



# **Jemena Gas Networks (NSW) Ltd**

**Access Arrangement**


**August 2009**



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# JEMENA GAS NETWORKS (NSW) LTD

## ACCESS ARRANGEMENT

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### 1. Introduction

#### 1.1 Jemena Gas Networks (NSW) Ltd (the Service Provider)

Jemena Gas Networks (NSW) Ltd was formerly known as AGL Gas Networks Limited. A brief history is set out below:


25 October 2006	AGL Gas Networks Limited was sold to Alinta Limited.
1 September 2007	Ownership changed again when Alinta Limited was separated into new businesses following acquisition by a consortium comprising Singapore Power International, Babcock & Brown Infrastructure and Babcock & Brown Power.
August 2008	Jemena Gas Networks (NSW) Ltd was announced as the new name of the former Alinta Limited assets and businesses acquired by Singapore Power International. Consequently the assets formerly owned by AGL Gas Networks Limited are now owned by the Service Provider.

#### 1.2 Access Arrangement

This Access Arrangement revises the Service Provider's Transitioned Access Arrangement in accordance with the National Gas Law and the National Gas Rules.

#### 1.3 The Network


- (a) The Network consists of approximately 24,000 kilometres of natural gas distribution systems in NSW with over 1,040,000 customer connections to these systems. A description of the Network is contained below and can also be found at <http://www.jemena.com.au>.
- (b) The Network is made up of four Covered Pipelines:
  - (i) AGL NSW Distribution System;
  - (ii) AGL Central West Distribution System;
  - (iii) Wilton-Newcastle trunk pipeline (the '**northern trunk**'); and

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- (iv) Wilton-Wollongong trunk pipeline (the '**southern trunk**').
- (c) The NSW Distribution System provides gas to consumers across Sydney, Newcastle, and Wollongong and services over 20 country centres including those within the Central Tablelands, Central West, Southern Tablelands and Riverina areas. The Central West Network consists of the pipelines within the Central West Distribution System. The Service Provider is the authorised reticulator for the NSW Distribution System and the Central West Distribution System in accordance with the *Gas Supply Act 1996* (NSW).
- (d) The northern and southern trunks are part of the distribution system in the Newcastle, Sydney, Central Coast and Wollongong area. These are classified as Distribution pipelines following a decision of the National Competition Council on 29 June 2009 to grant the Service Provider's application under the National Gas Law to reclassify the trunk pipelines as distribution pipelines.
- (e) The northern trunk consists of four pipeline sections each of which are licensed under the Pipelines Act 1967 (NSW) (Pipelines Act) between Wilton and Newcastle:
- Wilton to Horsley Park Natural Gas Pipeline (Pipeline Licence No. 1)
  - Horsley Park to Plumpton Natural Gas Pipeline (Pipeline Licence No. 3)
  - Plumpton to Killingworth Natural Gas Pipeline (Pipeline Licence No. 7)
  - Killingworth to Walsh Point Natural Gas Pipeline (Pipeline Licence No. 8)
- (f) The southern trunk consists of one licensed pipeline section between Wilton and Wollongong:
- Wilton to Wollongong Natural Gas Pipeline (Pipeline Licence No. 2)
- (g) Natural Gas is delivered into the Network from the Moomba-Sydney Pipeline and its laterals (owned by the APA Group), from the Jemena-owned Eastern Gas Pipeline (EGP) and from coal seam methane supplied by the Sydney Gas Company at various receipt points on the Network. A list of these receipt points is set out at Schedule 7 as updated by the Service Provider from time to time by notice to Users.
- (h) Schedule 9 provides maps of the Network as well as the area it serves.

## 1.4 Structure of this Access Arrangement

This Access Arrangement is set out as follows:

Section 1: Introduction	Sets out an overview of this Access Arrangement including its structure, commencement date, review submission date and revision commencement date.
Section 2: Services Policy	Names and describes the Reference Services, Non-Reference Services and Legacy Services provided on the Network.
Section 3: Reference Tariff Policy	Describes the principles, procedures and formulae that will apply in relation to Reference Tariffs.
Section 4: Speculative Capital Expenditure & Investment Policy	Describes how non-conforming capital expenditure will be dealt with.
Section 5: Capital Redundancy Policy	Describes the way in which the Capital Base may be reduced by the AER.
Section 6: Queuing Policy	Describes the order in which capacity will be allocated to Prospective Users where there is insufficient capacity on a transportation route to satisfy all Requests for Service on that route.
Section 7: Extensions and Expansions Policy	Describes the manner in which extensions or expansions to the Network will be dealt with under this Access Arrangement.
Section 8: Capacity Trading	Allows for capacity trading in certain circumstances.
Section 9: Changing Receipt and Delivery Points	Allows for changing receipt and delivery points in certain circumstances.
Section 10: Fixed Principles	Describes the fixed principles under this Access Arrangement.
Schedule 1	Definitions and Interpretations
Schedule 2	Initial Reference Tariff Schedule
Schedule 3	Reference Service Agreement
Schedule 4	Interconnection of Embedded Network Service



Schedule 5	Request for Service
Schedule 5A	Request for Service Form
Schedule 6	Operational Principles
Schedule 7	Receipt Point Pressures
Schedule 8	UAG Costs and Emissions Measurement Methodology
Schedule 9	Maps of the Network

Supporting information is provided in the Access Arrangement Information that has been submitted as a separate document.

