Meter Data Service as a Reference Service, the Tariff Service must be taken in conjunction with the Meter Data Service for the relevant Delivery Point.

Users shall be free to acquire such services from parties unrelated to ActewAGL on the date that meter reading or on-site data and communications becomes contestable.

### ***Measuring Equipment***

- 1.12 ActewAGL and the User will comply with applicable Gas Law in relation to connection, disconnection and reconnection of Measuring Equipment.

## **CHARGES**

### ***Charges for the Tariff Service***

- 1.13 There are 2 categories of charges for a Tariff Service:

- (a) general charges comprising:
  - (i) a Fixed Charge;
  - (ii) a Throughput Charge; and
  - (iii) provision of Basic Metering Equipment charge; and
- (b) gas balancing charges.

### ***Fixed Charge***<sup>16</sup>

- 1.14 The Fixed Charges for the Tariff Service per annum in GST exclusive real 2010-2011 dollars are:

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<sup>16</sup> In residential complexes where hot water is supplied through a gas fired centralised hot water system, each residential unit will be charged the fixed charge and metering charges applicable to a less than or equal to 6m<sup>3</sup>/hr meter.

Year Ending 30 June 2011	Year Ending 30 June 2012	Year Ending 30 June 2013	Year Ending 30 June 2014	Year Ending 30 June 2015
47.45	47.45	47.45	47.45	47.45

### **Throughput Charge**

1.15 The Throughput Charges for the Tariff Service per annum in GST exclusive real 2010-2011 dollars are:

#### **Throughput Charge for Tariff Service (\$/GJ) in GST exclusive real 2010–2011 dollars**

Block Size (GJ per Mth)	Block Size (GJ Per Qtr)	Year Ending 30 June 2011	Year Ending 30 June 2012	Year Ending 30 June 2013	Year Ending 30 June 2014	Year Ending 30 June 2015
First 1.25	First 3.75	7.45	8.24	8.50	8.50	8.50
Next 82.25	Next 246.75	5.90	6.52	6.72	6.72	6.72
Next 333.5	Next 1000.5	5.37	5.94	6.13	6.13	6.13
All additional	All additional	3.77	4.18	4.31	4.31	4.31

#### **Provision of Basic Metering Equipment Charge in GST exclusive real 2010–2011 dollars**

Meter Provision Charges	Year Ending 30 June 2011	Year Ending 30 June 2012	Year Ending 30 June 2013	Year Ending 30 June 2014	Year Ending 30 June 2015
For meters with Capacity less than or equal to 6m <sup>3</sup> /hr (\$p.a.)	26.30	27.83	27.83	27.83	27.83
For meters with a Capacity of greater than 6m <sup>3</sup> /hr (\$/GJ)	0.2171	0.2297	0.2297	0.2297	0.2297

1.16 The provision of Basic Metering Equipment charge is payable each billing period.

1.17 For meters with a capacity greater than 6m<sup>3</sup>/hr there is a minimum payable each period. This minimum in GST exclusive real 2010-11 dollars is:

Meter Provision Charges	Year Ending 30 June 2011	Year Ending 30 June 2012	Year Ending 30 June 2013	Year Ending 30 June 2014	Year Ending 30 June 2015
For monthly bills	2.90	3.20	3.30	3.30	3.30
For quarterly bills	8.60	9.50	9.80	9.80	9.80

### ***Gas balancing charges***

1.18 The gas balancing charges are set out in Attachment 5, and include any charge, Settlement Amount, or other amount payable under that Attachment.

### ***Alternative Tariff Structure***

1.19 Subject to the requirements of the National Gas Rules, ActewAGL may from time to time offer an alternative tariff structure which Users may, at their discretion, accept or decline. If a User accepts the alternative tariff structure, that tariff structure will be substituted for the tariffs payable under the Tariff Service in the manner and for the period set out in the alternative tariff structure.

1.20 Any alternative Tariff structure offered by ActewAGL:

- (a) will be available to all Users of the Tariff Service during the period for which the alternative tariff structure is offered;
- (b) will be structured such that the average tariff under the alternative tariff structure does not exceed the average Reference Tariff established under this Access Arrangement for the Tariff Service; and
- (c) may be conditional on all Users of the Tariff Service accepting the offer.

## **ATTACHMENT 3F: METER DATA SERVICES**

### ***General***

- 1.1 The Meter Data Service is a Service for the provision of meter reading and on-site data and communication equipment at a Delivery Point.
- 1.2 ActewAGL will read the meter at each Delivery Point the subject of a Reference Service under this Access Arrangement.
- 1.3 This Attachment contains:
  - (a) additional terms and conditions for the Service; and
  - (b) the Reference Tariffs For the Service.
- 1.4 These terms and conditions are in addition to:
  - (a) the general terms and conditions in Part 3 of this Access Arrangement; and
  - (b) the curtailment of supply policy in Attachment 4 and gas balancing mechanisms in Attachment 5.

### ***Additional eligibility requirements***

- 1.5 The Meter Data Service will cease to be offered as a Reference Service, and at ActewAGL's discretion as a Service, on the date that meter reading or on-site data and communications becomes contestable.

At this time all Users shall be free to acquire such services from third parties unrelated to ActewAGL.

## **ADDITIONAL TERMS AND CONDITIONS**

### ***Term***

- 1.6 The term of a Service will be the term of the Reference Service for the relevant Delivery Point under this Access Arrangement.
- 1.7 Either party may terminate the Meter Data Service by notice to the other, at any time after the enactment of any law, code or instrument that permits the provision of meter reading, or on-site data and communications equipment, by a person other than ActewAGL.

### ***Metering for Non-Tariff Delivery Points***

- 1.8 Quantities of gas passing through the meter each day will be recorded by ActewAGL and the information in relation to such quantities will be accessible by ActewAGL, the User and other persons as permitted by the User, at the User's cost, or in accordance with the requirements of the National Gas Rules.
- 1.9 ActewAGL will provide a communication system at the Delivery Point to enable daily reading of the meter, where ActewAGL considers that technically and commercially feasible. Where there are no on-site data

facilities and no communication facilities at a Delivery Point, ActewAGL will read meters Monthly in accordance with the meter reading cycle adopted for that locality and class of Delivery Station. Where there are on-site data facilities but no communication facilities at a Delivery Point, ActewAGL will collect daily meter readings Monthly in accordance with the meter reading cycle adopted for that locality and class of Delivery Station.

- 1.10 If a User requires more immediate metering information than the daily information made available under clause 1.9 of this Attachment, the User may, at its expense, take information directly from the Measuring Equipment. Any connection made to the Measuring Equipment by a User will be made in accordance with the manufacturer's specification, and will be made in such a way as not to interfere with the proper operation of the Network Measuring Equipment.
- 1.11 A User is responsible for any Loss which ActewAGL suffers or incurs or is liable for as a result of any interference by a User with the proper operation of Measuring Equipment.

### ***Metering for Tariff Delivery Points***

- 1.12 Where the quantity of gas delivered to a Tariff Delivery Point is expected to be greater than 1TJ per year, ActewAGL will read the meter(s) at the Delivery Point each 30 days (plus or minus 2 days).
- 1.13 Where the quantity is expected to be less than 1TJ per year, ActewAGL will read the meter(s) at the Delivery Point(s) each 91 days (plus or minus 4 days).
- 1.14 For specific Delivery Points, ActewAGL and the User may agree that the meter will be read at different frequencies.
- 1.15 ActewAGL will nominate a cycle in which meters at Tariff Delivery Points will be read. ActewAGL will consult with the User prior to any change to the cycle and may not vary the reading cycle unreasonably or without giving reasonable notice to the User.
- 1.16 A User may request ActewAGL to vary ActewAGL's reading cycle for any Delivery Point, and ActewAGL will advise whether it agrees to the request and at what cost.
- 1.17 If requested by a User, ActewAGL will provide the User with details of the meters and meter readings in writing, or in such a format as ActewAGL nominates. ActewAGL will provide those details within 7 Business Days of the date of reading the meter.

## **CHARGES**

### ***Charges for the Meter Data Service***

- 1.18 There are 2 categories of charges for a Meter Data Service:
  - (a) provision of on site data and communications equipment charge; and

(b) provision of meter reading charge.

1.19 The provision of on-site data and communications equipment charge is payable each billing period, and is set out in the table below.

1.20 This charge is in addition to the charge for provision of Basic Metering Equipment under the relevant Reference Service.

**Provision of On-Site Data and Communication Equipment Charge (\$ p.a.) in GST exclusive real 2010–2011 dollars**

	Year Ending 30 June 2011	Year Ending 30 June 2012	Year Ending 30 June 2013	Year Ending 30 June 2014	Year Ending 30 June 2015
Charge per Delivery Station (includes the first 2 meters at a Delivery Station)	1,585	1,585	1,585	1,585	1,585
Charge for each additional 1 or 2 meters at a Delivery Station	376	376	376	376	376

1.21 The provision of meter reading charge is payable each billing period, and is set out in the table below.

**Provision of Meter Reading Charge for Tariff Delivery Points (\$ p.a.) in GST exclusive real 2010–2011 dollars**

Meter Reading Cycle	Year Ending 30 June 2011	Year Ending 30 June 2012	Year Ending 30 June 2013	Year Ending 30 June 2014	Year Ending 30 June 2015
Quarterly	4.54	4.85	4.85	4.85	4.85
Monthly	43.30	46.20	46.20	46.20	46.20

**Provision of Meter Reading Charge for Non-Tariff Delivery Points (\$ p.a.) in GST exclusive real 2010–2011. dollars**

	Year Ending 30 June 2011	Year Ending 30 June 2012	Year Ending 30 June 2013	Year Ending 30 June 2014	Year Ending 30 June 2015
Charge per Delivery Station (includes the first 2 meters at a Delivery Station)	687	687	687	687	687
Charge for each additional 1 or 2 meters at a Delivery Station	163	163	163	163	163

## **ATTACHMENT 3G: INTERCONNECTION OF EMBEDDED NETWORK SERVICE**

### ***General***

- 1.1 The Interconnection of Embedded Network Service is a Service to provide for the establishment of a single Delivery Point from the Network to an Embedded Network.
- 1.2 The Service is available to any Embedded Network Operator to establish a single Delivery Point connected to an Embedded Network.

### ***Authorisation of Embedded Network***

- 1.3 The Embedded Network Operator will:
  - (a) have all relevant authorisations under applicable law for the Embedded Network and their operations; and
  - (b) enter into an agreement with ActewAGL for an Interconnection of Embedded Network Service, which includes the terms and conditions listed below.
- 1.4 For the avoidance of doubt, an Interconnection of Embedded Network Service is separate from and additional to any Services requested by a User for the transportation of gas through the Network, to the Embedded Network Delivery Point.

### ***Delivery Station and Delivery Point***

- 1.5 The location of the Embedded Network Delivery Point for the Network will be agreed by the Embedded Network Operator and ActewAGL. ActewAGL will only withhold its agreement to a location sought by the Embedded Network Operator on the basis of technical, operational or safety considerations.
- 1.6 The hot tap connection to connect the Delivery Station to the Network will be designed and constructed in accordance with ActewAGL's requirements from time to time, including AS2885.
- 1.7 The Delivery Station will comprise metering facilities sufficient to accurately measure the flow over the full range of anticipated flow conditions and be designed and constructed in accordance with ActewAGL's requirements from time to time, including AS2885. If the hot tap connection is located at a point on the Network where the maximum allowable operating pressure is above 1,050kPa, the Delivery Station will include a remotely controlled isolation valve.
- 1.8 Unless otherwise required by ActewAGL, the Delivery Point between the Network and the Embedded Network Operator's pipe or system of pipes will be at the flange immediately downstream of the Delivery Station.



- 1.9 All facilities upstream of the outlet flange of the Delivery Station will be installed, owned and operated by ActewAGL at the reasonable cost of the Embedded Network Operator.
- 1.10 All facilities downstream of the outlet flange of the Delivery Station will be the responsibility of the Embedded Network Operator.
- 1.11 Modification of the Delivery Station, and hot tap connection to the Network, which are required as a result of changes in the flow conditions through the Embedded Network Delivery Point will be made by ActewAGL at the reasonable cost of the Embedded Network Operator, unless ActewAGL notifies the Embedded Network Operator that ActewAGL will recover the costs from Users of the Embedded Network Delivery Point.

### ***MDQ and MHQ***

- 1.12 The Embedded Network Operator will specify an annual quantity, MHQ and MDQ which fairly reflects the maximum annual, Hourly and Daily requirements at the Delivery Point, as well as the 24 Hour profile of hourly flow, based on prior consumption where that information is available.
- 1.13 ActewAGL's maximum obligation to deliver gas to the Delivery Point under Transport Service Agreements with all Users is limited to the MHQ in any Hour and the MDQ on any day for the Service.

### ***Metering***

- 1.14 ActewAGL will provide Measuring Equipment for the Delivery Point. The appropriate meter type for the Delivery Point will be determined by ActewAGL, or as agreed with the User.
- 1.15 Measuring Equipment will be designed to accurately measure the quantities specified by the Embedded Network Operator, and will provide daily meter reading.
- 1.16 The Measuring Equipment will be commissioned on the commencement of the first transportation service to the Embedded Network Delivery Point on behalf of any User. The Measuring Equipment will be decommissioned when there is no agreement with any User requiring transport to the Embedded Network Delivery Point.

### ***Charges***

- 1.17 The following charges will be agreed between the Embedded Network Operator and ActewAGL:
  - (a) charge for engineering investigation;
  - (b) charge for provision of interconnection facilities; and
  - (c) charge for provision of Measuring Equipment.

### ***Load shedding***

- 1.18 The Embedded Network Operator will be subject to load shedding arrangements as set out in Attachment 4 to this Access Arrangement. The Embedded Network Operator will have facilities available to it to reduce or discontinue the withdrawal of gas if called on to do so.
- 1.19 Unless there is an agreement on load shedding between ActewAGL and the Embedded Network Operator, the Embedded Network Operator will be subject to Load Shedding priority 2 for the purposes of Attachment 4 of this Access Arrangement. Services for the delivery of gas to the Embedded Network Delivery Point will be subject to the same Load Shedding priority.
- 1.20 The Embedded Network Operator will participate in the gas balancing arrangements set out in Attachment 5 to this Access Arrangement, if required by ActewAGL from time to time.

### ***Cathodic protection of facilities***

- 1.21 The Embedded Network Operator will design, install, and operate, any cathodic protection system necessary to protect its facilities. Cathodic protection will be installed in such a manner as to avoid any interference which may be detrimental to ActewAGL's Network, and will be electrically isolated from ActewAGL's Network.

### ***Installation and operation***

- 1.22 In the interests of safety and ensuring the integrity of ActewAGL's pre-existing facilities, the Embedded Network Operator will cooperate with ActewAGL to establish, in a timely manner, appropriate arrangements and procedures for the safe installation and operation of the Embedded Network Operator's facilities, and for the management of emergency situations involving those facilities and the Network.

### ***Abandonment/disconnection***

- 1.23 In the event that the Embedded Network Operator's facilities cease to be used to take gas at the Embedded Network Delivery Point, ActewAGL will, at the Embedded Network Operator's expense, ensure that the facilities are disconnected and isolated from ActewAGL's Network. This requirement does not apply where ActewAGL is satisfied that the cessation of use is temporary.

### ***Approvals and indemnity***

- 1.24 The Embedded Network Operator will provide ActewAGL with evidence that it has complied with all applicable statutory requirements and that it holds all necessary permits and licences in relation to its facilities downstream of the Embedded Network Delivery Point. The Embedded Network Operator will provide evidence of this before the commencement of any transportation service to the Delivery Point.

1.25 The Embedded Network Operator is liable for and indemnifies ActewAGL against all Loss which ActewAGL suffers or incurs or is liable for in relation to or arising out of the Embedded Network Operator's facilities referred to in this Attachment.

## **ATTACHMENT 3H: NEGOTIATED SERVICES**

- 1.1 Where a User has specific needs that differ from those which would be satisfied by a Reference Service, the User may seek to negotiate different terms and conditions as a Negotiated Service.

## **ATTACHMENT 3I: ANCILLARY SERVICE**

### ***General***

- 1.1 The Ancillary Service is a service which is subordinate to or secondary to the transportation of gas by ActewAGL from a Receipt Point to a number of Tariff or Non-Tariff Delivery Points.
- 1.2 The Ancillary Service comprises:
  - (a) request for service;
  - (b) special meter read;
  - (c) disconnection; and
  - (d) reconnection.
- 1.3 This Attachment contains:
  - (a) additional terms and conditions for the Ancillary Service; and
  - (b) the Reference Tariffs for the Ancillary Service.
- 1.4 These terms and conditions are in addition to:
  - (a) the general terms and conditions in Part 3 of this Access Arrangement; and
  - (b) the curtailment of supply policy in Attachment 4 and gas balancing mechanisms in Attachment 5.

### ***Request for service***

- 1.5 If a User wishes to obtain access to a Transport Service for a Delivery Point, they must follow the procedure outlined in Attachment 2 - Requests for Service.
- 1.6 ActewAGL will provide the Service in accordance with the terms and conditions set out in Attachment 2 and, where applicable, Part E, Section 15 (New Connections) of the Minimum Network Standards.