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

This Access Arrangement will commence on the latter of 1 July 2010 and the date on which the AER's approval of this Access Arrangement takes effect under the National Gas Rules.

### **1.6 Review Submission Date**

The Service Provider will submit revisions to this Access Arrangement on or before 30 June 2014.

### **1.7 Revision Commencement Date**

The revisions to this Access Arrangement will commence on the latter of 1 July 2015 and the date on which the AER's approval of the revisions to this Access Arrangement takes effect under the National Gas Rules.



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## **2. Services policy**

### **2.1 The Services**

- (a) The Service Provider provides the following Services on the Network:
  - (i) Reference Services;
  - (ii) Non-Reference Services; and
  - (iii) Legacy Services.
- (b) A User or Prospective User who seeks to obtain a Reference Service or a Non-Reference Service must comply with the Request for Service procedures set out in Schedule 5 regardless of whether the User or Prospective User seeks to obtain a Service for the first time or a change to an existing Service to a Delivery Point.
- (c) Any offer to provide a Service made by the Service Provider in response to a Request is subject to the Queuing Policy.
- (d) All Users of a Service (other than a Legacy Service) are required to enter into a Service Agreement specific to that User and that Service before receiving the Service and must agree to be bound by the provisions of the Operational Schedule.

### **2.2 Reference services**

The Service Provider offers the following Reference Services on the Network to Users and Prospective Users:

- (a) the Haulage Reference Service, which is described in Section A below; and
- (b) the Meter Data Service, which is described in Section B below.

#### **A. Haulage Reference Service**

- (a) The Haulage Reference Service is a service for the transportation of gas by the Service Provider through the Network to a single eligible Delivery Point for the use of a single Customer.
- (b) A Delivery Point is eligible for the Haulage Reference Service if it is for the use of a single Customer and:
  - (i) it is a Delivery Point existing on the Network to which a service designated as a reference service in the Transitioned Access

Arrangement is provided at the date this Access Arrangement takes effect; or

- (ii) it is a new Delivery Point served from existing facilities where the maximum allowable operating pressure is less than or equal to 500 kPa and the Service Provider reasonably expects that the Delivery Point will qualify for a Volume Tariff; or
  - (iii) it is a new Delivery Point served from existing facilities where the maximum allowable operating pressure is less than or equal to 1,050 kPa and the Service Provider reasonably expects that the Delivery Point will qualify for a Demand Tariff.
- (c) The Haulage Reference Service is only available where the Haulage Reference Service is taken in conjunction with the Meter Data Service (where the Service Provider provides the Meter Data Service as a reference service).
  - (d) The Initial Reference Tariffs for the Haulage Reference Service are contained in Schedule 2.

## **B. Meter Data Service**

- (a) The Meter Data Service is a service for the provision of meter reading and on-site data and communication equipment to a Delivery Point in accordance with the Reference Service Agreement contained in Schedule 3.
- (b) The Service Provider will read the meter at a Delivery Point in respect of which the User has entered into a Reference Service Agreement.
- (c) The Service Provider will provide on-site data and communication equipment where economically feasible, at a Delivery Point:
  - (i) where a Demand Tariff has been assigned by the Service Provider; and
  - (ii) in respect of which the User has entered into a Reference Service Agreement.
- (d) The Meter Data Service, or relevant elements thereof, will cease to be offered as a Reference Service, and at the Service Provider's discretion, as a Service, on the date provisions by a relevant regulatory authority come into force that permit a person other than the Service Provider to provide meter reading or on-site data and communication services.
- (e) There are two categories of Charges under a Meter Data Service, namely the Meter Reading Charge and the Provision of On Site Data and Communication Equipment Charge. The Initial Reference Tariffs for the Meter Data Service are set out in Schedule 2.

## **C. Terms and Conditions**

- (a) The terms and conditions upon which the Service Provider will supply each Reference Service are set out in the Reference Service Agreement in Schedule 3.
- (b) The Service Provider may seek the AER's approval to amend the terms of the Reference Service Agreement during the Access Arrangement Period. In doing so, the Service Provider must identify what amendments it proposes to make to the Reference Service Agreement and why.
- (c) The AER will inform the Service Provider in writing of whether or not it has approved the amendment to the Reference Service Agreement within 20 Business Days of receiving the Service Provider's application to amend the Reference Service Agreement.
- (d) If the AER fails to provide the Service Provider with written notification of its decision within 20 Business Days of receiving the Service Provider's application for amendment, the AER will be deemed to have approved the Service Provider's proposed amendments to the Reference Service Agreement and the Reference Service Agreement as amended will be effective from the date it is published on the Service Provider's website.
- (e) If the AER informs the Service Provider in writing that it has approved the Service Provider's application to amend the Reference Service Agreement, the Reference Service Agreement as amended will be effective from the date it is published on the Service Provider's website.
- (f) If the AER declines an application by the Service Provider to amend the Reference Service Agreement it must provide the Service Provider with a written statement of reasons for that decision at the time it informs the Service Provider of its decision.

## **2.3 Non-Reference Services**

The Service Provider offers the following Non-Reference Services on the Network to Users and Prospective Users:

- (a) the Interconnection of Embedded Network Service, which is described in Section A; and
- (b) Negotiated Services, which are described in Section B.

### **A. Interconnection of Embedded Network Service**

The Interconnection of Embedded Network Service is a service provided by the Service Provider to an Embedded Network Operator for the establishment of a single Delivery Point on an Embedded Network connected to the Network, on the terms and conditions


specified by the Service Provider upon application for this service ordinarily including those contained in Schedule 4.

## **B. Negotiated Services**

- (a) Where a Prospective User has specific needs which differ from those which would be satisfied by a Reference Service or the Interconnection of Embedded Network Service, the Prospective User may seek to negotiate different terms and conditions as a Negotiated Service and enter into a Negotiated Service Agreement with the Service Provider.
- (b) Should a dispute arise between the Service Provider and a Prospective User about the provision of a Negotiated Service it will be resolved in accordance with the dispute resolution procedures in the National Gas Law and the National Gas Rules, unless the parties agree otherwise in the Negotiated Service Agreement.

## **2.4 Legacy Services**

- (a) A Legacy Service is a Pipeline Service that was requested as a reference service under a previous access arrangement and which is provided on the Network by the Service Provider to a User under a contract entered into prior to the date on which this Access Arrangement takes effect and which is in force at that date.
- (b) Subject to entering into a Reference Service Agreement with the Service Provider (in the form set out in schedule 3), any User to whom Legacy Services are provided may decide that from the commencement of the Access Arrangement Period it will cease obtaining all Legacy Services from the Service Provider and will instead obtain Haulage Reference Services and any other Reference Services from the Service Provider in accordance with the Bulk Transfer arrangements set out in clause 11.4 of the Reference Service Agreement.
- (c) Where a User seeks to continue to receive Legacy Services after the commencement of the Access Arrangement Period, instead of establishing Reference Services through the arrangements described in clause 2.4 (b) above, the Service Provider undertakes to continue to supply each service to the User in accordance with the terms and conditions of the contracts as long as:
  - (i) the relevant contract remains in force and is not terminated by either party; and
  - (ii) the charges payable under the relevant contract for the supply of each Legacy Service will be the prices charged for the Pipeline Service under the Legacy Service Agreement as at 30 June 2010,



increased by 40% on 1 July 2010 and, thereafter are escalated by the same factor as the Haulage Reference Tariffs.

- (d) Where a contract specifies a price for the supply of a Legacy Service independently of this Access Arrangement, that price will continue to apply (as escalated in accordance with the contract).

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### **3. Reference Tariff Policy**

#### **3.1 Background**

- (a) The Service Provider determines its Reference Tariffs based on a building block revenue requirement established in accordance with the National Gas Rules. This approach calculates required revenues for each year of the Access Arrangement Period to recover a return on the Service Provider's regulated asset base, the depreciation of this asset base and operating costs of running and maintaining the Network.
- (b) Depreciation for establishing the opening Capital Base for the current Access Arrangement Period is based on forecast regulatory depreciation.
- (c) Depreciation for establishing the opening Capital Base for the next Access Arrangement Period after the one to which the Access Arrangement currently relates will be based on forecast depreciation.
- (d) The Service Provider has applied a CPI-X price path approach to smooth its revenues by aligning the Net Present Value (NPV) of its Access Arrangement Period revenue requirement less revenues associated with the Service Provider's Negotiated Services and Ancillary Fees with the NPV of the forecast revenue from the Haulage Reference Service Tariff and the Meter Data Service Reference Tariff. The Service Provider will adopt a tariff basket form of price control to implement annual tariff variations in accordance with the CPI-X price path.
- (e) The Service Provider has designed its Reference Tariffs so that the Reference Tariffs recover the efficient cost of providing Reference Services. The revenues associated with each Reference Tariff are set between the Service Provider's Stand-Alone and Avoidable Costs of providing the Reference Services in order to reflect efficient pricing principles.