### ***Special meter reads***

- 1.7 ActewAGL will undertake a special meter read if requested by a User.
- 1.8 The terms and conditions of clauses 3.33 to 3.39 of Part 3 of this Access Arrangement, and Attachment 3F - Meter Data Services, apply to the provision of this Service, where relevant.

### ***Disconnection and suspension<sup>17</sup>***

- 1.9 A User may request ActewAGL to stop or suspend the delivery of gas to one or more Delivery Points on payment of the relevant ancillary charge by the User.

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<sup>17</sup> Note: The disconnection provisions are largely taken from clauses 3.54 to 3.57 of Part 3 (General Terms and Conditions for Access) of the earlier Access Arrangement.

- 1.10 ActewAGL will, at the later of:
- (a) the earliest reasonably practical date after receipt of written notice from the User; and
  - (b) the date requested by the User,
- stop or suspend the delivery of gas to the Delivery Point or Points nominated in the notice.
- 1.11 Suspension of delivery under clause 1.10 does not relieve the User from its obligations to pay for the Service.
- 1.12 If requested by ActewAGL, a representative of the User will be present at the Delivery Point when ActewAGL stops or suspends the delivery of gas to that Delivery Point.
- 1.13 ActewAGL will provide this Service in accordance with the terms and conditions, where applicable, set out in Part F, Section 16 (Discontinuation by gas distributor) of the Minimum Network Standards.

### ***Reconnection***

- 1.14 A User may request ActewAGL to recommence the delivery of gas to one or more Delivery Points on payment of the relevant ancillary charge by the User.
- 1.15 Subject to clause 1.17, ActewAGL will, at the later of:
- (a) the earliest reasonably practical date after receipt of written notice from the User; and
  - (b) the date requested by the User,
- recommence the delivery of gas to the Delivery Point or Points nominated in the notice.
- 1.16 If requested by ActewAGL, a representative of the User will be present at the Delivery Point when ActewAGL recommences the delivery of gas to that Delivery Point.
- 1.17 ActewAGL is not required to reconnect a User, where the disconnection occurred at the initiation of ActewAGL, until the matter giving rise to the disconnection is remedied or otherwise ceases to apply. In such a case, ActewAGL will arrange for reconnection of the Delivery Point or Points as soon as reasonably practicable.
- 1.18 ActewAGL will provide this Service in accordance with the terms and conditions, where applicable, set out in Part F, Section 17 (Recommencement of supply to existing connections) of the Minimum Network Standards.

## ***Charges relating to Ancillary Services***

1.19 The charges for the Ancillary Service are shown in the following table.

### Ancillary Services Charges in GST exclusive real 2010–2011 dollars

Request for service	\$64.50 plus \$64.50 per hour after the first hour
Special meter read	\$48.40
Reconnection fee	\$91.40
Disconnection fee	\$123.70

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## ATTACHMENT 4: CURTAILMENT OF SUPPLY

### *Application*

- 1.1 This Attachment applies to all Services, irrespective of the Receipt Point or the User's upstream arrangements.
- 1.2 In the event of a gas supply reduction, or a prospective gas supply reduction, in a part of the Network, ActewAGL will initiate a load shedding procedure with a view to preserving the integrity of the Network and minimising the disruption to Customers.

### *Implementation of load shedding*

- 1.3 Load shedding is defined as a controlled interruption to, or reduction in, the delivery of gas to a Customer, initiated by ActewAGL or as directed or requested under Gas Law.
- 1.4 Load shedding is implemented on a priority ranking basis with the aim of achieving the maximum load reduction in the shortest time possible, with minimal effect to any plant and production processes. This means that ActewAGL generally initiates the load shedding with large Customers where the process is controllable and provides the required level of responsiveness.

### *Table of priorities*

- 1.5 ActewAGL's priorities for load shedding are shown in the table below, as varied by ActewAGL by notice to Users from time to time:

Load Shedding Priority	Load Type
1	Interruptible loads (ie loads where ActewAGL has entered into an arrangement with the Customer, or the operator of the Customer's facilities, for load shedding).
2	A Delivery Point which serves more than one Customer, and where no arrangement exists between ActewAGL and the Customer, or the operator of the Customer's facilities, for load shedding.
3	Sites where gas is not used for production.
4	Sites where load is transferable to an alternative fuel.
5	Load that may be reduced without damage to product or plant.
6	Load that may be halted without damage to product or plant.
7	Load where halting will cause product damage.
8	Load where halting will cause plant damage.
9	Load not transferable to alternative fuel at hospital and essential service sites.
10	Tariff sites (whether residential, commercial or industrial).

- 1.6 Priority will be determined by the usage specified in the Schedule to the relevant Transport Services Agreement, or if no usage is specified, by ActewAGL.



- 1.7 Users will inform ActewAGL of any changes in priority due to changes in Customer usage.
- 1.8 Users will respond to requests from ActewAGL for information on priorities and customer emergency contacts, within a reasonable time.

### ***Restoration of Service***

- 1.9 Where feasible, supply will be restored in reverse order to that in which load shedding was implemented.

### ***Emergency contacts for Customers***

- 1.10 Users will ensure that they advise ActewAGL of emergency contacts for Customers at Non-Tariff Delivery Points and ensure that those contact details remain current at all times.

### ***Emergency Load Management System***

- 1.11 Site and Network information is maintained by ActewAGL in consultation with Users, and is used as the basis for load shedding through the use of the Emergency Load Management System (ELMS).
- 1.12 ELMS is an ActewAGL computer based system used as an aid in contacting Customer sites to notify them of an interruption to their gas supply as a result of load shedding, and reconnecting them when delivery capability has been restored.
- 1.13 Information on the ELMS system relating to a User is available to the User, on request.
- 1.14 All Users will participate in, and comply with, this system.

### ***Suspension***

- 1.15 If a User fails to comply with the procedure set out in this Attachment 4, ActewAGL may suspend any or all of the Services of that User.

### ***Liability and indemnity***

- 1.16 ActewAGL is not liable for any Loss which the User suffers or incurs or is liable for arising from load shedding.
- 1.17 The User is liable for and indemnifies ActewAGL against any:
  - (a) Loss ActewAGL suffers or incurs or is liable for arising out of or in connection with a Claim by a third party made against ActewAGL as a result of load shedding; and
  - (b) direct Loss ActewAGL suffers as a result of a User's failure to take required action under this Attachment 4.

# ATTACHMENT 5: GAS BALANCING

## *Introduction*

- 1.1 This Attachment 5 provides a gas balancing mechanism for 3 possible cases:
  - (a) gas balancing with an Operational Balancing Agreement with Pipeline Operators: Section A of this Attachment;
  - (b) gas balancing with Pipeline Shippers: Section B of this Attachment; and
  - (c) gas balancing with no Operational Balancing Agreement in place: Section C of this Attachment.
- 1.2 ActewAGL and the User will comply with this Attachment 5 and the relevant gas balancing provisions of the Gas Market Procedures.<sup>18</sup>
- 1.3 Notwithstanding the provisions set out in this Attachment 5, if an alternative arrangement for gas balancing is provided for by the AEMO or under an equivalent scheme which ActewAGL is a participant in, and ActewAGL approves the alternative arrangements, then Sections A, B and C of this Attachment 5 will cease to operate and that alternative arrangement will apply.

## *Definitions*

- 1.4 In this Attachment 5:

**Change in Target Linepack** means the User's Target Linepack at the end of the day minus the User's Target Linepack at the end of the previous day.

**day** means the period of 24 hours commencing at 6.30am Australian Eastern Standard Time.

**Nomination** means the quantities of gas (in GJ) required to be delivered at a Delivery Point or a Receipt Point to or for the account of the User for each day of a specified period.

**Operational Balancing Agreement** or **OBA** means an agreement between Pipeline owners and network owners, or Pipeline Shippers and network owners to cooperate in the management of the pipeline/network interfaces and network imbalances, respectively.

**Outstanding Amount** means the amount incurred by ActewAGL in purchasing a quantity of operational balancing gas from a Shipper for the purpose of clearing, in whole or in part, that User's cumulative difference between the total of the User's Confirmed Nominations at the Dalton Receipt Point on a day against the User's withdrawals at the Dalton Receipt Point, net of UAG purchased by ActewAGL adjusted in proportion to the amounts of those differences.

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<sup>18</sup> There are some provisions in this Attachment 5 that cover aspects of gas balancing not dealt with in the Business Rules.

**Participant Balancing Amount** means the quantity of gas which the User nominates to rectify part or all of the participant imbalance for the Network caused by differences between the total of Inputs and any quantity purchased from ActewAGL under clause 1.55 of Section C of this Attachment, and Withdrawal Quantities on any day.

**Prior Imbalance Account** means the cumulative difference between the total of User's Confirmed Nominations for a Receipt Point and the Withdrawal Quantity for the User for the Receipt Point for all days prior to the Nomination Day for which metering information is available from daily metered Delivery Points, minus the User's share of Linepack for that Receipt Point.

**Reconciliation Amount** means the quantity of gas which User nominates to rectify part or all of the imbalance caused by the reconciliation of withdrawals between the quantity determined by data estimation and the quantity withdrawn as measured by meter on any day.

**Settlement Amount** means the amount incurred by ActewAGL in purchasing a quantity of gas from a Shipper for the purpose of clearing, in whole or in part, that User's Prior Imbalance Account. Where settlement is required under clause 1.18 of Section A of this Attachment or clause 1.36 of Section B of this Attachment, the quantity of gas required to effect such settlement will be allocated between all relevant Users with a negative Prior Imbalance Account on a pro rata basis.

**Shipper** means a person contracted to supply gas to the Receipt Point on behalf of the User or on behalf of the person from which the User purchases gas at that Receipt Point.

**Target Linepack** means the target Linepack determined by ActewAGL for each User as at the end of a day by allocating to each User, the Linepack for the network at the end of the day in proportion to each User's MDQ (or where there is no MDQ defined in the Transport Services Agreement, an amount determined by ActewAGL after consultation with the User.

**User's Fiduciary Guarantee** means a Bank Guarantee or other appropriate instrument such as a parent company guarantee (as agreed with ActewAGL) as a financial warranty for the underwriting of Settlement Amounts.

## **SECTION A: GAS BALANCING WITH OPERATIONAL BALANCING AGREEMENT WITH PIPELINE OPERATORS**

### ***Introduction***

- 1.5 An OBA under this Section is an agreement between pipeline/network owners to cooperate in the management of the pipeline/network

interfaces and is structured to minimise the impact of local physical variations on network transportation arrangements.

- 1.6 Under OBAs, the nominations of Users of the Network and Shippers in the pipelines are deemed to flow into the Network for the purposes of Network imbalance calculation and pipeline delivery invoicing and balancing. User imbalances will exist in the Network. These imbalances will reflect the difference between each User's cumulative Confirmed Nomination and cumulative actual withdrawals from the Network (User's Imbalance). User Imbalances are corrected through Nominations or through the Nomination process or through settlement between individual participants and the Network.
- 1.7 The operational imbalances between the Network and Pipelines and User Imbalances will normally be reduced by the action of Users. The Users are required to correct their individual imbalances through the Nomination process set out in this Section A.

### ***Daily Forecasts and Nominations***

- 1.8 Each day, and for each Receipt Point at which the User receives gas, the User will inform ActewAGL of its gas requirements (Forecast Requirement) for the next day (Nomination Day). The Forecast Requirement for a Receipt Point is to include the following components:
  - (a) gas Nomination in total and for each Shipper at that Receipt Point, calculated in accordance with clause 1.9 of this Section A of this Attachment;
  - (b) forecast requirement for non-daily metered Delivery Points (which will not include any Reconciliation Amount);
  - (c) Reconciliation Amount determined in accordance with the Gas Market Procedures, provided that ActewAGL is not required to accept the Reconciliation Amount as part of the Forecast Requirement unless the total of all Reconciliation Amounts for all Users on a day in the Network equals zero; and
  - (d) when required as notified in advance by ActewAGL, the forecast withdrawal at designated Delivery Points, and at times agreed between the User and ActewAGL.
- 1.9 The User will make Nominations of the components of Forecast Requirements in good faith so that the total quantity nominated under clause 1.8(a) of this Section A of this Attachment for all Receipt Points serving the Network is the aggregate amount which the User intends to withdraw from the Network on the Nomination Day, adjusted for a Negotiated Service if applicable, under all Transport Services Agreements, and the total and Shipper quantities nominated under clause 1.8(a) of this Section A of this Attachment are consistent with the Quantities of gas which the User is entitled to have delivered to the Receipt Point.

- 1.10 ActewAGL will notify the User of the quantity of gas (User's Adjusted Requirement) which the User should deliver to each Receipt Point on the Nomination Day in order to enable ActewAGL to:
  - (a) satisfy the User's Forecast Requirement;
  - (b) reduce the User's Prior Imbalance Account until it is zero;  
and
  - (c) satisfy any other aggregate needs for the Network (including adjustment for the User's change in share of Linepack) to ensure safe and reliable supply of gas.
- 1.11 Where the User has more than one Shipper at the Receipt Point, the User will apportion the User's Adjusted Requirement between its Shippers (Confirmed Nomination) and advise ActewAGL.
- 1.12 Where the User has only a single Shipper at the Receipt Point, the User's Adjusted Requirement is the User's Confirmed Nomination.
- 1.13 ActewAGL will advise each relevant Shipper of the User's Confirmed Nomination and each relevant Shipper and Pipeline operator of the aggregate Nomination for the Shipper and Pipeline operator for that Receipt Point.
- 1.14 If the User fails to provide ActewAGL with a valid Forecast Requirement or Confirmed Nomination, ActewAGL will determine the User's Confirmed Nomination based on the User's Forecast Requirement (adjusted for any Reconciliation Amount) for the same day in the prior week (or where such day is a public holiday, based on the same day in the week two weeks prior).
- 1.15 Each of the obligations set out in this Section A will be completed in accordance with a timetable (if relevant):
  - (a) determined through consultation between ActewAGL, the operators of the Pipelines, and any established gas industry governance body; and
  - (b) published from time to time in the Gas Market Procedures.

### ***Prior Imbalance Account***

- 1.16 ActewAGL will determine the User's Prior Imbalance Account for each Receipt Point.
- 1.17 Each User will provide ActewAGL with a User's Fiduciary Guarantee to an amount reasonably determined by ActewAGL having regard to the maximum amount which the User's Prior Imbalance Account may reach.
- 1.18 ActewAGL may require settlement by the User of the User's Prior Imbalance Account in part or whole when:
  - (a) the Operational Balancing Agreement requires settlement or is terminated; or
  - (b) a Transport Services Agreement between the User and ActewAGL is terminated.

- 1.19 ActewAGL will issue a notice requiring payment of the Settlement Amount specified in the notice within 7 days of the date of the notice. Should the User fail to comply with the notice within that time, ActewAGL may use the User's Fiduciary Guarantee to pay the Settlement Amount under that notice.

### ***Cessation of the Operational Balancing Agreement***

- 1.20 The Operational Balancing Agreement and the opportunities it provides for the market rely on the participation of ActewAGL and infrastructure owners directly upstream remaining parties to the Agreement.
- 1.21 If the Operational Balancing Agreement ceases to be effective in the opinion of ActewAGL, the following will occur as transitional arrangements:
- (a) ActewAGL will issue notices to all Users requiring payment of Settlement Amounts for all outstanding User Prior Imbalance Accounts;
  - (b) the provisions in Section C "Gas Balancing with no Operational Balancing Agreement" will apply unless a Gas Balancing with Operational Balancing Arrangement with Pipeline Shippers as described in Section B of this Attachment 5 is executed, in which case, that agreement will apply.

### ***Definitions for Section A***

In this Section A of this Attachment 5, Quantities means the total of:

- (a) Non-Tariff Withdrawals, being the total quantity of gas withdrawn by the User on the day at all non-Tariff Delivery Points, as determined by measurement or as otherwise agreed under the Transport Services Agreement; and
- (b) Tariff Withdrawals, being the Total Tariff Withdrawals for the User of a Tariff Service, allocated between the Receipt Points used by the User in supplying Tariff Delivery Points either:
  - (i) using a proportioning method agreed with the User; or
  - (ii) in proportion to the User's forecast requirement for non-daily metered Tariff Customers under clause 1.8(b) of this Section A of this Attachment for each Receipt Point,

where Total Tariff Withdrawals are:

- (iii) the total quantity of gas withdrawn on the day at all of the User's daily metered Tariff Delivery Points; plus

- (iv) the quantity of gas withdrawn at non daily metered Tariff Delivery Points, calculated, and allocated to the User, in accordance with the Gas Market Procedures provided the applicable code allocates the total quantity of gas withdrawn by all Users at non-daily metered Tariff Delivery Points on the day, and where it does not do so, the quantity withdrawn will be the quantity calculated and allocated by ActewAGL for the Network in proportion to quantities nominated by all Users of the Network under clause 1.8 of this Section A of this Attachment.