#### **3.2 Introduction**

- (a) This Reference Tariff Policy sets out the principles, procedures and formulae that the Service Provider will use during the Access Arrangement Period to formulate and apply the Reference Tariffs at which it will provide Reference Services to Users and Prospective Users.
- (b) This Reference Tariff Policy contains the principles and procedures that apply to how and when the Service Provider may:
  - introduce a new Reference Tariff;
  - vary or withdraw an existing Reference Tariff;

- assign a Tariff Class to a Delivery Point;
  - introduce a new Tariff Class;
  - vary or withdraw an existing Tariff Class.
- (c) The Initial Reference Tariffs for Reference Services and the Initial Tariff Classes are set out in Schedule 2 and will apply until amended in accordance with this Reference Tariff Policy.
- (d) The Service Provider may vary or withdraw an existing Reference Tariff or develop one or more new Reference Tariffs for application to Users at any time during the Access Arrangement Period, in accordance with this Reference Tariff Policy and the approval of the AER.
- (e) The Service Provider may develop one or more new Reference Tariffs for application to Users in certain circumstances as provided by this Reference Tariff Policy.
- (f) If a new Reference Tariff is introduced, the Service Provider will specify the characteristics or conditions under which a Delivery Point will be assigned the new Reference Tariff.
- (g) Where the Service Provider makes a change to a Tariff Class or a Reference Tariff at any time in accordance with this Reference Tariff Policy, the Service Provider will publish a revised Reference Tariff Schedule on the Service Provider's website which will take effect from the date specified in that revised Reference Tariff Schedule.

### **3.3 Reference Tariff Classes**

- (a) The Service Provider will assign each Delivery Point that receives a Haulage Reference Service with a Tariff Class in accordance with the tariff assignment criteria set out in the Reference Tariff Schedule.
- (b) The assigned Tariff Class will determine which Reference Tariffs are payable by a User or Prospective User for receipt of a particular Reference Service at a specific Delivery Point in accordance with the Reference Tariff Schedule.
- (c) Where a Delivery Point is eligible for more than one Tariff Class in accordance with the tariff assignment criteria set out in the Reference Tariff Schedule, the User or Prospective User may nominate in its Request for Service the Tariff Class to which it wants its Delivery Point assigned. The Service Provider may refuse such a nomination by a User or Prospective User if it does not consider the Delivery Point to be eligible for the Tariff Class nominated.
- (d) If a Delivery Point to which a Reference Service is requested is eligible to receive a Reference Service but does not satisfy all of the criteria for assignment to any of the existing Tariff Classes, the User or Prospective User



may request that the Service Provider provide a Tariff Class and an associated Reference Tariff for that Delivery Point.

- (e) Where the Service Provider receives a request under clause 3.3(d) and has sufficient information to:
  - (i) assess the technical and commercial feasibility of providing the requested service; and
  - (ii) to assign a Reference Tariff,the Service Provider will provide a response within 14 days.
- (f) The Service Provider has full discretion as to whether to accept a request under clause 3.3(d). If the Service Provider accepts such a request:
  - (i) the Service Provider will seek the AER's approval for the new Tariff Class and associated Reference Tariff in accordance with this Reference Tariff Policy; and
  - (ii) the Service Provider will offer the requested service as a Negotiated Service until the AER has assessed the Variation Notice in accordance with this Reference Tariff Policy.
- (g) The Service Provider may re-assign a Delivery Point to one or more different Tariff Classes in accordance with the Reference Tariff Schedule at any time where:
  - (i) the Delivery Point has been wrongly assigned to a Tariff Class;
  - (ii) the Tariff Class assigned to the Delivery Point has been withdrawn; or
  - (iii) the Delivery Point no longer qualifies for the assigned Tariff Class.
- (h) Where there is no change in the Customer for a Delivery Point, re-assignment of a Tariff Class for a Delivery Point can only be requested once per calendar year. However, a User may request re-assignment of a Tariff Class for the Delivery Point at any time if it can demonstrate to the Service Provider's reasonable satisfaction that there has been a change in the Customer occupying the premises served by the Delivery Point (other than to a related body corporate of the previous Customer), in which case re-assignment may be requested based on a change in customer characteristics.
- (i) The Service Provider may vary or withdraw an existing Tariff Class or introduce a new Tariff Class for a Delivery Point at any time during the Access Arrangement Period in accordance with this Reference Tariff Policy and the approval of the AER.



### 3.4 Approval by the AER

- (a) The Service Provider will follow the procedures set out below in:
- (i) varying or withdrawing an existing Reference Tariff or Tariff Class; or
  - (ii) introducing a new Reference Tariff or a Tariff Class
- during the Access Arrangement Period.

(b) **Submission to the AER**

- (i) *Annual Variation of Reference Tariffs or Tariff Classes:* Where the Service Provider proposes to vary the Haulage Reference Tariffs or Tariff Classes to apply from the start of the next Financial Year, it will submit a Variation Notice to the AER at least 30 Business Days prior to the commencement of the next Financial Year.
- (ii) *Variation of a Reference Tariff or Tariff Class within a Financial Year:* Where the Service Provider proposes to vary one or more Haulage Reference Tariffs or Tariff Classes within a Financial Year it will submit a Variation Notice to the AER at least 50 Business Days prior to the date upon which it intends to vary the amount of the Haulage Reference Tariff or vary the Tariff Class.
- (iii) Variation of a Reference Tariff or Tariff Class (for the purposes of paragraphs (i) and (ii)) includes the introduction or withdrawal of a Tariff Class, including where the Service Provider proposes to:
  - introduce a new Haulage Reference Tariff or new Haulage Reference Tariff Component; or
  - withdraw an existing Haulage Reference Tariff or existing Haulage Reference Tariff Component;
  - introduce a new Tariff Class; or
  - withdraw an existing Tariff Class.
- (iv) Any proposed new Haulage Reference Tariffs or proposed changes to Haulage Reference Tariffs submitted by the Service Provider under this Access Arrangement must comply with the Annual Tariff Variation Mechanism.