## **SECTION B: GAS BALANCING WITH OPERATIONAL BALANCING AGREEMENT WITH PIPELINE SHIPPERS**

### ***Introduction***

- 1.22 An OBA under this Section is an agreement between pipeline shippers/network owners to cooperate in the management of network imbalances and is structured to minimise the impact of local physical variations on network transportation arrangements.
- 1.23 Under OBAs, the Nominations of Users of the Network are deemed to flow into the Network for the purposes of Network imbalance calculation and pipeline shipper delivery invoicing and balancing. User imbalances will exist in the Network. These imbalances will reflect the difference between each User's cumulative Confirmed Nomination and cumulative actual withdrawals from the Network (User Imbalance). User Imbalances are corrected through Nominations or through the Nomination process or through settlement between individual participants and the Network.
- 1.24 The Operational Imbalances between the Network and Pipelines and User Imbalances will normally be reduced by the action of Users. The Users are required to correct their individual imbalances through the Nomination process set out in this Section B.
- 1.25 Under this balancing arrangement, all Network Users will arrange delivery only from Pipeline Shippers who are a party to the corresponding Operational Balancing Agreement.

### ***Nominations***

- 1.26 Each day, and for each Receipt Point at which the User receives gas, the User will inform ActewAGL of its gas requirements (Forecast Requirement) for the next day (Nomination Day). The Forecast Requirement for a Receipt Point is to include the following components:
  - (a) gas Nomination in total and for each Shipper at that Receipt Point, calculated in accordance with clause 1.27 of this Section B of this Attachment;

- (b) forecast requirement for non-daily metered Delivery Points (which will not include any Reconciliation Amount);
  - (c) Reconciliation Amount determined in accordance with the Gas Market Procedures, provided that ActewAGL is not required to accept the Reconciliation Amount as part of the Forecast Requirement unless the total of all Reconciliation Amounts for all Users on a day in the Network equals zero; and
  - (d) when required as notified in advance by ActewAGL, the forecast withdrawal at designated Delivery Points, and at times agreed between the User and ActewAGL.
- 1.27 The User will make Nominations of the components of Forecast Requirements in good faith so that the total quantity nominated under clause 1.26(a) of this Section B of this Attachment for all Receipt Points serving the Network is the aggregate amount which the User intends to withdraw from the Network on the Nomination Day, adjusted for a Negotiated Service if applicable, under all Transport Services Agreements, and the total and Shipper Quantities nominated under clause 1.26(a) of this Section B of this Attachment are consistent with the quantities of gas which the User is entitled to have delivered to the Receipt Point.
- 1.28 ActewAGL will notify the User of the quantity of gas (User's Adjusted Requirement) which the User should deliver to each Receipt Point on the Nomination Day in order to enable ActewAGL to:
- (a) satisfy the User's Forecast Requirement;
  - (b) reduce the User's Prior Imbalance Account until it is zero; and
  - (c) satisfy any other aggregate needs for the Network (including adjustment for the User's change in share of Linepack) to ensure safe and reliable supply of gas.
- 1.29 Where the User has more than one Shipper at the Receipt Point, the User will apportion the User's Adjusted Requirement between its Shippers (User's Confirmed Nomination) and advise ActewAGL.
- 1.30 Where the User has only a single Shipper at the Receipt Point, the User's Adjusted Requirement is the User's Confirmed Nomination.
- 1.31 ActewAGL will advise each relevant Shipper of the User's Confirmed Nomination and each relevant Shipper and Pipeline operator of the aggregate Nomination for the Shipper and Pipeline operator for that Receipt Point.
- 1.32 If the User fails to provide ActewAGL with a valid Forecast Requirement or Confirmed Nomination, ActewAGL will determine the User's Confirmed Nomination based on the User's Forecast Requirement (adjusted for any Reconciliation Amount) for the same day in the prior week (or where such day is a public holiday, based on the same day in the week two weeks prior).



- 1.33 Each of the obligations set out in this Section B will be completed in accordance with a timetable:
- (a) determined through consultation between ActewAGL, the operators of the Pipelines, and any established gas industry governance body: and
  - (b) published from time to time in the Gas Market Procedures.

### ***Prior Imbalance Account***

- 1.34 ActewAGL will determine the User's Prior Imbalance Account for each Receipt Point.
- 1.35 Each User will provide ActewAGL with a User's Fiduciary Guarantee to an amount reasonably determined by ActewAGL having regard to the maximum amount which the User's Prior Imbalance Account may reach.
- 1.36 ActewAGL may require settlement by the User of the User's Prior Imbalance Account in part or whole, when:
- (a) the Operational Balancing Agreement requires settlement or is terminated; or
  - (b) a Transport Services Agreement between the User and ActewAGL is terminated.
- 1.37 ActewAGL will issue a notice requiring payment of the Settlement Amount specified in the notice within 7 days of the date of the notice. Should the User fail to comply with the notice within that time, ActewAGL may use the User's Fiduciary Guarantee to pay the Settlement Amount under that notice.

### ***Cessation of the Operational Balancing Agreement***

- 1.38 The Operational Balancing Agreement and the opportunities it provides for the market rely on the participation of ActewAGL and infrastructure owners directly upstream remaining parties to the Agreement.
- 1.39 If the Operational Balancing Agreement ceases to be effective in the opinion of ActewAGL, the following will occur as transitional arrangements:
- (a) ActewAGL will issue notices to all Users requiring payment of Settlement Amounts for all outstanding User Prior Imbalance Accounts;
  - (b) the provisions in Section C "Gas Balancing with no Operational Balancing Agreement" will apply unless a Gas Balancing with Operational Balancing Arrangement with Pipeline Operators as described in Section A of this Attachment 5 is executed, in which case, that agreement will apply.

## ***Definitions for Section B***

In this Section B of this Attachment 5, Quantities means the total of:

- (a) Non-Tariff Withdrawals, being the total quantity of gas withdrawn by the User on the day at all non-Tariff Delivery Points, as determined by measurement or as otherwise agreed under the Transportation Services Agreement; and Section B - Gas Balancing with Operational Balancing;
- (b) Tariff Withdrawals, determined as the Total Tariff Withdrawals for the User, allocated between the Receipt Points used by the User in supplying Tariff Delivery Points either:
  - (i) using a proportioning method agreed with the User, or
  - (ii) in proportion to the User's forecast requirement for non-daily metered Tariff Customers under clause 1.26(b) of this Section B of this Attachment for each Receipt Point,

where Total Tariff Withdrawals are:

- (iii) the total quantity of gas withdrawn on the day at all of the User's daily metered Tariff Delivery Points; plus
- (iv) the quantity of gas withdrawn at non daily metered Tariff Delivery Points, calculated, and allocated to the User, in accordance with the Gas Market Procedures provided the applicable code allocates the total quantity of gas withdrawn by all Users at non-daily metered Tariff Delivery Points on the day, and where it does not do so, the quantity withdrawn will be the quantity calculated and allocated by ActewAGL for the Network in proportion to quantities nominated by all Users of the Network under clause 1.26 of this Section B of this Attachment.

## **SECTION C: GAS BALANCING WITH NO OPERATIONAL BALANCING AGREEMENT**

### ***Introduction***

1.40 Whenever there is no Operational Balancing Agreement in effect, the following provisions will apply. These are structured on the understanding that:

- (a) there will only be one pressure controlled Receipt Point;

- (b) input from pipelines other than the Moomba Sydney Pipeline, will be under flow control at Receipt Points established by the relevant operator of the Pipeline. The operator of that Pipeline will aim to input a quantity of Gas each day at each Receipt Point equal to the Confirmed Nominations of Users served by it through that Receipt Point;
  - (c) input at Dalton from the Moomba Sydney Pipeline will be pressure controlled; and
  - (d) UAG is supplied by ActewAGL.
- 1.41 If any of these circumstances change then the method for determining Input Quantities and the arrangements for gas balancing will be reviewed and varied to the extent necessary to take account of the changed circumstances, subject to the approval of the Relevant Regulator.
- 1.42 Gas balancing is carried out between the Receipt Point at which gas intended for a Delivery Point first enters the Network, and that Delivery Point.

### ***Nominations***

- 1.43 Each day, and for each Receipt Point, the User will provide ActewAGL with its forecast of withdrawals from the Network for each of the next three days.
- 1.44 Each day, and for each Receipt Point at which the User receives gas, the User will inform ActewAGL of its gas requirements (Forecast Requirement) for the next day (Nomination Day) for the Network . The Forecast Requirement for a Receipt Point is to include the following components:
- (a) gas Nomination in total for that Receipt Point calculated in accordance with clause 1.46 of this Section C of this Attachment;
  - (b) forecast non-daily metered Delivery Points for the Nomination Day (which will not include any Reconciliation Amount);
  - (c) Reconciliation Amount determined in accordance with the Gas Market Procedures, provided that ActewAGL is not required to accept the Reconciliation Amount as part of the Forecast Requirement unless the total of all Reconciliation Amounts for all Users on a day in the Network equals zero;
  - (d) Participant Balancing Amount determined in accordance with the Gas Market Procedures, provided that ActewAGL is not required to accept the Participant Balancing Amount as part of the Forecast Requirement unless the total of all Participant Balancing Amounts for all Users of a day in the Network equals zero; and

- (e) when required in advance by ActewAGL, the forecast withdrawal at designated Delivery Points, and at times agreed between the User and ActewAGL.
- 1.45 In respect of a User at a Delivery Point at which an automatic feedback control system is used to establish a direct relationship between input at an EGP Receipt Point and the quantity actually withdrawn at the Delivery Point, the User will provide a Forecast Requirement for that Delivery Point and separately for the total of all Delivery Points other than at that Delivery Point.
  - 1.46 The User will make Nominations of the components of Forecast Requirements in good faith so that the total quantity nominated under clause 1.44(a) of this Section C of this Attachment for all Receipt Points serving the Network is the aggregate amount which the User intends to withdraw from the Network on the Nomination Day, adjusted for a Negotiated Service if applicable, under all Transportation Services Agreements.
  - 1.47 ActewAGL will notify the User of the Quantity of Gas which the User should plan to deliver or have delivered into the Network at each Receipt Point on the Nomination Day in order to enable ActewAGL to satisfy the User's withdrawal requirements and any other aggregate needs for the Network (including adjustment for the User's change in share of Linepack) to ensure safe and reliable supply (User's Proposed Nomination) .
  - 1.48 The User will advise ActewAGL of the Quantity of Gas which the User intends to deliver or have delivered into the Network at each Receipt Point on the Nomination Day (the User's Confirmed Nomination for that Receipt Point for the Nomination Day).
  - 1.49 If the User fails to provide ActewAGL with a valid Confirmed Nomination, ActewAGL will determine the User's Proposed Nomination as the Confirmed Nomination.
  - 1.50 Each of the obligations set out in this Section C will be completed in accordance with a timetable:
    - (a) determined through consultation between ActewAGL and any gas industry governance body which may be established; and
    - (b) published from time to time in the Gas Market Procedures.

### ***Input and Withdrawal Quantities***

- 1.51 In this Section C of this Attachment 5, the User's Withdrawal Quantities means the total of:
  - (a) Non-Tariff Withdrawals, being the total quantity of gas withdrawn by the User on the day at all non-Tariff Delivery Points, as determined by measurement or as otherwise agreed under the Transport Services Agreement; and

- (b) Tariff Withdrawals, determined as the Total Tariff Withdrawals for the User allocated between the Receipt Points used by the User in supplying Tariff Delivery Points either:
  - (i) in proportion to the User's forecast requirement for non-daily metered Tariff Customers under clause 1.44(b) of this Section C of this Attachment 5 for each Receipt Point; or
  - (ii) using a proportioning method agreed with the User, where:

Total Tariff Withdrawals are:

- (i) the quantity of gas withdrawn at non daily metered Tariff Delivery Points, calculated, and allocated to the User, in accordance with the Gas Market Procedures, provided the applicable code allocates the total quantity of gas withdrawn by all users at non daily metered Tariff Delivery Points on the day, and where it does not do so, the quantity withdrawn will be the quantity calculated and allocated by ActewAGL for the Network in proportion to quantities nominated by all Users of the Network under clause 1.44(b) of this Section C of this Attachment; plus
- (ii) the total quantity of gas withdrawn on the day at all of the User's daily metered Tariff Delivery Points.

### ***Input Quantities***

1.52 In this Section C of this Attachment 5, the User's Input will be one of the following amounts:

- (a) where there is only one User at the Receipt Point, the metered Quantity at the Receipt Point net of UAG purchased by ActewAGL;
- (b) where two or more Users receive gas at the same flow controlled Receipt Point:
  - (i) subject to (ii), the metered Quantity at the Receipt Point net of UAG purchased by ActewAGL, allocated to the Users in proportion to their Confirmed Nominations for the day;
  - (ii) in respect of a User at a Delivery Point at which an automatic feedback flow control system is used to establish a direct relationship between input at a flow controlled Receipt Point and the quantity

actually withdrawn at the Delivery Point, the difference between the metered Quantity at the Receipt Point net of UAG purchased by ActewAGL, and the total of the Confirmed Nominations for all other Users plus the User's Confirmed Nomination for its other Delivery Points;

- (c) where two or more Users receive gas at the Dalton Receipt Point and:
  - (i) where the quantity metered at the Dalton Receipt Point on a day net of UAG purchased by ActewAGL exceeds or is equal to the aggregate of Confirmed Nominations for Users of that Receipt Point for the day, then each such User will be deemed to have received its Confirmed Nomination for the day; and
  - (ii) where the quantity metered at the Dalton Receipt Point on a day net of UAG purchased by ActewAGL, is less than the aggregate of Confirmed Nominations for Users of that Receipt Point for the day, then the total quantity metered at that Receipt Point on the day net of UAG purchased by ActewAGL, allocated among the Users in proportion to the Users' Confirmed Nominations for the day;
- (d) where there is more than one User at the Receipt Point on any other Network Section, the User's Withdrawal Quantities plus Change in Target Linepack.

### ***Gas balancing***

- 1.53 The User will act in good faith to ensure that the quantity of gas delivered to the Network for or on behalf of the User on each day is equal to the quantity withdrawn from the Network by the User on the day, adjusted for any Change in the User's Target Linepack for the Network (and subject to any amounts which the User may input under the gas balancing arrangements in this Section C other than for the purpose of delivery to the Delivery Point on that day). If a User has more than one Transport Services Agreements pertaining to the Network and Receipt Point, gas balancing arrangements will apply to the aggregates of Input Quantities at the Receipt Point and withdrawn under those agreements.
- 1.54 Where clause 1.52(c)(i) of this Section C of this Attachment under Input Quantities applies in relation to a day for the Dalton Receipt Point, ActewAGL will purchase a quantity of operational balancing gas equal to the difference between the total quantity metered at the Dalton Receipt Point on the day net of UAG purchased by ActewAGL and the aggregate of Confirmed Nominations for Users of that Receipt Point for

the day. The cost of purchasing the operational balancing gas is the Operational Balancing Cost.

- 1.55 The quantity of gas purchased by ActewAGL under clause 1.54 of this Section C of this Attachment will be sold by it to those Users of the Network whose withdrawals on the day exceed their Inputs adjusted for any Participant Balance Amount for the day, in proportion to the amounts of those differences for that Receipt Point, at the Operational Balancing Cost. Those Users are obliged to purchase the quantities so nominated by ActewAGL.
- 1.56 Each User will provide ActewAGL with a User's Fiduciary Guarantee to an amount reasonably determined by ActewAGL having regard to the maximum amount which the Operational Balancing Cost may reach. Should the User fail to purchase the quantities of gas as nominated by ActewAGL under clause 1.55 of this Section C of this Attachment within 7 days, ActewAGL may use the User's Fiduciary Guarantee to pay the Outstanding Amount.

## **ATTACHMENT 6: GAS QUALITY SPECIFICATIONS**

- 1.1 Subject to clause 1.2 of this Attachment, the specifications for gas delivered to a Receipt Point by a User are:
  - (a) the specifications prescribed by Gas Law in the ACT or NSW; or
  - (b) if there are no specifications prescribed by Gas Law in either of those jurisdictions, the specification limits described in Australian standard AS4564 - 2003 "Specification for general purpose natural gas", published by Standards Australia, as amended from time to time; or
  - (c) if the standard in paragraph (b) ceases to apply, the default specifications set out in the table below, as amended by ActewAGL on notice to a User from time to time.
- 1.2 If ActewAGL considers that the applicable specifications under clause 1.1(a) or 1.1(b) of this Attachment do not cover the field, ActewAGL may, by reasonable notice to a User, supplement those specifications.
- 1.3 Where gas quality is measured upstream of the Network, permissible variations outside the specifications in this Attachment will be determined by ActewAGL from time to time, subject to applicable law.



Parameter <sup>19</sup>		Specification Limit
1	Wobbe Index	Min. 46.0 MJ/m <sup>3</sup> Max 52.0 MJ/m <sup>3</sup>
2	Oxygen	Max. 0.2 mol%
3	Hydrogen Sulphide	Max. 5.7 mg/m <sup>3</sup>
4	Total Sulphur <sup>20</sup>	Max. 50 mg/m <sup>3</sup>
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 <sup>3</sup>
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 ActewAGL. Level of odorant to be 12 milligrams per cubic metre or such other level as ActewAGL may require.

<sup>19</sup> The standard testing conditions for all gas properties are:

- Temperature 15 degrees Centigrade
- Absolute Pressure 101.325 kPa

With the natural gas dry (that is, completely free of water vapour).

<sup>20</sup> Including odorant, or an allowance for odorant in cases where odorant is injected downstream of test points

## ATTACHMENT 7: RECEIPT POINT PRESSURES

- 1.1 The minimum receipt pressure for gas delivered to a Receipt Point by a User are shown in the table below, as varied by ActewAGL by notice to a User from time to time.

NETWORK RECEIPT POINTS		NETWORK DESCRIPTION	
Receipt Point	Min. Receipt Pressure	High Pressure	Medium Pressure
Watson Metering Facility	2400 kPa	✓	✓
Hoskinstown Metering Facility	8000 kPa	✓	✓

- 1.2 The minimum receipt pressures shown are based on a typical combination of supply from Watson and Hoskinstown during a winter peak period. Any significant change to the load, or share of load, supplied through each Receipt Point may require a revision to the pressures specified above.
- 1.3 ActewAGL will endeavour to give a User reasonable notice of any change in the pressure requirements under this Attachment.

## **ATTACHMENT 8: ESTABLISHMENT OF RECEIPT POINTS**

### ***General***

- 1.1 This Attachment sets out the matters to be included in an agreement between ActewAGL and a person wishing to establish a new Receipt Point, under clause 3.21 of Part 3 of this Access Arrangement (Third Party).

### ***Receipt Point and upstream equipment***

- 1.2 The pipe or system of pipes upstream of the Receipt Point, and the new Receipt Point, will comply with the following requirements in order to ensure that the integrity, safety and operability of the Network is not compromised:
- (a) the location of a new Receipt Point will be as agreed by ActewAGL and the Third Party. ActewAGL will only withhold its agreement to a location sought by the Third Party on the basis of reasonable technical or commercial considerations;
  - (b) each Receipt Point will have an associated Receipt Station as described in clause 3.22 of Part 3 of this Access Arrangement;
  - (c) to safeguard against the hazards of over-pressurisation of the Network, the Receipt Station will be equipped with overpressure protection facilities in accordance with ActewAGL's requirements for Receipt Stations from time to time, including AS2885;
  - (d) a remotely controlled isolation valve operable by ActewAGL will be installed at the outlet of the Receipt Station, upstream of the Receipt Point;
  - (e) the Receipt Point will be at the flange immediately upstream of the facilities described above, or as otherwise agreed with ActewAGL. All facilities upstream of the Receipt Point will be the responsibility of the Third Party;
  - (f) the operational mode of the Receipt Station will be compatible with the operational mode of the Network; and
  - (g) the hot tap connection to connect the Receipt Station to the Network will be designed and constructed in accordance with ActewAGL's requirements for such connections from time to time, including AS2885.
- 1.3 Modifications may be required to the Network or ActewAGL systems to integrate the new Receipt Point into the operation of the Network. Requirements will vary depending on the location of the Receipt Point. The Third Party will bear the reasonable costs of such modifications, whether identified before or after installation of the Receipt Point,

unless ActewAGL notifies the Third Party that ActewAGL will recover them from Users of the Receipt Point.

### ***Cathodic protection***

- 1.4 The Third Party will design, install, and operate, any cathodic protection system necessary to protect the Receipt Station (and its other facilities). Cathodic protection will be installed in such a manner as to avoid any interference which may be detrimental to ActewAGL's Network, and will be electrically isolated from the Network.

### ***Installation and operation***

- 1.5 In the interests of safety and ensuring the integrity of ActewAGL's Network, the Third Party will cooperate with ActewAGL to establish, in a timely manner, appropriate arrangements and procedures for the safe installation and operation of the Receipt Station (and other Third Party facilities), and for the management of emergency situations involving the Receipt Station, those facilities and the Network.

***Access Arrangement Information for the ACT,  
Queanbeyan and Palerang gas distribution  
network***

***1 July 2010 – 30 June 2015***

***April 2010***

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## ***Overview***

This document should be read in conjunction with the access arrangement information for the proposal and the final decision.

# 1 Introduction

## 1.1 Purpose of this document

On 30 June 2009, ActewAGL Distribution submitted to the Australian Energy Regulator (AER) the access arrangement proposal<sup>1</sup> for its Australian Capital Territory (ACT), Queanbeyan and Palerang gas distribution network for the period 1 July 2010 to 30 June 2015 (the access arrangement period) together with the required access arrangement information for the proposal.<sup>2</sup>

On 11 November 2009, following assessment of the access arrangement proposal and public submissions, the AER issued a draft decision<sup>3</sup> under Rule 59(1) of the *National Gas Rules 2008* (NGR).<sup>4</sup>

On 6 January 2010 ActewAGL Distribution submitted a revised access arrangement proposal and revised access arrangement information for the revised proposal for its ACT, Queanbeyan and Palerang gas distribution network for the access arrangement period. On 26 March 2010 the AER made its final decision. This access arrangement information does not seek to replicate information included in the access arrangement information for the proposal. It reflects the revisions in the final decision. As such, it supplements the access arrangement information for the proposal and should be read in conjunction with that document.

Together, these documents (this access arrangement information, the access arrangement information for the proposal and the final decision) comprise the access arrangement information that includes information that is reasonably necessary for users or prospective users to understand the background to the access arrangement, and the basis and derivation of the various elements of the access arrangement.<sup>5</sup>

## 1.2 Layout of the document

This document focuses on areas of revision to the access arrangement proposal and access arrangement information for the proposal. Each chapter canvasses AER amendments or revisions relevant to the subject matter of that chapter. Subsequent chapters are set out as follows:

- Chapter 2 supplements ActewAGL Distribution's network demand and utilisation forecast (chapter 5 of the access arrangement information for the proposal) and provides information about demand forecasts in chapter 11 of the final decision;

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<sup>1</sup> ActewAGL, Access arrangement for the ACT, Queanbeyan and Palerang gas distribution network, June 2009

<sup>2</sup> ActewAGL, Access arrangement information for the ACT, Queanbeyan and Palerang gas distribution network, June 2009 (ActewAGL Distribution, *Access arrangement information for the proposal*)

<sup>3</sup> AER, Draft decision, ActewAGL Access arrangement proposal for the ACT, Queanbeyan and Palerang gas distribution network, 1 July 2010–30 June 2015, November 2009 (AER, *Draft decision*)

<sup>4</sup> Hereinafter, a reference to a Rule, Division or Part shall, unless otherwise specified, be understood to refer to a Rule, Division or Part as applicable of the *National Gas Rules 2008* (NGR).

<sup>5</sup> Rule 42(1) of the NGR

- Chapter 3 supplements ActewAGL Distribution's capital base and capital expenditure chapter (chapters 7 and 8 of the access arrangement information for the proposal) and provides information about capital expenditure in chapter 3 of the final decision;
- Chapter 4 supplements ActewAGL Distribution's rate of return and forecast inflation chapter (chapter 8 of the access arrangement information for the proposal) and provides information about depreciation in chapter 4 and rate of return in chapter 5 of the final decision;
- Chapter 5 supplements ActewAGL Distribution's operating expenditure chapter (chapter 9 of the access arrangement information for the proposal) and provides information about operating expenditure in chapter 9 of the final decision;
- Chapter 6 supplements ActewAGL Distribution's derivation of total revenue (chapter 10 of the access arrangement information for the proposal) and provides information about total revenue in chapter 10 of the final decision;
- Chapter 7 supplements ActewAGL Distribution's services, cost allocation and pricing chapter (chapter 11 of the access arrangement information for the proposal) and provides information about reference services in chapter 2 and chapter 12 of the final decision;
- Chapter 8 supplements ActewAGL Distribution's services, cost allocation and pricing chapter (chapter 11 of the access arrangement information for the proposal) and provides information about the tariff variation mechanism in chapter 13 of the final decision;
- Chapter 9 supplements ActewAGL Distribution's changes to the access arrangement (chapter 12 of the access arrangement information for the proposal) and addresses the AER's revisions to the access arrangement and provides information about non-tariff components of the access arrangement in chapter 14 of the final decision;
- Attachment A includes further supporting documents and information, and the relevant models incorporating the effects of amendments and revisions.

## ***2 Network demand and utilisation***

The AER approves the forecast demand and utilisation in the access arrangement information for the proposal.

Refer to chapter 11 of the draft decision and the final decision for further details.

## 3 Capital base

This chapter supplements ActewAGL Distribution's capital base and capital expenditure chapters (chapters 7 and 8 of the access arrangement information for the proposal) and provides information about capital expenditure and inflation in chapter 3 and chapter 5 of the final decision.

### 3.1 Opening capital base for the access arrangement period

The final decision approves an opening capital base in 2010/11 in the initial year of the access arrangement period, of \$278.1 million (nominal) in the revised access arrangement information for the revised proposal.

#### 3.1.1 Capitalised regulatory costs

The final decision approves the capitalised regulatory costs of \$1.45 million in the revised access arrangement information for the revised proposal.

Refer to section 3.4.1.1 in chapter 3 of the final decision for further details.

#### 3.1.2 Adjustment to the capital base for inflation

Table 3.1 sets out the inflation rates to adjust the capital base approved in the final decision.

Refer to section 3.4.1.2 in chapter 3 of the final decision for details about how the inflation rates are estimated.

**Table 3.1 Inflation rates for adjusting the capital base**

(%)	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Inflation rates	2.34	2.67	3.54	2.33	4.35	1.82

#### 3.1.3 Return on the variance from forecast 2003/04 capital expenditure

The final decision does not approve the adjustment to the opening capital base for actual capital expenditure incurred before the earlier access arrangement commences. Due to updated inflation rates, the AER approves an adjustment to the opening capital base in 2010 of \$12 276 (\$nominal).

Refer to section 3.4.1.3 of the final decision for further details.

#### 3.1.4 Opening capital base

Table 3.2 sets out the final decision on the opening capital base. Table 3.2 replaces Table 7.3 in the access arrangement information for the proposal.

Refer to section 3.4.1 in chapter 3 of the final decision for further details.

**Table 3.2 Derivation of the opening capital base at 1 July 2010**

\$ million (nominal)	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Opening capital base	225.9	233.8	239.3	250.4	255.6	266.8	278.1
Capital expenditure	9.8	7.2	11.1	7.6	8.6	15.5	
Depreciation	7.3	8.0	8.6	8.4	8.8	9.2	
Adjustment for inflation	5.4	6.3	8.7	5.9	11.3	5.0	
Closing capital base	233.8	239.3	250.4	255.6	266.8	278.1 <sup>a</sup>	

a: Closing capital base for 2009–10 includes an adjustment for difference between actual and forecast capital expenditure in the period before the earlier access arrangement period.

## 3.2 Forecast capital expenditure

### 3.2.1 Security of supply

The final decision does not approve the security of supply capital expenditure for the Hoskinstown Fyshwick Loop (HFL) proposed in the access arrangement proposal, or the Dalton to Watson compressor project proposed in the revised access arrangement proposal.

Section 6.2.2.3 of the access arrangement information for the proposal no longer forms part of the access arrangement information.

Refer to section 3.6.2.1 in chapter 3 of the draft decision and section 3.4.2.1 in chapter 3 of the final decision for further details.

#### 3.2.1.1 Labour, aluminium and steel cost escalators

The final decision approves the labour, aluminium and steel cost escalators in the revised access arrangement information for the revised proposal.

Refer to section 3.4.2.1 in chapter 3 of the final decision for further details.

The updated escalators are set out in Table 3.3 below and replaces Table 6.10 in the access arrangement information for the proposal.

#### 3.2.1.2 Polyethylene cost escalator

The final decision does not approve the polyethylene cost escalator.

Refer to section 3.4.2.1 in chapter 3 of the final decision for further details.

The updated escalators are set out in Table 3.3 below and replaces Table 6.10 in the access arrangement information for the proposal.

**Table 3.3 Real escalation factors for capital expenditure**

(%)	2009	2010	2011	2012	2013	2014
EBA EGW labour	1.2	1.9	1.3	1.5	1.9	2.3
Contract EGW labour	0.9	1.2	1.5	2.7	3.8	3.7
Aluminium	-16.7	46.7	11.9	1.4	0.2	0.4
Steel	-28.5	45.6	17	1.7	-2.4	-1.9
Polyethylene	0	0	0	0	0	0

### 3.2.1.3 CPRS escalator

The final decision does not approve the CPRS cost escalator.

Refer to section 3.4.2.1 in chapter 3 of the final decision for further details.

The approved escalators are set out in Table 3.4 below and replaces Table 6.11 in the access arrangement information for the proposal.

**Table 3.4 Effect of the emissions trading scheme on escalation factors**

(%)	2009	2010	2011	2012	2013	2014
Aluminium	0.0	0.0	0.0	0.0	0.0	0.0
Steel	0.0	0.0	0.0	0.0	0.0	0.0
Polyethylene	0.0	0.0	0.0	0.0	0.0	0.0

### 3.2.2 Forecast capital expenditure

The final decision outlines the forecast capital expenditure approved for the access arrangement period.

Refer to section 3.6.2.1 in chapter 3 of the draft decision and section 3.4.2.1 in chapter 3 of the final decision for further details.

The final decision does not approve the forecast capital expenditure. The forecast capital expenditure approved in the final decision is presented in Table 3.5 and Table 3.6 below and replaces Table 6.8 and Table 6.21 in the access arrangement information for the proposal.



**Table 3.5 Forecast net capital expenditure including contributions and disposals  
2010-11 to 2014-15**

\$ million (2009/10)	2010/11	2011/12	2012/13	2013/14	2014/15	Total
<i>Distribution system capital expenditure</i>						
Market expansion	8.83	7.21	7.06	6.18	5.8	35.08
Capacity development	5.41	15.49	0.66	0.31	2.35	24.23
Stay in business	11.47	2.22	3.61	4.08	3.18	24.56
<b>Total distribution system capital expenditure</b>	<b>25.72</b>	<b>24.91</b>	<b>11.33</b>	<b>10.57</b>	<b>11.33</b>	<b>83.86</b>
IT System	0.32	0.31	0.44	0.1	0	1.17
<b>Total non system capital expenditure</b>	<b>0.32</b>	<b>0.31</b>	<b>0.44</b>	<b>0.1</b>	<b>0</b>	<b>1.17</b>
Capital contributions	0.06	0.06	0.06	0.06	0.06	0.29
Equity raising costs	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
<b>Total capital expenditure</b>	<b>25.98</b>	<b>25.16</b>	<b>11.71</b>	<b>10.61</b>	<b>11.26</b>	<b>84.72</b>

**Table 3.6 Forecast capital expenditure 2010–11 to 2014–15 by asset type (gross)**

\$ million (2008/09)	2010/11	2011/12	2012/13	2013/14	2014/15	Total
Distribution system:						
TRS & DRS – Valves & Regulators	12.59	4.08	0.42	0.93	0.42	18.44
HP Mains (inc DRS & TRS)	0.98	11.53	-	-	1.47	13.97
MP Mains	4.81	3.51	3.56	2.59	2.87	17.33
Meters – Tariff	3.75	2.77	4.33	4.09	3.77	18.70
Meters – Contract	0.63	0.20	0.22	0.32	0.22	1.59
MP Services	2.97	2.83	2.81	2.64	2.59	13.83
HP Services	-	-	-	-	-	-
Non system:	-	-	-	-	-	-
IT System	0.32	0.31	0.44	0.10	-	1.17
Total capital expenditure	26.04	25.22	11.78	10.67	11.33	85.03

### 3.3 Forecast capital base

The final decision approves an opening capital base of \$278.1 million (nominal) in the revised access arrangement information for the revised proposal and as outlined in section 3.1 above.

The asset lives approved in the final decision are set out in Table 3.7 and replaces Table 7.5 in the access arrangement information for the proposal.

Refer to section 4.3.1 in chapter 4 of the final decision for further details.

**Table 3.7 Asset lives and remaining lives 1 July 2010**

Asset Category	Standard life	Remaining lives
Primary (HP) Mains	80	64.9
HP Services	50	32.5
MP Mains	50	29.9
MP Services	50	39.2
Regulators, Valves (TRS, SRS)	15	10.9
Contract meters	15	12.9
Tariff meters	15	11.4
IT System	5	3.7
Regulatory Costs	5	3.9

The final decision does not approve the forecast depreciation. The forecast depreciation approved in the final decision is set out in Table 3.8 and replaces Table 7.6 in the access arrangement information for the proposal. The changes to forecast depreciation have been updated for changes to the forecast capital expenditure and forecast inflation approved in the final decision.

**Table 3.8 Economic depreciation 2010–2011 to 2014–15**

\$ million (nominal)	2010/11	2011/12	2012/13	2013/14	2014/15	Total
Straight line depreciation	9.5	11.2	12.4	13.2	13.8	60.1
Inflation adjustment	-7.0	-7.6	-8.2	-8.5	-8.6	-40.0
Economic depreciation	2.5	3.6	4.2	4.8	5.1	20.1

The final decision does not approve the forecast capital base. The forecast capital base approved in the final decision is presented in Table 3.9 below and replaces Table 7.7 and Table 10.3 in the access arrangement information for the proposal.