(c) **Variation Notices**

A Variation Notice will include a proposed revised Reference Tariff Schedule and will demonstrate how the proposal complies with the Annual Tariff Variation Mechanism including:

- (i) the effective date of the variation;
- (ii) an explanation as to how the proposal complies with the Annual Tariff Variation Mechanism; and
- (iii) where the Service Provider proposes to introduce a new Haulage Reference Tariff or new Haulage Reference Tariff Component, information about:
  - A. the relevant parent Haulage Reference Tariff;
  - B. reasonable estimates of the quantities that would have been distributed if the new Haulage Reference Tariff Components had existed in the Financial Year immediately prior to the current Financial Year for each new Haulage Reference Tariff Component;
  - C. reasonable estimates of the quantities that would have been distributed if the new Haulage Reference Tariff Components had existed in the Financial Year immediately prior to the current Financial Year for each Haulage Reference Tariff Component of the parent Haulage Reference Tariff; and
  - D. the switching rate of Users moving from a given parent haulage Reference Tariff to a new Haulage Reference Tariff.

(d) **Assessment by the AER**

- (i) Within 20 Business Days of receiving the Service Provider's Variation Notice, the AER will inform the Service Provider in writing of whether or not it has:
  - A. verified the proposed Haulage Reference Tariffs and/or Haulage Reference Tariff Components in the Service Provider's Variation Notice as compliant with the Annual Tariff Variation Mechanism; or
  - B. approved the proposed change to a Tariff Class.
- (ii) If the AER fails to provide the Service Provider with written notification of its decision within 20 Business Days of receiving the

Service Provider's Variation Notice, the AER will be deemed to have approved the variation proposed in the Variation Notice.

- (iii) If the AER informs the Service Provider in writing that it has approved the proposal or is deemed to have approved the proposal, the variation will apply from the commencement date specified in the Variation Notice and the Reference Tariff Schedule published on the Service Provider's website will be amended accordingly.
- (iv) If the AER declines to accept any part of the proposal in the Variation Notice the AER must provide the Service Provider with a written statement of reasons for that decision at the time it informs the Service Provider of its decision.
- (v) In relation to a Variation Notice relating to Haulage Reference Tariffs, in the event that the AER decides that any part of the proposal in the Variation Notice is not compliant for a new Financial Year  $t$ , then:
  - A. the Service Provider may within 20 Business Days of being notified of the AER's decision resubmit the proposal in its original Variation Notice in a revised form to the AER for approval and the AER must then reconsider the application in accordance with this clause 3.4(d); and
  - B. the process in clause 3.4(e) shall apply to determine the Haulage Reference Tariffs for Financial Year  $t$  until such time as the AER verifies, or is deemed to have verified, the Haulage Reference Tariffs proposed in the Variation Notice submitted under sub-paragraph A above for Financial Year  $t$  as compliant.

(e) **Default Haulage Reference Tariffs for the new Financial Year  $t$**

If the Service Provider does not, at least 30 Business Days prior to the commencement of the next Financial Year  $t$  submit the proposed Haulage Reference Tariffs to apply from the start of the next Financial Year  $t$  in accordance with the procedure set out above in paragraph (b) then the Haulage Reference Tariffs and Haulage Reference Tariff Components applying in Financial Year  $t-1$  will be scaled up or down by the left-hand side of the Annual Tariff Variation Mechanism to be applied for Financial Year  $t$  and will apply for Financial Year  $t$ , until such time as the Service Provider has submitted a Variation Notice relating to Haulage Reference Tariffs and/or Haulage Reference Tariff Components for Financial Year  $t$  to the AER for approval and the AER has, or is deemed to have, approved the proposed tariffs.

### 3.5 Reference Tariff Variation Methods

- (a) The Service Provider may vary the Haulage Reference Tariffs in accordance with the Annual Tariff Variation Mechanism and tariff variation notification and AER approval procedures set out in this Reference Tariff Policy. Variations may result in both increases and decreases in Reference Tariffs.
- (b) The Service Provider may vary its Haulage Reference Tariffs for any year during the Access Arrangement Period with effect from 1 July of that year or any other date approved by the AER.
- (c) The Service Provider will adjust the Reference Tariffs for the Meter Data Service and the Ancillary Fees for CPI annually.