**Table 3.9 Projected capital base 2010–2011 to 2014–15**

\$ million (2009/10)	2010/11	2011/12	2012/13	2013/14	2014/15	Total
Opening capital base	278.1	295.7	311.0	311.7	310.6	na
Plus forecast capital expenditure	26.9	26.0	12.1	11.0	11.7	87.6
Less forecast depreciation	9.3	10.7	11.5	12.0	12.2	55.6
less forecast disposals	0.0	0.0	0.0	0.0	0.0	0.0
Closing capital base	295.7	311.0	311.7	310.6	310.1	na

na: Not applicable.

### 3.4 Capital redundancy mechanism

The final decision does not approve the proposed capital redundancy mechanism.

Section 7.2.7 of access arrangement information for the proposal is not part of the access arrangement information.

Refer to section 3.6.4.1 in chapter 3 of the draft decision and section 3.3.4 in chapter 3 of the final decision for further details.

## 4 Rate of return and forecast inflation

This chapter supplements ActewAGL Distribution's rate of return and forecast inflation chapter (chapter 8 of the access arrangement information for the proposal) and provides information about depreciation in chapter 4 and rate of return in chapter 5 of the final decision.

Table 4.1 sets out the rate of return and replaces Table 8.1 in the access arrangement information for the proposal.

Full details of how these parameters have been established are outlined in Chapter 5 of the final decision.

**Table 4.1 Summary of cost of capital parameters**

CAPM parameter	Value
Nominal risk free rate (%)	5.63
Equity beta	0.8
Market risk premium (%)	6.5
Debt risk premium (%)	3.35
Debt share of total value (gearing) (%)	60
Gamma (utilisation of imputation credits) (%)	0.65
Nominal return on equity (%)	10.83
Nominal return on debt (%)	8.98
Nominal vanilla WACC (%)	9.72

### 4.1 Treatment of dividend imputation credits

The final decision approves a gamma (assumed utilisation of imputation credits) value of 0.65.

Refer to chapter 6 of the final decision for further details.

### 4.2 Sample period

The final decision does not approve the proposed averaging period. The final decision approves the averaging period of 20 business days between 15 February 2010 and 12 March 2010.

Refer to chapter 5 of the final decision for further details.

### 4.3 Nominal risk free rate

The final decision does not approve the proposed nominal risk free rate. The final decision approves a nominal risk free rate of 5.63 per cent.

Refer to section 5.4 of chapter 5 of the final decision for further details.

### 4.4 Market Risk Premium

The final decision does not approve the proposed market risk premium. The final decision approves a market risk premium of 6.5 per cent.

Refer to section 5.6 of chapter 5 of the final decision for further details.

### 4.5 Equity beta

The final decision does not approve the proposed equity beta. The final decision approves an equity beta of 0.8.

Refer to section 5.7 of chapter 5 of the final decision for further details.

### 4.6 Debt risk margin and credit rating

The final decision does not approve the proposed debt risk premium. The final decision approves a BBB+ credit rating and a debt risk premium of 3.35 per cent.

Refer to section 5.5 of chapter 5 of the final decision for further details.

### 4.7 Forecast inflation

The final decision does not approve the proposed forecast inflation rate. The final decision approves a forecast inflation rate of 2.52 per cent per annum.

**Table 4.2 Inflation forecast (%)**

June	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Geometric Average
Forecast inflation	2.50	2.75	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.52

Refer to section 5.8 of chapter 5 of the final decision for further details.

## 5 Operating expenditure

This chapter supplements ActewAGL Distribution's operating expenditure chapter (chapter 9 of the access arrangement information for the proposal) and provides information about operating expenditure in chapter 9 of the final decision.

### 5.1 Selection of base year

The final decision approves 2009-10 as the base year for forecast operating expenditure.

Refer to section 9.5.3.1 of chapter 9 of the draft decision for further details.

### 5.2 Step changes

#### 5.2.1.1 Technical regulation

The final decision approves the step change for technical regulation in the revised access arrangement information for the revised proposal. The step changes relate to increases in costs associated with complying with the requirements of Australian Standards AS2885 and AS4645, including the conducting of safety management studies, integrity reviews and formal safety assessments.<sup>6</sup>

Refer to section 9.3.1.2 in chapter 9 of the final decision for further details.

#### 5.2.1.2 Project specific costs

The final decision approves the step change for project specific costs in relation to specific high pressure system projects, the Canberra primary main integrity project, and the Hoskinstown-Fyshwick trunk main integrity project. The AER approves the step changes for all the project specific costs subject to two adjustments in respect of the Queanbeyan TRS and the Phillip PRS.

Refer to section 9.5.3.2 in chapter 9 of the draft decision for further details.

#### 5.2.1.3 AEMO fees

The final decision does not approve the AEMO step change but instead includes it as a cost pass through event.

Refer to section 9.5.3.2 in chapter 9 of the draft decision for further details.

#### 5.2.1.4 Gas market development

The final decision does not approve the gas market development step changes.

Refer to section 9.5.3.2 in chapter 9 of the draft decision for further details.

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<sup>6</sup> ActewAGL Distribution, *Access arrangement information for the proposal*, p. 166

#### 5.2.1.5 Information Technology application costs

The final decision approves the information technology application costs in the revised access arrangement information for the revised proposal.

Refer to section 9.3.1.3 of chapter 9 of the final decision for further details.

#### 5.2.1.6 APA Security of Supply

The final decision does not approve the compressor project operating expenditure.

Section 6.2.2.3 of the access arrangement information for the proposal is not part of the access arrangement information.

Refer to section 9.3.1.1 of chapter 9 of the final decision for further details.

### 5.3 Cost escalators

#### 5.3.1.1 Labour escalators

The final decision approves the labour cost escalators in the revised access arrangement information for the revised proposal.

The labour cost escalators approved in the final decision are summarised in Table 5.1 and replace Table 9.8 in the access arrangement information for the proposal.

**Table 5.1 Escalators (excluding CPI) used for operating expenditure (excluding corporate overheads)**

Category	2010/11	2011/12	2012/13	2013/14	2014/15
EBA labour (%)	0	1.4	1.6	2.2	2.2
Non EBA labour (%)	1.2	1.9	3.4	4	3.3
Other (%)	0	0	0	0	0

Refer to section 9.3.1.4 of chapter 9 of the final decision for further details.

#### 5.3.1.2 Corporate overhead and ACT escalators

The final decision approves the corporate overhead and ACT cost escalators in the revised access arrangement information for the revised proposal.

The labour cost escalators approved in the final decision are summarised in Table 5.2 below and replaces Tables 9.9 and 9.10 in the access arrangement information for the proposal.



**Table 5.2 ACT labour, IT application and other escalators 2010/11 to 2014/15 (real)**

	2010/11	2011/12	2012/13	2013/14	2014/15
General labour (%)	2.1	1.5	1.4	1.6	2.1
EGW (%)	2.1	1.5	1.4	1.6	2.1
IT application (%)	2.7	2.4	2.4	2.4	2.4
Other (%)	0	0	0	0	0

Refer to section 9.3.1.4 of chapter 9 of the final decision for further details.

## 5.4 Forecast controllable operating expenditure

Controllable operating expenditure includes: operating and maintenance costs, corporate overheads, non-system asset usage charge as well as marketing and other controllable direct costs.

The final decision does not approve the proposed controllable operating expenditure. The controllable operating expenditure approved in the final decision is set out in Table 5.3, which replaces the controllable operating expenditure in Table 9.11 and Table 9.25 in the access arrangement information for the proposal.

**Table 5.3 Forecast controllable operating expenditure 2010-15**

\$ million (2009/10)	2010/11	2011/12	2012/13	2013/14	2014/15	Total
<i>Controllable costs</i>						
Operating and maintenance	9.5	11.3	11.6	10.4	10.7	53.4
APA Security of supply	0	0	0	0	0	0
Corporate overheads	3.2	3.3	3.4	3.5	3.5	17.0
Non-system asset charge	0.5	0.5	0.5	0.5	0.5	2.6
Marketing	1.3	1.3	1.4	1.4	1.4	6.8
Other controllable costs	0.2	0.2	0.2	1.0	0.8	2.5
<b>Total controllable costs</b>	<b>14.8</b>	<b>16.7</b>	<b>17.1</b>	<b>16.8</b>	<b>17.0</b>	<b>82.3</b>

Refer to section 9.5 of chapter 9 of the final decision for further details.

## 5.5 Forecast other allowable operating expenditure

Forecast other allowable operating expenditure includes government charges, UNFT, the Contestability charge, unaccounted for gas and other costs.

### 5.5.1.1 Government charges and UNFT

The final decision approves government charges and UNFT in the revised access arrangement information for the revised proposal as set out in Table 5.4 below.

This replaces the government charges and UNFT amounts set out in the access arrangement information for the proposal in Tables 9.11, 9.16 and 9.25.

Refer to section 9.5.5.1 in chapter 9 of the draft decision for further details.

#### *5.5.1.2 Contestability charges*

The final decision approves the contestability charges in the revised access arrangement information for the revised proposal as set out in Table 5.4 below and replaces the contestability charges in the access arrangement information for the proposal set out in Tables 9.11 and 9.17 and 9.25.

Refer to section 9.5.5.2 of chapter 9 of the draft decision for further details.

#### *5.5.1.3 Unaccounted for gas*

The final decision approves the unaccounted for gas costs in the revised access arrangement information for the revised proposal as set out in Table 5.4 below and replaces unaccounted for gas costs in Tables 9.11, 9.18 and 9.25 in the access arrangement information for the proposal.

Refer to section 9.3.1.5 of chapter 9 of the final decision for further details.

#### *5.5.1.4 Ancillary Services*

The final decision approves the costs for ancillary services costs in the revised access arrangement information for the revised proposal as set out in Table 5.4 below.

Refer to section 9.3.1.6 of chapter 9 of the final decision for further details.

#### *5.5.1.5 Other costs*

The final decision approves the other costs in the revised access arrangement information for the revised proposal as set out in Table 5.4 below and replaces the other costs in the access arrangement information for the proposal set out in Tables 9.11, 9.21 and 9.25.

Refer to section 9.5.5.4 in chapter 9 of the draft decision for further details.

#### *5.5.1.6 Summary of forecast other allowable operating expenditure*

Table 5.4 contains the approved forecast operating expenditure for other allowable operating expenditure for the access arrangement period, which replaces other allowable operating expenditure in Table 9.11 and Table 9.25 from the access arrangement information for the proposal.

**Table 5.4 Forecast other allowable operating expenditure for the access arrangement period**

\$ million (2009/10)	2010/11	2011/12	2012/13	2013/14	2014/15	Total
<i>Other allowable costs</i>						
Government levies	0.7	0.7	0.7	0.7	0.7	3.2
UNFT	3.4	3.4	3.5	3.5	3.6	17.4
Contestability costs	0.6	0.6	0.6	0.6	0.6	2.9
Unaccounted for gas	0.7	0.7	0.7	0.7	0.7	3.6
Ancillary services	0.2	0.2	0.2	0.2	0.2	0.8
Other costs	0.3	0.3	0.3	0.3	0.3	1.3
<b>Total other allowable costs</b>	<b>5.7</b>	<b>5.8</b>	<b>5.8</b>	<b>5.9</b>	<b>6.0</b>	<b>29.2</b>

Refer to section 9.5 of chapter 9 of the final decision for further details.

## 5.6 Debt raising costs

The final decision approves the debt raising costs in the revised access arrangement information for the revised proposal as set out in Table 5.5. This replaces the debt raising costs in Table 9.24 and Table 9.25 in the access arrangement information for the proposal.

**Table 5.5 Debt raising costs**

\$ million (2009/10)	2010/11	2011/12	2012/13	2013/14	2014/15	Total
Debt raising costs	0.2	0.2	0.2	0.2	0.2	0.9

## 5.7 Self insurance costs

The final decision does not approve most of the self insurance costs proposed by ActewAGL Distribution. Table 5.6 sets out the self insurance costs approved in the final decision and replaces the self insurance costs in Table 9.22 of the access arrangement information for the proposal. Section 9.2.3.5 of the access arrangement information for the proposal refers to the annual self insurance costs and the total self insurance costs over the access arrangement period and needs to reflect the costs approved in the final decision as set out in Table 5.6.

Refer to section 9.3.1.7 of chapter 9 of the final decision for further details.

## 5.8 Statement of costs

The final decision outlines that it may seek the additional cost information that ActewAGL Distribution is required to maintain in clause 4.19 of the access arrangement using its information gathering powers.

Refer to section 9.3.1.8 of chapter 9 of the final decision for further details.

## 5.9 Summary of operating expenditure

The final decision does not approve the proposed operating expenditure. Table 5.6 below replaces Table 9.25 in the access arrangement information for the proposal.

**Table 5.6 Forecast total operating expenditure for the access arrangement period**

\$ million (2009/10)	2010/11	2011/12	2012/13	2013/14	2014/15	Total
<i>Controllable costs</i>						
Operating and maintenance	9.5	11.3	11.6	10.4	10.7	53.4
APA Security of supply	0	0	0	0	0	0
Corporate overheads	3.2	3.3	3.4	3.5	3.5	17.0
Non-system asset charge	0.5	0.5	0.5	0.5	0.5	2.6
Marketing	1.3	1.3	1.4	1.4	1.4	6.8
Other controllable costs	0.2	0.2	0.2	1.0	0.8	2.5
<b>Total controllable costs</b>	<b>14.8</b>	<b>16.7</b>	<b>17.1</b>	<b>16.8</b>	<b>17.0</b>	<b>82.3</b>
<i>Other allowable costs</i>						
Government levies	0.7	0.7	0.7	0.7	0.7	3.2
UNFT	3.4	3.4	3.5	3.5	3.6	17.4
Contestability costs	0.6	0.6	0.6	0.6	0.6	2.9
Unaccounted for gas	0.7	0.7	0.7	0.7	0.7	3.6
Ancillary services	0.2	0.2	0.2	0.2	0.2	0.8
Other costs	0.3	0.3	0.3	0.3	0.3	1.3
<b>Total other non-capital costs</b>	<b>5.7</b>	<b>5.8</b>	<b>5.8</b>	<b>5.9</b>	<b>6.0</b>	<b>29.2</b>
Self insurance costs	0.0	0.0	0.0	0.0	0.0	0.0
Debt raising costs	0.2	0.2	0.2	0.2	0.2	0.9
<b>Total operating expenditure</b>	<b>20.7</b>	<b>22.6</b>	<b>23.1</b>	<b>22.9</b>	<b>23.2</b>	<b>112.4</b>

## 6 Derivation of total revenue

This chapter supplements ActewAGL Distribution's Derivation of total revenue chapter (chapter 10 of the access arrangement information for the proposal) and reflects the final decision on taxation, the incentive mechanism and total revenue set out in chapters 6, 7 and 10 of the final decision.

### 6.1 Summary of required amendments

The final decision does not approve the proposed total revenue figure of \$329.8 million (\$2009–10) in the revised access arrangement information for the revised proposal. Instead, the final decision approves a total revenue of \$278.7 million (\$2009–10).

Refer to chapter 10 of the final decision for further details.

### 6.2 Depreciation

The final decision does not approve the forecast depreciation.

The forecast depreciation approved in the final decision is set out in Table 6.1. This replaces Table 10.2 of the access arrangement information for the proposal.

**Table 6.1 Economic depreciation 2010-11 to 2014-15**

\$000 nominal	2010/11	2011/12	2012/13	2013/14	2014/15
Straight line depreciation	9.5	11.2	12.4	13.2	13.8
Inflation adjustment	-7.0	-7.6	-8.2	-8.5	-8.6
Economic depreciation	2.5	3.6	4.2	4.8	5.1

Refer to section 3.4.4 in chapter 3 of the final decision for further details.

### 6.3 Corporate income tax

#### 6.3.1 Transition to post-taxation framework

As ActewAGL Distribution previously used a pre-taxation framework, the proposed post-taxation framework required the establishment of a taxation asset base at the start of the access arrangement period. ActewAGL Distribution established a tax asset base at the date on which it first came under the national taxation equivalent regime on 1 July 2001. The tax asset base was then rolled forward to 30 June 2010, using actual and forecast capital expenditure, capital contributions, disposals and taxation depreciation, applying a straight line depreciation method.

### 6.3.2 Tax asset lives

The tax asset lives in the revised access arrangement information for the revised proposal approved in the final decision are set out in Table 6.2 below. This replaces Table 10.6 of the access arrangement information for the proposal.

**Table 6.2 Adopted standard tax lives of assets**

Asset class	Standard life (years)
TRS & DRS - Valves & Regulators	40
HP Mains	50
MP Mains	50
Meters - Tariff	15
Meters - Contract	15
MP Services	30
HP Services	50
IT Systems	5
Regulatory Costs	5

The final decision approves an opening tax asset base at 1 July 2010 to \$196.9 million in the revised access arrangement information for the revised proposal. The approved roll forward of the Tax Asset Base (TAB) is set out in Table 6.3 below. This replaces Table 10.8 in the access arrangement information for the proposal.