#### A. Annual Tariff Variation Mechanism

The Service Provider will implement its CPI-X price path for the Financial Years commencing on or after 1 July 2011 using the Annual Tariff Variation Mechanism specified as the following formula:

$$(1 + CPI_t)(1 - X_t)V_t \geq \frac{\sum_{x=1}^n \sum_{y=1}^m p_t^{xy} q_{t-2}^{xy}}{\sum_{x=1}^n \sum_{y=1}^m p_{t-1}^{xy} q_{t-2}^{xy}}$$

where the Service Provider has  $n$  Reference Tariffs, which each have up to  $m$  tariff components, and where:

$t$  is the Financial Year (being a Financial Year after the Financial Year ending on 30 June 2011) in which the tariffs as varied will apply;

$p_{t-1}^{xy}$  for the Financial Year  $t - 1$  which is the Financial Year after the Financial Year ending 30 June 2010, is the tariff being charged in the Financial Year  $t - 1$  for component  $y$  of Reference Tariff  $x$ ;

$p_t^{xy}$  is the proposed tariff for component  $y$  of Reference Tariff  $x$  in Financial Year  $t$ ;

$q_{t-2}^{xy}$  for the Financial Year  $t - 2$  which is the Financial Year after the Financial Year ending 30 June 2010, is the quantity of component  $y$  of Reference Tariff  $x$  that was sold in Financial Year  $t - 2$ ;

for the Financial Year  $t - 2$  which is the Financial Year ending 30 June 2010, is the quantity of component  $y$  of Reference Tariff  $x$  forecast by

the Service Provider for Financial Year ending 30 June 2011 for the purpose of determining the values of  $X_t$  as submitted to the AER;

$CPI_t$  is defined as defined in Section B;

$X_t$  is as defined by the alignment of the Service Provider's building block revenue requirement with the NPV of its forecast revenues and is determined to be:

-1.96% in 2011/12;

-1.96% in 2012/13;

-1.96% in 2013/14; and

-1.96% in 2014/15; and

$V_t$  is the annual variation factor in Financial Year  $t$  for the Service Provider determined in accordance with Section C clause (e).


## **B. Calculation of CPI adjustment**

For the purpose of the Annual Tariff Variation Mechanism, CPI for a particular Financial Year means:

- (a) for Financial Years beginning after 1 July 2010:
  - (i) the Consumer Price Index: All Groups Index for the Eight State Capitals as published by the Australian Bureau of Statistics for the March Quarter immediately preceding the start of the relevant Financial Year; divided by
  - (ii) the Consumer Price Index: All Groups Index for the Eight State Capitals as published by the Australian Bureau of Statistics for the March Quarter immediately preceding the March Quarter referred to in paragraph (i),
  - (iii) minus one.
- (b) If the Australian Bureau of Statistics does not, or ceases to, calculate and publish the CPI, then CPI will mean an inflation index or measure agreed between the AER and the Service Provider.

## **C. Tariff adjustments and pass through events**

- (a) The Annual Tariff Variation Mechanism provides for annual adjustment in accordance with the approved price path ( $X$  factor) and for the variation of



Reference Tariffs where there is an impact on the cost of providing Reference Services as a result of one or more of a cost pass-through event or annual tariff adjustment event occurring, the cost of which was not included in the amount of the Initial Reference Tariffs and price path.

(b) Annual tariff adjustments include:

- Unaccounted for Gas (UAG) Adjustment;
- Weather Variation Adjustment;

(c) Cost pass-through events include:

- a License Fee Event;
- a Change in Tax Event;
- a Business Continuity Event;
- a Market Costs Event; and
- a Declared Retailer of Last Resort (ROLR) Event,

(together **Cost Pass-Through Events**)

where:

**"UAG Adjustment"** means the annual Reference Tariff adjustment for variations in UAG Costs relative to the forecast UAG Costs included in the Service Provider's approved Cost of Service taking into account the UAG Target Rate and UAG Tolerance Rate.

**"Weather Variation Adjustment"** means the annual Reference Tariff adjustment for differences between the number of Heating Degree Days (**HDDs**) assumed in the demand forecasts used to determine the approved Cost of Service in a specific Financial Year and the number of HDDs that actually occurred in that Financial Year.

**"Licence Fee Event"** means the annual costs incurred by the Service Provider as a result of any decision by the AER, IPART, AEMO, the Gas Market Company or any other relevant regulator, authority or State or Commonwealth Government which has the effect of changing or introducing any authorisation fee, licence fee or statutory charge imposed on the Service Provider which is related to the operation of the Network.

**"Change in Tax Event"** means:

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

**"Business Continuity Event"** means any occurrence that may create, or may lead to, an interruption, disruption, loss and/or crisis in the Service Provider's business for which the Service Provider does not have full insurance coverage as identified in the Service Provider's Access Arrangement Information, including but not limited to, gas supply shortfall, tsunamis, cyclone, pandemic illness and earthquake.