**Table 6.3 Roll forward of the TAB from 2001-02 to 2009-10**

\$ million (nominal)	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	F2009/10
Opening TAB	168.58	174.09	177.74	179.41	182.85	183.26	187.31	188.56	189.44
Capital expenditure	10.91	9.33	7.59	9.84	7.28	11.23	8.75	8.75	15.53
Straight-line depreciation	-5.40	-5.67	-5.93	-6.40	-6.87	-7.18	-7.50	-7.87	-8.10
Closing TAB	174.09	177.74	179.41	182.85	183.26	187.31	188.56	189.44	196.88
Opening TAB at 1 July 2010									196.88

The final decision does not approve the opening taxation asset base. The approved opening taxation asset base as at 1 July 2010 and the roll forward of the capital base for taxation is set out in Table 6.4 below. This replaces Table 10.9 of the access arrangement information for the proposal.

**Table 6.4 Roll forward of the TAB from 2010/11 to 2014/15**

\$ million (nominal)	2010/11	2011/12	2012/13	2013/14	2014/15
Opening TAB	196.9	216.1	234.2	237.7	240.0
Forecast capital expenditure	26.7	26.5	12.7	11.8	12.8
Straight-line depreciation	-7.5	-8.4	-9.2	-9.4	-9.9
Closing TAB	216.1	234.2	237.7	240.0	242.9

The final decision does not approve the taxation asset base. Based on the tax asset base in Table 6.4, the final decision approves the tax depreciation in Table 6.5 below. This replaces Table 10.10 of the access arrangement information for the proposal.

**Table 6.5 Tax depreciation 2010/11 to 2014/15**

	2010/11	2011/12	2012/13	2013/14	2014/15
Tax depreciation concessions	7.5	8.4	9.2	9.4	9.9

The final decision does not approve the income taxation building block. The final decision approves the income tax building block as set out in Table 6.6 below. This replaces Table 10.11 of the access arrangement information for the proposal.

**Table 6.6 Corporate income tax building block 2010/11 to 2014/15**

	2010/11	2011/12	2012/13	2013/14	2014/15
Tax payable	2.4	2.8	3.1	3.3	3.4
Value of imputation credits	-1.5	-1.8	-2.0	-2.2	-2.2
Tax allowance	0.8	1.0	1.1	1.2	1.2

Refer to chapter 6 of the draft decision and final decision for further details.

## 6.4 Revenue requirement

The final decision does not approve the total revenue requirement. The final decision approves the total revenue requirement over the access arrangement period of \$278.7 million (\$2009–10).

The building block components of total revenue approved in the final decision are shown in Table 6.7 below. This replaces Table 10.1 and Table 10.12 of the access arrangement information for the proposal.

**Table 6.7 Estimation of total revenue (\$m, nominal, unless otherwise stated)**

	2010/11	2011/12	2012/13	2013/14	2014/15
Regulatory depreciation	2.5	3.6	4.2	4.8	5.1
Return on capital	27.0	29.5	31.8	32.6	33.4
Tax allowance	0.8	1.0	1.1	1.2	1.2
Operating expenditure	21.2	23.8	24.9	25.3	26.2
Incentive mechanism payments (decrements)	0.0	0.0	0.0	0.0	0.0
Unsmoothed revenue requirement	51.5	57.8	61.9	63.9	65.9
Energy forecasts (TJ)	6545.0	6525.2	6565.5	6641.6	6736.0
Revenue yield (tariff/TJ)	7547.4	8121.7	8739.8	9404.8	10120.4
Smoothed revenue requirement	51.4	55.2	59.8	65.0	70.7
of which tariff revenue	49.4	53.0	57.4	62.5	68.2
of which contract revenue	2.0	2.3	2.4	2.5	2.6
X factor tariff revenue (%)	na	na	na	na	na

na – not applicable

Refer to chapter 10 of the final decision for further details.

Further details about the allocation of revenues to tariff and contract services is provided in section 7.3 of the revised access arrangement information for the revised proposal.

## 6.5 Incentive mechanism

The final decision does not approve the rolling carryover mechanism for capital expenditure found in the revised access arrangement proposal.

The final decision requires that clause 4.12 of the revised access arrangement proposal is amended to state that the efficiency gain in year 1 of the access arrangement period (ie 2010/11) will be calculated as the forecast in year 1 less the actual in year 1. This can be expressed as:

$$E_1 = (F_1 - A_1)$$

### 6.5.1.1 Treatment of year 5 expenditure

The final decision requires that an adjustment be made to the calculation of the carryover amount in year 6 (and the first year of subsequent access arrangement periods), to ensure there is no double counting. That is, the implicit carryover reward, in the form of higher than otherwise forecast operating expenditure, must be removed from the calculation of the year 6 efficiency gain in clause 4.12 of the revised access arrangement proposal.



## 6.5.2 Adjustments

The final decision approves the adjustments for the incentive mechanism in the revised access arrangement information for the revised proposal.<sup>7</sup>

Refer to chapter 7 of the draft decision and chapter 7 of the final decision for further details.

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<sup>7</sup> AER, *Draft decision*, p. 81

## **7 Services, cost allocation and pricing**

This chapter supplements ActewAGL Distribution's services, cost allocation and pricing chapter (chapter 11 of the access arrangement information for the proposal) and addresses the final decision for pipeline and reference services and reference tariffs set out in chapters 2, 10, 12, 13 and 14 of the final decision.

### **7.1 Treatment of ancillary services**

The final decision approves ancillary service as a pipeline service and as a reference service.

Refer to Box A.2 in Attachment A which provides new information on ancillary services to replace the information in the access arrangement information for the proposal as well as chapter 2 of the draft decision and chapter 2 of the final decision for further information.

Refer to Box A.1 in Attachment A for the replacement text for section 11.1 of the access arrangement information for the proposal.

### **7.2 Reference tariffs**

The final decision approves the methodology for setting the network tariffs.

Refer to chapter 12 of the draft decision and chapter 12 of the final decision for further information.

#### **7.2.1 Specification and presentation issues**

The final decision does not approve certain aspects of the specification of the tariffs.

Refer to chapter 13 of the draft decision and chapter 13 of the final decision for further details.

### **7.3 Allocation of adjusted revenue to tariffs**

The final decision does not approve the total revenue.

Refer to chapter 10 of the final decision for further information.

As a consequence the reference tariffs are adjusted to reflect the reduction in total revenue.

Refer to Box A.3 in Attachment A which provides the replacement text for section 11.2 of the access arrangement information for the proposal.

Refer to chapter 13 of the final decision for further details.

## 8 Reference tariff variation mechanism

This chapter supplements ActewAGL Distribution's services, cost allocation and pricing chapter (chapter 11 of the access arrangement information for the proposal) and reflects the final decision set out in chapter 13 of the final decision.

### 8.1 Annual reference tariff adjustment formula mechanism

#### 8.1.1 Adjustment factor

The final decision does not approve the proposed adjustment factor in the annual reference tariff adjustment formula mechanism to adjust for actual costs in relation to the Utilities (Network Facilities) Tax (UNFT), AEMO fees, the Energy Industry Levy, and the difference between the forecast cost of UAG and the efficient tendered market price of UAG as a percentage of actual gas receipts.<sup>8</sup>

Box A.4 in Attachment A replaces section 11.3.1 of the access arrangement information for the proposal.

Refer to section 13.4.1.2 in chapter 13 of the draft decision for further details.

#### 8.1.2 Adjustment for time value of money

The final decision does not approve the proposed adjustment factor in the annual reference tariff adjustment formula mechanism to take account of the time value of money.

Box A.4 in Attachment A replaces section 11.3.1 of the access arrangement information for the proposal.

Refer to section 13.4.1.2 in chapter 13 of the draft decision for further details.

#### 8.1.3 CPI formula

The final decision approves the revised CPI formula in the revised access arrangement information for the revised proposal.

Box A.4 in Attachment A replaces section 11.3.1 of the access arrangement information for the proposal.

Refer to chapter 13 of the final decision for further details.

#### 8.1.4 Inclusion of a rounding convention in the access arrangement

The final decision approves a rounding convention for the tariff variation mechanism in the revised access arrangement information for the revised proposal.

Refer to chapter 13 of the draft decision for further details.

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<sup>8</sup> AER, *Draft decision*, p. 157

### 8.1.5 Amendments to the access arrangement information for the proposal

Section 11.3.1 of the access arrangement information for the proposal is replaced with the text in Box A.4 in Attachment A.

## 8.2 Cost pass through tariff variation mechanism

### 8.2.1 Definition of pass through events

The final decision does not approve the definition of the STTM event. Table 8.1 includes the definition of the STTM event approved in the final decision and replaces the sections 'Defining the proposed pass through events' and 'Justification for and nature of proposed cost pass through events' in section 11.3.2 in the access arrangement information for the proposal.

Refer to section 13.4.2.1 in chapter 13 of the draft decision for further details.

### 8.2.2 Low Administrative Cost Event

The final decision approves the renaming of the low administrative cost event as a new Specified Uncontrollable Cost event in the revised access arrangement information for the revised proposal. Table 8.1 includes the definition of the new Specified Uncontrollable Cost event approved in the final decision and replaces Table 11.13 in the access arrangement information for the proposal.

Refer to section 13.3.10.1 in chapter 13 of the final decision for further details.

### 8.2.3 Supply Curtailment Event

The final decision does not approve that the supply curtailment event can adjust tariffs for foregone revenue. Table 8.1 below includes the definition of the supply curtailment event approved in the final decision and replaces Table 11.13 in the access arrangement information for the proposal.

Refer to section 13.3.7 in chapter 13 of the final decision for further details.

**Table 8.1 Definitions of cost pass through events**

Event name	Definition
Change in tax event	Change in Tax Event means: (a) a change in the amount of a Relevant Tax, or the way or rate at which a Relevant Tax is calculated (including a change in the application or official interpretation of a Relevant Tax); or (b) the removal of a Relevant Tax or imposition of a new Relevant Tax.

Service standard event	<p>Service Standard Event means any decision made by the Relevant Regulator or any other Authority, or any introduction of or amendment to applicable law or Gas Law, which:</p> <p>(a) has the effect of:</p> <p>(i) imposing or varying standards (including Network Design and operational standards) on ActewAGL relevant to any one or more of the Services, that are more onerous than the standards imposed at the Commencement Date; or</p> <p>(ii) altering the nature or scope of services that comprise any one or more of the Services; or</p> <p>(iii) substantially altering the manner in which ActewAGL is required to undertake any activity forming part of, or ancillary to, any one or more of the Services (including through rules for the operation of competitive gas markets); and</p> <p>(b) results in ActewAGL incurring or being likely to incur higher or lower costs in providing any one or more of the Services than it would have incurred but for that event.</p>
Regulatory change event	<p>Regulatory Change Event means a change in a regulatory obligation or requirement that:</p> <p>(a) substantially affects the manner in which ActewAGL provides the Services (or any one of them) or otherwise operates its gas business (or any part of it);</p> <p>(b) increases or decreases the costs of providing those Services or operating its business; and</p> <p>(c) does not fall within any other category of Cost Pass Through Event under this clause.</p>
CPRS event	<p>Carbon Pollution Reduction Scheme Event means an event which results in the imposition of legal obligations on ActewAGL or a third party arising from the introduction or operation of a carbon emissions trading scheme imposed by the Commonwealth, a State or Territory or an Authority and results in ActewAGL incurring costs directly or indirectly (including under statute or contract) and includes:</p> <p>(a) the cost of acquiring emissions allowances, permits or units (howsoever called);</p> <p>(b) costs incurred in order to reduce liability for carbon emissions associated with the production, transport or supply of gas, or otherwise in connection with ActewAGL's gas distribution business or the Services; and</p> <p>(c) administrative and compliance costs associated with the introduction or operation of such a scheme, including reporting costs.</p>
An NECF or NGCF event	<p>National Energy Customer Framework/ National Energy Connections Framework Event means the introduction of new laws (including through proposed National Energy Retail Law and Rules, or by additions or changes to the National Gas Law or Rules) or additions or changes to the existing Gas Law, to implement either or both of the proposed National Energy Customer Framework or National Energy Connections Framework, which results in the imposition of legal obligations on ActewAGL or a third party and results in ActewAGL incurring costs directly or indirectly (including under statute or contract) from the operation of those frameworks.</p>
An STTM event	<p>Short Term Trading Market Event occurs if ActewAGL participates in the Short Term Trading Market, resulting in:</p> <p>(a) changes in costs that ActewAGL incurs directly or indirectly (including under statute or contract); or</p> <p>(b) the need to change services provided to accommodate the market, leading to additional costs.</p>
General pass through event	<p>General Pass-Through Event occurs in the following circumstances:</p> <p>(a) an uncontrollable and unforeseeable event that falls outside of the normal operations of a business such that prudent operational risk management could not have prevented or mitigated the effect of the event;</p> <p>(b) which results in a change in the cost of providing the Services (or any of them) or the operation of its gas business (or any part of it); and</p> <p>(c) does not fall within any other category of Cost Pass Through Event under this clause.</p> <p>For the purposes of this definition, an event will be considered unforeseeable if:</p> <p>(a) it is an act of terrorism, natural disaster (including fire, flood and earthquake) or change in law; or</p> <p>(b) at the time the AER approves this Access Arrangement, despite the occurrence of the event being a possibility, there was no compelling reason to consider that the event was more likely to occur than not to occur during the access arrangement period.</p>

Specified uncontrollable cost event	<p>Specified Uncontrollable Cost Event means:</p> <p>(a) the difference between actual and forecast costs in the relevant year for the following costs:</p> <p>(i) the AEMO Fee;</p> <p>(ii) the Utilities (Network Facilities) Tax; and</p> <p>(iii) the Energy Industry Levy;</p> <p>where the forecast costs for each of the charges are those included in the revenue allowance for the relevant year as per the table below, and actual costs are those costs incurred in the relevant year for each of the charges; and</p> <p>(b) the difference between UAG forecast as 1.7 per cent of actual gas network receipts at the relevant forecast cost per GJ in \$2009/10 as follows:</p> <p>(i) in FY11: \$5.31</p> <p>(ii) in FY12: \$5.23</p> <p>(iii) in FY13: \$5.25</p> <p>(iv) in FY14: \$5.27</p> <p>(v) in FY15: \$5.29,</p> <p>and 1.7 per cent of actual network gas receipts at the efficient tendered market price per GJ for the relevant year.</p>
Supply curtailment event	<p>Supply Curtailment Event means a period when insufficient gas is delivered to ActewAGL's gas network due to reasons beyond ActewAGL's control, and cannot be supplied to meet demand requirements as represented by ActewAGL's forecasts used to derive the Reference Tariffs in this Access Arrangement, resulting in:</p> <p>(a) supply restrictions directed under the Utilities (Gas Restrictions) Regulation 2005 (ACT); and/or</p> <p>(b) widespread domestic load shedding, gas rationing or curtailment within ActewAGL's Network.</p> <p>For the avoidance of doubt, the cost of preparing for, arranging and managing domestic load shedding, gas rationing or curtailment are part of the expenditure incurred by ActewAGL when determining the relevant Change in Cost of a Supply Curtailment Event.</p>

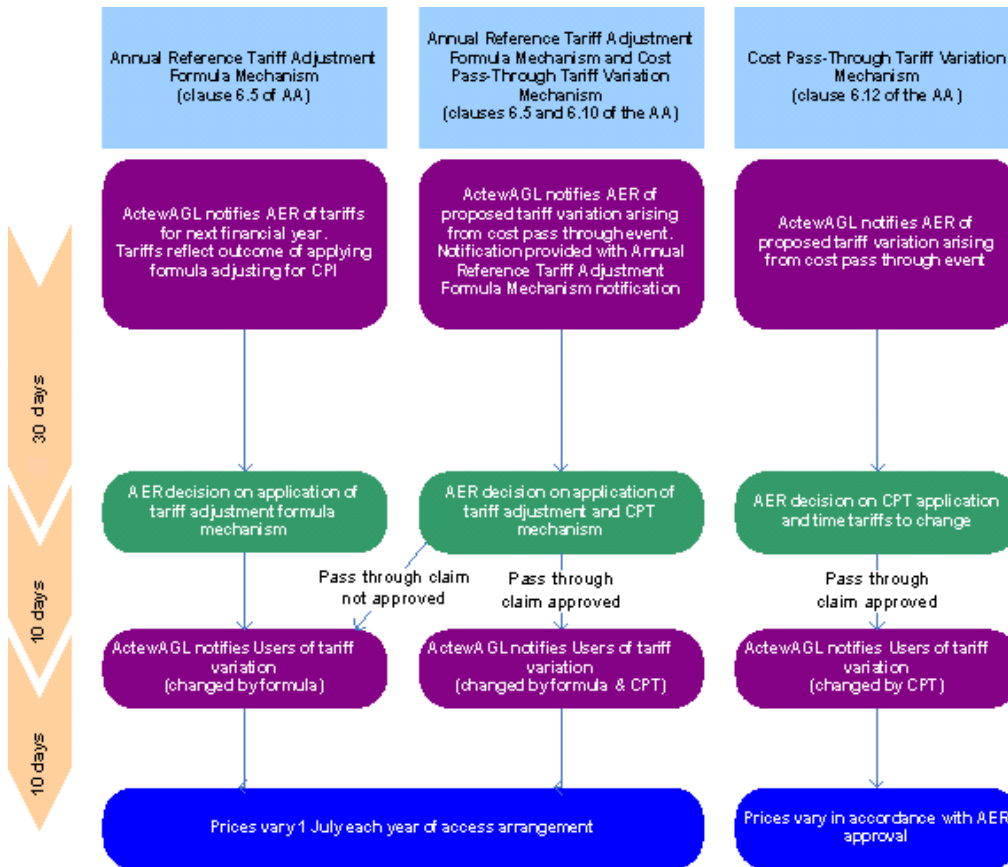
## 8.3 Oversight of reference tariff variation mechanism

### 8.3.1 AER consideration of tariff variation notifications

The final decision does not approve certain aspects of the tariff variation notification process.