**"Market Costs Event"** means any:

- (i) decision made by the AER, or any other authority;
- (ii) coming into force of any new statute, regulation, order, rule, subordinate legislation or other source of legal obligation on the Service Provider;
- (iii) change in any existing statute, regulation, order, rule, subordinate legislation or other source of legal obligation on the Service Provider; or
- (iv) change in any other document enforceable under any statute, regulation, rule or subordinate legislation;

which occurs on or after 1 July 2009, which has the effect of:

- (v) imposing minimum standards (including network design, operational or safety standards) on the Service Provider that are new or different from those applying immediately before 1 July 2009; or
- (vi) substantially altering the manner in which the Service Provider is required to undertake any activity forming part of, or ancillary to, its Reference Services (including, but not limited to, rules governing the operation of competitive gas markets or a requirement that a party other than, or in addition to, the Service Provider be required to comply with the obligations of a Service Provider for the Network under the National Gas Law and National Gas Rules);

such that the Service Provider incurs greater or lesser costs in providing the Reference Services than it did before the event occurred.

**"Declared Retailer of Last Resort (ROLR) Event"** means the occurrence of an event whereby the Service Provider incurs materially higher or lower

administrative costs as a result of an existing retailer for Customers being unable to continue to supply gas and those Customers being transferred to the declared retailer of last resort.

(d) Subject to the AER's approval, Haulage Reference Tariffs will be adjusted to pass through the costs (including the financing costs) of one or more of the Cost Pass Through Events. Where the Service Provider proposes to vary the Haulage Reference Tariffs:

- (i) *as part of the annual variation of the Haulage Reference Tariff to apply from the start of the next Financial Year:* the Cost Pass Through Events set out in the Variation Notice submitted to the AER will not be subject to a materiality threshold.
- (ii) *within a Financial Year:* the Cost Pass Through Events set out in the Variation Notice submitted to the AER will be subject to a materiality review. In forming a view as to whether the impact of a particular Cost Pass Through Event is material, the AER must have regard to Jemena's reasonable cash flow requirements.

(e) The Service Provider will employ the following annual variation factor  $V_t$  in its Annual Tariff Variation Mechanism

- (i) The annual variation factor  $V_t$  that will apply in the Financial Year  $t$  ending 30 June 2011 is one.
- (ii) The annual variation factor  $V_t$  that will apply in Financial Year  $t$  after the Financial Year ending 30 June 2011, is:

$$V_t = \frac{(1 + V'_t)}{(1 + V'_{t-1})}$$

Where

$$V'_t = \frac{U_t + W_t + L_t + O_t}{(1 + CPI_t)(1 - X_t) \sum_{x=1}^n \sum_{y=1}^m p_{t-1}^{xy} q_{t-2}^{xy}}$$

- $V'_{t-1}$  (a) if Financial Year  $t$  is prior to the Financial Year ending 30 June 2013, is zero;
- (b) if Financial Year  $t$  is after the Financial Year ending 30 June 2012, is the value of  $V'_t$  determined in the Financial Year  $t - 1$ ;



$U_t$	is the annual UAG Adjustment in Financial Year $t$ for the Service Provider determined in accordance with Section D;
$W_t$	is the annual Weather Variation Adjustment in Financial Year $t$ for the Service Provider determined in accordance with Section E.
$L_t$	is the Licence Fee Event pass through adjustment in Financial Year $t$ for the Service Provider determined in accordance with Section F;
$O_t$	is the Other Events cost pass through adjustment in Financial Year $t$ for the Service Provider determined in accordance with Section G;
$X_t$	is as set out in Section A;
$p_{t-1}^{xy}$	is the tariff for tariff component $y$ of Reference Tariff $x$ in Financial Year $t - 1$ as set out in Section A; and
$q_{t-2}^{xy}$	is the estimated quantity of tariff component $y$ of Reference Tariff $x$ in Financial Year $t - 2$ as set out in Section A;.

#### D. Calculation of the UAG Adjustment

- (a) The Service Provider's UAG Costs are the financial impact of UAG on the Service Provider. UAG Costs include costs associated with:
- (i) purchases of gas by the Service Provider as UAG, including costs for transmission haulage and other direct costs reasonably incurred by the Service Provider to acquire UAG through a competitive market or process (**UAG Purchasing Costs**); and
  - (ii) Carbon Permits required to be surrendered by the Service Provider in respect of Fugitive Emissions associated with gas unaccounted for or lost in the Network (such Fugitive Emissions to be calculated using the NGER Determination methodology set out in Schedule 8) (**Carbon Permit Costs**).
- (b) The Service Provider's Cost of Service includes an allowance for UAG Purchasing Costs based on the UAG Target Rate for 2010/11 to 2014/15 and Carbon Permit Costs, as set out in Schedule 8.