The figure below replaces section 11.3.3 of the access arrangement information for the proposal.

Figure 11.1



Refer to section 13.3.1 in chapter 13 in the final decision for further details.

### 8.3.2 Notification of pass through events

The final decision does not approve the notification period for cost pass through events in the revised access arrangement information for the revised proposal. The final decision approves the notification period of 90 business days after a cost pass through event occurs.

Refer to section 13.3.10 in chapter 13 in the final decision for further details.

### 8.3.3 Information provided to the AER in tariff variation notifications

The final decision does not approve certain aspects of the information provided to the AER in the tariff variation notifications.

Refer to sections 13.3.2, 13.3.5 and 13.3.10 in chapter 13 of the final decision for further details.

#### 8.3.4 Considerations in approving a tariff variation notification

The final decision does not approve certain aspects of the additional factors for consideration when approving the tariff variation notification.

Refer to section 13.3.6 in chapter 13 of the final decision for further details.

#### 8.3.5 Timing of operation of reference tariff variation mechanism

The final decision does not approve certain aspects of the timing of operation of the reference tariff variation mechanism.

Figure 11.1 replaces section 11.3.3 of the access arrangement information for the proposal.

Refer to section 13.3.1 in chapter 13 of the final decision for further details.

#### 8.3.6 Pass through claims in the final year of the access arrangement

The final decision does not approve pass through claims in the final year of the access arrangement period in the revised access arrangement information for the revised proposal.

Refer to section 13.3.9 in chapter 13 of the final decision for further details.

#### 8.3.7 Other matters

The final decision does not approve certain aspects of the definition of a Change in Cost.

Refer to section 13.3.8 in chapter 13 of the final decision for further information.

### 8.4 Materiality threshold

#### 8.4.1.1 *Low administrative cost impact threshold*

The final decision accepts ActewAGL's low administrative cost impact threshold in the revised access arrangement information for the revised proposal.

Refer to section 13.3.10 in chapter 13 of the final decision for further details.

#### 8.4.1.2 *Administrative Cost Impact threshold applying to other cost pass through events*

The final decision does not approve the administrative cost impact threshold applying to other cost pass through events in the revised access arrangement information for the revised proposal.

Refer to section 13.3.3 in chapter 13 of the final decision for further details.

#### 8.4.1.3 *Definition of Change in Cost*

Discussed in section 8.3.7 above.



#### *8.4.1.4 Treatment of cost pass through claims under separate events but linked to a single happening*

The final decision does not approve the treatment of cost pass through claims under separate events but linked to a single happening in the revised access arrangement information for the revised proposal.

Refer to section 13.3.4 in chapter 13 of the final decision for further details.

## 8.5 Other amendments to the reference tariff variation mechanism

The final decision approves other amendments to the reference tariff variation mechanism to reflect the draft decision and final decision, or to correct reference, definitional or other issues identified since submission of the access arrangement proposal.

These changes include:

- A definition of a Cost Pass Through Amount and Cost Pass-Through Event in the access arrangement;
- More accurately refer to Reference Tariffs set out in attachment 3 of the access arrangement; and
- Change the reference from the service provider to ActewAGL Distribution.

Refer to section 13.3.10 in chapter 13 of the final decision for further details.

## 9 Changes to the access arrangement

This chapter supplements ActewAGL Distribution's changes to the access arrangement chapter (chapter 12 of the access arrangement information for the proposal) and addresses the final decision for non-tariff components of the access arrangement in chapters 2, 3, 5, 8, 10, 12 and 14 of the final decision.

### 9.1 Reference tariff policy

The final decision does not approve certain aspects of the reference tariff policy.

Parts of section 12.4 of the access arrangement proposal about reference tariff policy no longer forms part of the access arrangement information.

Refer to section 12.3 of chapter 12 of the final decision for further details.

### 9.2 New capital expenditure

The final decision does not approve the inclusion of the new capital expenditure in the reference tariff policy.

Parts of section 12.4 of the access arrangement information for the proposal about new capital expenditure is not part of the access arrangement information.

Refer to section 3.4.6 of chapter 3 of the final decision for further details.

### 9.3 Provision of meter data services

The final decision approves the amendments set out in section 2.4 of the draft decision as accepted by ActewAGL Distribution.

Refer to section 2.4 of the draft decision and chapter 2 of the final decision for further details.

### 9.4 Fixed Principles

The final decision does not approve certain aspects of the fixed principles.

Refer to chapter 8 of the draft decision and chapter 8 of the final decision for further details.

### 9.5 Extensions and expansions policy

The final decision does not approve extensions and expansions policy.

Refer to section 14.3 of chapter 14 of the final decision for further details.

## 9.6 Trading policy

The final decision does not approve the trading policy.

Refer to section 14.2 of chapter 14 of the final decision for further details.

## 9.7 Trigger event

The final decision requires the inclusion of a trigger event.

Refer to section 14.4 in chapter 14 of the final decision for further details.

## Glossary

<i>Term</i>	<i>Meaning</i>
AAG	Access Arrangement Guideline
AASB	Australian Accounting Standards Board
ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
access arrangement	the access arrangement for the ACT, Queanbeyan and Palerang gas distribution network for 1 July 2010–30 June 2015 approved by the AER in April 2010
access arrangement information	the access arrangement information for the access arrangement for the ACT, Queanbeyan and Palerang gas distribution network for 1 July 2010–30 June 2015 approved by the AER in April 2010
access arrangement proposal	ActewAGL, Access arrangement for the ACT, Queanbeyan and Palerang gas distribution network, June 2009
access arrangement information for the proposal	ActewAGL, Access arrangement information for the ACT, Queanbeyan and Palerang gas distribution network, June 2009
access arrangement period	1 July 2010 to 30 June 2015
Access Economics	Access Economics Pty Ltd
ACIL	ACIL Tasman Pty Ltd
ACQ	annual contract quantity
ACG	The Allen Consulting Group Pty Ltd
ACT	Australian Capital Territory
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AFMA	Australian Financial Markets Association
ANSIO	Australian national state and industry outlook
APA Group	APA Group is comprised of the Australian Pipeline Trust and APT Investment Trust
ASX	Australian Stock Exchange
BB	National Gas Services bulletin board
CAPM	Capital Asset Pricing Model
CCGT	combined cycle gas turbine
CEG	Competition Economists Group
CGS	Commonwealth government securities
CO <sub>2</sub>	carbon dioxide
CPI	consumer price index
CPRS	Carbon Pollution Reduction Scheme
DAMS	Distribution Asset Management Services
DGM	dividend growth model
draft decision	AER, Draft decision, ActewAGL Access arrangement proposal for the ACT, Queanbeyan and Palerang gas distribution network, 1 July 2010–30 June 2015, November 2009

<i>Term</i>	<i>Meaning</i>
DRP	debt risk premium
DRS	district regulator set
earlier access arrangement	the access arrangement for the ACT, Queanbeyan and Palerang gas distribution network for 1 January 2005–30 June 2010 approved by the ICRC
earlier access arrangement period	1 January 2005–30 June 2010
Eastern Gas Pipeline	this is owned by Jemena Ltd and transports gas from the Gippsland Basin in Victoria to markets in Sydney and regional centres
EBA	enterprise bargaining agreement
EBT	earnings before taxation
Econtech	KPMG Econtech Pty Ltd
EGP	Eastern gas pipeline
EGW	electricity, gas and water
EIL	energy industry levy
ERP	equity risk premium
ESCV	Essential Services Commission of Victoria
final decision	AER, Final decision, Access arrangement proposal, ACT, Queanbeyan and Palerang gas distribution network for 1 July 2010–30 June 2015, March 2010
GFC	Global Financial Crisis
GIS	Geographic Information System
GJ	gigajoule (1 000 000 000 joules)
GMC	Gas Market Company
GST	goods and services tax
HFL	Hoskinstown to Fyshwick loop
ICRC	Independent Competition and Regulatory Commission (ACT)
IPART	Independent Pricing and Regulatory Tribunal (NSW)
ISR	Industrial special risk
IT	Information technology
Jemena	Jemena Gas Networks (NSW) Ltd.
JV	joint venture
KPI	key performance indicator
LME	London Metal Exchange
MAOP	maximum allowable operating pressure
MCE	Ministerial Council on Energy
MDQ	maximum daily quantity
Moomba to Sydney pipeline	this is owned by the APA Group and links the Cooper Basin gas fields at Moomba with distribution networks in Sydney and regional New South Wales. The pipeline includes laterals to Canberra and regional centres including Lithgow and Griffith
MRP	market risk premium
MSP	Moomba to Sydney pipeline

<i>Term</i>	<i>Meaning</i>
NECF	National Energy Customer Framework
NEMMCO	National Electricity Market Management Company
NERA	NERA Economic Consulting
NIEIR	National Institute of Economic and Industry Research
NPV	net present value
NSP	network service provider
NSW	New South Wales
NTER	National tax equivalent regime
NYMEX	New York Mercantile Exchange
OECD	Organisation for Economic Co-operation and Development
ORG	Victorian Office of Regulator General
PB	Parsons Brinckerhoff
PJ	petajoule (equal to 1000 terajoules)
POTS	Packaged off take station
PRS	primary regulating station
PTRM	post-taxation revenue model
QSN Link	The link between Epic Energy's South West Queensland Pipeline and the Moomba to Adelaide Pipeline System and the MSP—the Queensland South Australia and NSW Link
RBA	Reserve Bank of Australia
revised access arrangement information for the revised proposal	ActewAGL, Addendum to access arrangement information for the ACT, Queanbeyan and Palerang gas distribution network, January 2010
revised access arrangement proposal	ActewAGL, Access arrangement for the ACT, Queanbeyan and Palerang gas distribution network, January 2010
SCP	SoftLaw Community Projects
SRS	secondary regulator set
STTM	short-term trading market
TJ	terajoules (equal to 1000 gigajoules)
Tribunal	Australian Competition Tribunal
TRS	trunk receiving stations
UAG	unaccounted for gas
UNFT	utilities network facilities tax
WACC	weighted average cost of capital
WBH	water bath heater
Wilson Cook	Wilson Cook & Co Limited

## Attachment A: Replacement text for the access arrangement information for the proposal

### **Box A.1 Replacement text for section 11.3.1 of the access arrangement information for the proposal**

#### 11.1 Services offered

The NGR and the AER's RIN require the access arrangement to describe the pipeline services to be provided and to specify the reference services. A reference service is defined in Rule 101 as "a pipeline service that is likely to be sought by a significant part of the market".

ActewAGL Distribution offers nine pipeline services, comprising seven reference services and two non-reference services. These services are the same as those offered in the earlier access arrangement, plus the addition of the ancillary service treated as an additional service.

The seven reference services, as set out in part 2 of the access arrangement, are as follows:

**Capacity Reservation Service**—a transport service from the receipt point to a single non-tariff delivery point. Charges are determined on the basis of capacity reserved. Additional capacity reservation options for this service are:

- **Summer Tranche Option**—provides an option to book capacity between the months of October and April (inclusive);
- **Short Term Capacity Option**—available to end use customers using gas for purposes other than space heating (subject to available capacity). There are two options—one for 30 TJ or less of gas per year, the other for over 30 TJ of gas per year. A short term capacity charge (premium) may be charged for the under 30 TJ option;

**Managed Capacity Service**—a transport service from receipt point to a single non-tariff delivery point. Charges are determined on the basis of capacity reserved;

**Throughput Service**—a transport service from the receipt point to a single non-tariff delivery point. Charges are determined on the basis of throughput;

**Multiple Delivery Point Service**—a transport service from the receipt point to a number of non-tariff delivery points. Charges are based on the relevant service at each delivery point;

**Tariff Service**—a transport service from the receipt point to one or more tariff delivery points. Charges are determined on the basis of throughput;

**Meter Data Service**—a service comprising the reading of meters and handling of metering data.

**Ancillary service**—a service for the provision of: (i) requests for services; (ii) special meter reads; (iii)

disconnection; and (iv) reconnection.

The two non-reference services offered by ActewAGL Distribution are:

**Interconnection of Embedded Network Service**—a service to provide for the establishment of a single delivery point from the network to an embedded network; and,

**Negotiated Service**—any service negotiated to meet the needs of a user which is not met by the reference services.

The reference services are those pipeline services which are likely to be sought by a significant part of the market. The non-reference services have not been sought by any customers or potential customers during the earlier access arrangement period, and they are unlikely to be sought by a significant part of the market during the access arrangement period. The reference and non-reference services therefore remain appropriate for the access arrangement period.

#### 11.1.1 Allocating costs between services

The NGR set out requirements for allocating costs between reference services and other pipeline services. The portion of total revenue allocated to reference services is determined by the ratio in which costs are allocated between reference and other services (Rule 93(1)). Rule 93(2) requires allocation of directly attributable costs to reference and other services as appropriate, and other costs (such as overheads) to be allocated (consistent with revenue and pricing principles) between these services on a basis determined or approved by the AER.

As outlined above, ActewAGL Distribution offers seven reference services and two non-reference services. While the non-reference services continue to be offered, they are not currently used by any customers and therefore ActewAGL Distribution incurs no costs in relation to them. Further, the cost of maintaining the availability of non-reference services is negligible. Accordingly, ActewAGL Distribution's costs are fully allocated to reference services.

Costs are allocated between customer classes in order to set the tariffs for each reference service, as described in the following sections.



**Box A.2 Replacement text for Chapter 12 of the access arrangement information for the proposal**

## **12 Changes to the access arrangement**

This chapter of the access arrangement information for the proposal summarises the revisions to the access arrangement in the earlier access arrangement period.

ActewAGL Distribution retains much of its access arrangement from the earlier access arrangement period. Terms and conditions of access to the network remain largely unaltered and changes mostly reflect changed requirements from those of the former Gas Code to those of the NGL and NGR. The reference tariff structure applying in the earlier access arrangement period has been retained, with the addition of the Ancillary Service, which is for the provision of: (i) requests for services; (ii) special meter reads; (iii) disconnection; and (iv) reconnection.

There are changes to the tariff variation mechanism (in relation to cost pass through and an adjustment mechanism for unaccounted for gas and fees, taxes and levies), to ensure that the impacts of ongoing developments in the regulatory framework and gas market can be appropriately managed.

...

### **12.2 Revisions to Part 2—Services policy**

Part 2 of the access arrangement has been amended to include the new reference service, the Ancillary Service.

### **12.3 Revisions to Part 3—General terms and conditions for access**

Part 3 of the Access Arrangement has been updated to reflect the change from the National Gas Code to the NGL/NGR. For example, the access arrangement now refers to “Access Determinations” in place of “arbitrated access decisions”, reflecting Chapter 6 of the NGL. No other significant amendments have been made.

References to the Ancillary Services, and moved provisions relevant to the Ancillary Services, namely suspension of supply, are included in a new Attachment 3I.

The position with respect to title to gas in clause 3.41 is important for some aspects of the proposed CPRS. However, this does not represent a change to the position under the current access arrangement, merely a confirmation of that position.

As the result of consultations with Users and the ICRC in the period before approval of the access arrangement in the earlier access arrangement period, the terms and conditions were substantially re-written to put them into a plain English style that is more readily understood by Users.

## 12.11 Revisions to access arrangement attachments

Attachment 1—*Definitions* has been amended to include a new definition of the Ancillary Service, and other definitions have been amendment consequential to this change.

Attachment 2—*Requests for service* has been amended for minor changes in section 112 of the NGR.

A new Attachment 3I has been included setting out the terms and conditions for the provision of the Ancillary Service.

**Box A.3 Replacement text for section 11.2 of the access arrangement information for the proposal**

## 11.2 Tariffs for reference services

### 11.2.1 Tariff classes

The NGR specify that, for the purpose of determining reference tariffs, customers must be divided into tariff classes. Tariff classes must be constituted with regard to grouping of customers together on an economically efficient basis and the need to avoid unnecessary transaction costs.

Customers are grouped into two classes:

- Tariff customers; and
- Contract customers.

The split is based on the nature and size of the connection and load. Within each group customers have broadly similar load and connection characteristics. The tariffs available for each group reflect the different economic costs of supplying each group. Transactions costs, particularly the costs of metering, are also taken into account in determining the appropriate tariffs to be offered to each group, as discussed further below.

Contract customers are those that consume more than 10 TJ of gas per annum. These customers have different load and connection characteristics to the tariff customers, often requiring multiple connection points, and are generally more responsive to price signals regarding capacity. The relatively large loads consumed by the customers in this group mean that the transactions costs associated with installing more sophisticated metering, to measure maximum daily and hourly consumption, are warranted.

The reference services for the contract customer class comprise:

- Capacity reservation services;
- Managed capacity services;
- Throughput services;
- Multiple delivery point services;
- Meter data services; and
- Ancillary services.

While the contract customers face several service options, the existing contract customers all take the capacity reservation service with meter data services. Within the meter data services, most contract customers take the communications option that allows meters to be read remotely. However, one customer with 97 meters finds it more efficient to have its meters manually read monthly.

The tariff customer class comprises residential and business customers consuming fewer than 10 TJ per annum. The reference services for tariff customers are:

- Tariff services;

- Meter data services; and
- Ancillary services.

The tariff for the tariff service involves a fixed charge and a throughput charge consistent with an efficient two part tariff structure. More complex tariffs, involving capacity charges as for the contract market services, would require more costly metering capability.

### 11.2.2 Revenue and cost allocation

The NGR require the access arrangement information to include the proposed approach to the setting of reference tariffs including the method used to allocate costs.

ActewAGL Distribution has allocated the total cost of providing reference services between contract and tariff markets using the methodology approved by the ICRC in the earlier access arrangement period and applied since the 2001 access arrangement decision. The methodology uses a series of rules to allocate operating and capital costs to contract and tariff market segments in line with their respective use of network services as required in Rule 93. Costs that are directly attributable to either market segment (contract or tariff) are allocated to that segment, while other costs which are shared between segments, are allocated on the basis of reasonable cost drivers. The cost allocation model is described below.

#### 11.2.2.1 Allocation of operating costs

Operating costs are allocated between tariff and contract customers using an activity based costing methodology. Eleven operating cost categories which account for approximately 99.9 per cent of total operating expenditure are allocated to contract and tariff cost pools. The remaining 0.1 per cent of the operating expenditure has been allocated in accordance with the average percentage derived from the eleven operating cost categories. Costs for each activity are based on expenditure levels in the 2009/10 base year, apart from ancillary services which are based on the 2010/11 forecast, which represents a normal year. Where a cost category is only driven by one market (tariff or contract), all costs have been allocated directly to that market segment. However, where costs are shared, an allocation 'key' provides the rule for attributing costs to either contract or tariff markets. The keys used to allocate costs to operating expenditure categories are the same as those approved in the ICRC's *Final decision: Review of access arrangement for ActewAGL natural gas system in ACT, Queanbeyan and Yarrowlunla*, October 2004, with the exception of the UNFT which is added to government levies and ancillary services which have been directly allocated to tariff customers according to relevant activity. The operating cost categories and the allocation keys are provided in Table 11.1.

**Table 11.1 Allocation keys used to allocate operating cost categories**

Opex category	Allocation key
Asset Services costs	Where the costs have not been allocated directly to tariff and contract customers, they are allocated based on the allocation determined in the earlier access arrangement using relative size of MDQs (actual peak data from 2007/08), customer numbers, new connections and the actual revenue split in 2007/08.
Asset Management costs	Costs allocated by relative size of MDQs.
Corporate overheads	The actual revenue split in 2007/08 has been used as a proxy to distribute corporate overhead costs.

Non System Asset Charge	Costs allocated by relative size of MDQs.
Marketing	Costs allocated entirely to the tariff market.
Ancillary services	Costs directly allocated according to activity
Other direct costs	Costs allocated by relative size of MDQs.
Government levies & UNFT	The actual revenue split in 2007/08 has been used as a proxy to allocated government levies.
Contestability Charge	Costs allocated entirely to the tariff market.
UAG	The actual revenue split in 2007/08 has been used as a proxy to distribute UAG and Other Opex.
Other Opex	

### 11.2.2.2 Allocation of capital costs

Capital costs are split in proportion to the market segments' relative shares of the capital base. The methodology requires the regulated asset base (as at 1 July 2010 from the RFM) and capital expenditure over the access arrangement period to first be allocated to asset classes and second, split into contract and tariff markets. Two asset classes—contract meters and tariff meters—have been allocated directly to the relevant market segments. The other asset classes have been allocated via the relative size of contract and tariff MDQs. The capital costs for medium pressure mains—utilised almost entirely by the tariff market—have been allocated using the same allocator as in the earlier access arrangement period. The allocation of the rolled forward capital base is shown in Table 11.2.

**Table 11.2 Allocation of the average values of the capital base 2010/11 to 2014/15**

\$million	Total	Contract	Tariff
HP Mains	75.84	6.33	69.51
HP Services	0.79	0.07	0.72
MP Mains	148.20	0.10	148.10
MP Services	61.22	0.04	61.17
TRS & DRS – Valves & Regulators	24.60	2.05	22.54
Contract meters	1.57	1.57	0.00
Tariff meters	18.69	0.00	18.69
Regulatory Costs	0.34	0.03	0.31
IT System	1.14	0.07	1.07
<b>Total</b>	<b>332.38</b>	<b>10.27</b>	<b>322.12</b>

Table 11.3 shows the allocation of operating and capital costs to the contract and tariff markets.

**Table 11.3 Allocation of operating and capital costs**

\$ million nominal	Total	Contract	Tariff
Operating costs	136.81	6.91	129.90
Capital costs	214.68	6.79	207.89
Total allocation	351.49	13.70	337.79

### 11.2.2.3 Revenue allocation

For each year of the access arrangement period, the costs allocated to each of the contract and tariff markets based on the operating expenditure and capital base splits are described above. The proportion

of total costs allocated to each of these classes over the period is used to allocate revenues.

Revenues for each tariff class are further split into meter provision, meter communication, meter reading and network use in order to allocate costs within contract and tariff customer classes to reference services.

The revenue allocation of operating and capital costs is presented in Table 11.4 in nominal dollars.

**Table 11.4 Revenue Allocation**

\$ million nominal	2010/11	2011/12	2012/13	2013/14	2014/15
Contract	2.01	2.72	2.90	2.99	3.08
Tariff	49.53	66.99	71.51	73.75	76.01
Contract- meter provision	0.35	0.39	0.42	0.43	0.45
Contract - meter communication	0.07	0.07	0.08	0.08	0.08
Contract - meter reading	0.03	0.04	0.04	0.04	0.04
Contract - ancillary	0	0	0	0	0
Contract – network use	1.56	1.75	1.88	1.94	2.00
Tariff- meter provision	3.40	3.81	4.08	4.21	4.34
Tariff - meter reading (including special meter reads- an ancillary service)	0.68	0.76	0.81	0.84	0.86
Tariff – ancillary disconnection and reconnection	0.03	0.03	0.03	0.03	0.03
Tariff - network use	45.46	50.96	54.58	56.32	58.12

Note: The split between meter communications and meter provision from the earlier access arrangement period is projected for the access arrangement period.

### 11.2.3 Relationships between costs and revenues

The NGR require information on the relationship between costs and tariffs for tariff classes and reference services. The NGR include requirements regarding costs and expected revenues from tariff classes and reference tariffs.

#### 11.2.3.1 Standalone and avoidable costs

Rule 94 states that for each tariff class, the revenue expected to be recovered must lie between the standalone cost of providing the reference service to customers who belong to that class (upper bound) and the avoidable cost of not providing the reference service to those customers (lower bound).

The tariff segment accounts for approximately 99.6 per cent of customers and 86 per cent of sales for the ACT, Queanbeyan and Palerang gas distribution network. Contract customers represent a very small part of the market and are allocated an appropriately small share of costs.

The standalone cost for tariff customers is therefore very close to the total cost of providing the network services. It is equal to total cost less those costs that are directly related to contract customers (and would not be incurred in the absence of the contract customers). The relevant contract customer costs to be deducted are the contract operating, meter and ancillary service costs.

The avoidable cost for the tariff customer class is the cost that would be avoided if tariff customers were not supplied. The avoidable cost would be the full cost of the network—that is, without the tariff customers there would be no network and therefore all costs would be avoided. However, if it is assumed that the network would continue to exist, then avoidable costs for tariff customers would be defined as those costs which are directly attributable to tariff customers and hence would be avoided if they were not supplied. These avoidable costs would be the operating and meter costs.

Avoidable and standalone costs tariff classes are shown in Table 11.5

**Table 11.5 Avoidable and stand alone costs (2010/11)**

\$ million nominal	Avoidable Cost	Expected Revenue	Stand-alone Cost
Contract Class	1.35	2.20	27.79
Tariff Class	23.97	49.56	50.41

The expected revenue recovers the total cost of the contract and tariff class reference services. The stand alone cost for contract customers is calculated as the total cost less the avoidable cost of the tariff customers. Similarly, the stand alone cost for tariff customers is calculated as the total cost less the avoidable cost of the contract customers.

The costs and revenues of the contract class are derived from the Capacity Reservation Reference Service, the associated Meter Data Reference Service that relates to that service and associated Ancillary Services. While there are other Reference Services listed, there are no customers taking those services. The costs and revenues of the Tariff Class are derived from the Tariff Reference Service, the Meter Data Reference Service and the Ancillary Services that relate to the tariff service. The Meter Data Reference Service and the Ancillary Services are an integral part of each of the pipeline services, as discussed above, and do not have their own avoidable or stand alone cost.

### 11.2.3.2 Long run marginal cost and transactions costs

The NGR also include requirements regarding long run marginal cost and transactions costs. Rule 94 says that each charging parameter for a tariff class must:

- take into account the long run marginal cost for the reference service or the element of the service to which the charging parameter relates; and
- be determined having regard to transaction costs and the ability of customers to respond to price signals.

While the stand alone and avoidable cost requirement involves a specific requirement that revenues are within certain bounds (between stand alone and avoidable costs), the long run marginal cost requirement refers factors that are appropriate and necessary to be taken into account.

### 11.2.3.3 Charging parameters

Contract customers have a choice of two charging parameters, a capacity charge and a throughput charge. The capacity charge reflects the cost of providing capacity and provides an incentive for contract customers to manage their daily demand. The Throughput Reference Service would suit a

There are no customers in the ACT region that have chosen this service.

Contract customers have separate parameters for meters that reflect the varying cost of meters with different capacities. Meter communications costs and meter reading costs do not vary with the capacity of the meter. However, where a customer has multiple meters and multiple meter sites, meter communications and meter reading charges may apply to each meter, depending upon the location of the meters.

Reference tariffs for tariff customers have fixed, throughput, metering and meter reading parameters. They do not include capacity charges. Relevant transactions costs include the costs of more sophisticated metering, the costs of more complex billing and the costs to customers of understanding, and responding to, a more complicated tariff structure.

The fixed charge signals the cost of connecting and maintaining a connection service to the consumer. Where a customer does not require a service, it encourages the customer to disconnect and lower the cost of providing network services.

There are two metering charge options for tariff customers. For those with a meter capacity of less than 6 cubic meters per hour, there is a fixed annual charge. For meters with a capacity of more than 6 cubic meters per hour, the metering charge is based upon the throughput. There are two meter reading charge options for tariff class customers depending upon whether the meter is read quarterly or monthly.

There are four Ancillary Services available to both Contract and Tariff customers. However, the Request for Service charge is relevant only to contract customers and the other charges (special meter read, reconnection fee and disconnection fee) are relevant mainly to tariff customers.

#### *11.2.3.4 Revenue equalisation*

Rule 92(2) requires that the reference tariff variation mechanism be designed to equalise (in terms of present values) forecast revenue from reference services over the access arrangement period; and the portion of total revenue allocated to reference services for the access arrangement period.

#### **Capacity reservation service**

The revenue requirement for the capacity reservation service customers using the building block approach for contract customers is as shown in Table 11.6.

**Table 11.6 Revenue requirement for capacity reservation service customers**

\$million nominal	2010-11	2011-12	2012-13	2013-14	2014-15
Contract revenue	1.91	2.14	2.30	2.37	2.44

When discounted at the nominal vanilla WACC of 9.72 per cent, the net present value of these revenues is \$8.43 million.

The proposed revenue stream in nominal dollars using the building block approach for contract customers is as per Table 11.7.

**Table 11.7 Proposed revenue stream for capacity reservation service customers**



\$million nominal	2010-11	2011-12	2012-13	2013-14	2014-15
Contract revenue	2.10	2.15	2.21	2.28	2.36

When discounted at the nominal vanilla WACC of 9.72 per cent, the net present value of these revenues is \$8.43 million which is equal to the revenue requirement.

#### Tariff service

The revenue requirement for the tariff service customers in nominal dollars using the building block approach for contract customers is as per Table 11.8.

**Table 11.8 Revenue requirement for the tariff service customers**

\$million nominal	2010-11	2011-12	2012-13	2013-14	2014-15
Tariff revenue	48.85	54.76	58.66	60.53	62.46

When discounted at the nominal vanilla WACC of 9.72 per cent, the net present value of these revenues is \$215.48 million.

The proposed revenue stream for the tariff service customers in nominal dollars using the building block approach for contract customers is as per Table 11.9.

**Table 11.9 Proposed revenue stream for tariff service customers**

\$million nominal	2010-11	2011-12	2012-13	2013-14	2014-15
Tariff revenue	48.89	54.80	58.19	60.49	62.98

When discounted at the nominal vanilla WACC of 9.72 per cent, the net present value of these revenues is \$215.48 million which is equal to the revenue requirement.

#### Meter data service

The revenue requirement for the meter data service in nominal dollars using the building block approach for contract customers is as per Table 11.10.

**Table 11.10 Revenue requirement for the meter data service**

\$million nominal	2010-11	2011-12	2012-13	2013-14	2014-15
Meter data revenue	0.77	0.87	0.93	0.96	0.99

When discounted at the nominal vanilla WACC of 9.72 per cent, the net present value of these revenues is \$3.41 million.

The proposed revenue stream for the meter data service in nominal dollars using the building block approach for contract customers is as per Table 11.11.

**Table 11.11 Proposed revenue stream for the meter data service**

\$million nominal	2010-11	2011-12	2012-13	2013-14	2014-15
Meter data revenue	0.78	0.97	1.02	1.08	1.13

When discounted at the nominal vanilla WACC of 9.72 per cent, the net present value of these revenues is \$3.41 million which is equal to the revenue requirement.

#### Ancillary service

The revenue requirement for ancillary services in nominal dollars using the building block approach is included in the revenue requirements for capacity reservation services, tariff services and meter data services. The proposed revenue stream from ancillary services is included in the respective revenue streams for each service. A separate statement of revenue for ancillary services is provided in Table 11.12.

**Table 11.12 Proposed revenue stream for ancillary services**

\$million nominal	2010-11	2011-12	2012-13	2013-14	2014-15
Ancillary service revenue	0.15	0.16	0.17	0.18	0.19

When discounted at the nominal vanilla WACC of 9.72 per cent, the net present value of these revenues is \$0.65 million.

#### Other reference services

While there are other reference services available, there are no customers taking those services or expected to take them.

**Box A.4 Replacement text for section 11.3.1 of the access arrangement information for the proposal**

**11.3.1 Annual reference tariff adjustment formula mechanism**

Rule 97(1)(b) states that a reference tariff variation mechanism can provide for the variation of a reference tariff in accordance with a formula set out in the access arrangement.

The earlier access arrangement included an annual tariff variation formula in its tariff variation mechanism to escalate prices by CPI. This annual tariff variation adjustment for CPI is retained.

**11.3.1.1 Proposed annual tariff variation formula**

In accordance with the earlier access arrangement period, that all Reference Tariffs be varied by CPI each year by the following formula.

$$P_t = P_t^* (1 + CPI_t)$$

Where:

- P<sub>t</sub>** is the varied Reference Tariff for the relevant financial year t, rounded to the same number of decimal places for that Reference Tariff, as provided in Attachment 3 of the Access Arrangement;
- P<sub>t</sub><sup>\*</sup>** is the unadjusted Reference Tariff, in 2010/11 dollars, for the relevant financial year t, as set out in Attachment 3 of the Access Arrangement;
- CPI<sub>t</sub>** is the result of the formula in clause 6.4, which is a decimal number, rounded to 4 decimal places;
- t** is the financial year for which Reference Tariffs are being varied.

CPI<sub>t</sub> is calculated in accordance with a formula in the access arrangement as follows:

$$CPI_t = \left( \frac{CPI_{Mar\ t-2} + CPI_{Jun\ t-2} + CPI_{Sep\ t-1} + CPI_{Dec\ t-1}}{CPI_{Mar2009} + CPI_{Jun2009} + CPI_{Sep2009} + CPI_{Dec2009}} \right) - 1$$

Where:

- CPI<sub>Mar</sub>** means the Consumer Price Index Number “All Groups, Australia”, for the March quarter (and similarly for other quarters), published by the Australian Bureau of Statistics, or if the Australian Bureau of Statistics does not or ceases to publish the index, then CPI will mean an index determined by the Relevant Regulator that is its best estimate of the index.
- CPI<sub>Dec2009</sub>** means the CPI for the December quarter for the year 2009 and similarly for other quarters.
- Year t** is the financial year for which Reference Tariffs are being varied.
- Year t-1** is the financial year previous to year t and, where relevant, refers to quarters within that previous financial year.

For example, the  $CPI_t$  value to be applied in respect of the year ending 30 June 2012 is calculated as:

$$CPI_{2012} = \left( \frac{CPI_{Mar\ 2010} + CPI_{Jun\ 2010} + CPI_{Sep\ 2010} + CPI_{Dec\ 2010}}{CPI_{Mar\ 2009} + CPI_{Jun\ 2009} + CPI_{Sep\ 2009} + CPI_{Dec\ 2009}} \right) - 1$$