- (c) Reference Tariffs will be adjusted each Financial Year to account for the difference in the previous Financial Year between the allowance for UAG Costs included in the Cost of Service (as set out in Schedule 8) and the Recoverable UAG Cost (as set out below).
- (d) The Recoverable UAG Cost for the previous Financial Year in the Access Arrangement is the sum of:
  - (i) the product of:
    - A. the latest forecast of gas receipts for the previous Financial Year;
    - B. the average UAG Purchasing Cost per gigajoule for purchases of gas in the previous Financial Year; and
    - C. the UAG Target Rate or, where the UAG Rate for the previous Financial Year is greater than the UAG Target Rate, the lesser of the UAG Rate and the UAG Tolerance Rate,

and
  - (ii) the Carbon Permit Costs calculated in accordance with Schedule 8 updated for:
    - A. the latest forecast of gas receipts for the previous Financial Year;
    - B. the current length of pipelines with pressure greater than 1050kPA; and
    - C. the average Carbon Permit price paid or to be paid by the Service Provider in the previous Financial Year, which will be deemed to be zero if the Service Provider incurs no Carbon Permit liability in that Financial Year.

**(Recoverable UAG Cost)**

- (e) Reference Tariffs will be adjusted in the event that UAG Costs cease to be a Network cost during the Access Arrangement Period.
- (f) The Service Provider will employ the following UAG Adjustment factor  $U_t$  in its Annual Tariff Variation Mechanism.
  - (i) The UAG adjustment factor  $U_t$  that will apply in the Financial Year  $t$  ending 30 June 2011 is zero.

- (ii) The UAG Adjustment factor  $U_t$  that will apply in Financial Year  $t$  after the Financial Year ending 30 June 2011, is:

$$U_t = (UAG_{t-1}^{Actual} - UAG_{t-1}^{Allowance})(1 + WACC)(1 + CPI_t)$$

where

$UAG_{t-1}^{Actual}$  is the Recoverable UAG Costs incurred by the Service Provider in the Financial Year t-1 determined in accordance with Section D subclause (d);

$UAG_{t-1}^{Allowance}$  is the forecast UAG Cost included in the Service Provider's approved Cost of Service for the relevant Financial Year t-1;

$CPI_t$  is defined as set out in Section B; and

$WACC$  is as defined in Schedule 1.

#### E. Calculation of the Weather Variation Adjustment

The Service Provider will employ the following Weather Variation adjustment ( $W_t$ ) in its Annual Tariff Variation Mechanism.

- (i) The Weather Variation adjustment  $W_t$  that will apply in the Financial Year  $t$  ending 30 June 2012 or earlier is zero.
- (ii) The Weather Variation adjustment  $W_t$  that will apply in Financial Year  $t$  after the Financial Year ending 30 June 2012, is:

$$W_t = wf_{t-2}(1 + WACC)^2(1 + CPI_{t-1})(1 + CPI_t)$$

$wf_{t-2}$  is the financial impact of weather variations in the Financial Year  $t - 2$  and is calculated as:

$$wf_{t-2} = (HDD_{forecast} - HDD_{actual})(R_{avg})(\alpha)$$

$HDD_{forecast}$  is the forecast Heating Degree Days in Financial Year  $t - 2$  used to determine the Service Provider's approved Cost of Service as set out below:

483 in 2010/11;

480 in 2011/12;  
 477 in 2012/13;  
 474 in 2013/14; and  
 471 in 2014/15;

$HDD_{actual}$  is the actual Heating Degree Days in Financial Year  $t - 2$ ;

$CPI_t$  is defined as set out in Section B;

$CPI_{t-1}$  is the value of  $CPI_t$ , defined as set out in Section B for the Financial Year  $t - 1$ ;

$\alpha$  is the estimated amount by which aggregate demand for all Customers with annual consumption of less than 10 TJ varies with each 1 HDD change in the number of HDDs for a year, and is set at 17,100 GJ/HDD;

$WACC$  is as defined in Schedule 1; and

$R_{avg}$  is the average price for the Service Provider's Throughput Based Charges to Customers with annual consumption of less than 10 TJ and is calculated as:

$$R_{avg} = \frac{\sum_{k=1}^n \sum_{l=1}^m p_{t-2}^{kl} q_{t-2}^{kl}}{\sum_{k=1}^n \sum_{l=1}^m q_{t-2}^{kl}}$$

Where:

$p_{t-2}^{kl}$  is the tariff for Throughput Based Charges to Customers with annual consumption of less than 10 TJ for tariff component  $k$  of Reference Tariff  $l$  in Financial Year  $t - 2$ ; and

$q_{t-2}^{kl}$  is the quantity delivered against tariff component  $p_{t-2}^{kl}$  in Financial Year  $t - 2$ .

## F. Calculation of the pass through adjustment for a Licence Fee Event

The Service Provider will employ the following Licence Fee Event pass through adjustment ( $L_t$ ) in its Annual Tariff Variation Mechanism.

- (a) The Licence Fee Event pass through adjustment  $L_t$  that will apply in the Financial Year  $t$  ending 30 June 2011 is zero.
- (b) The Licence Fee Event pass through adjustment  $L_t$  that will apply in Financial Year  $t$  after the Financial Year ending 30 June 2011, is:

$$L_t = If_{t-1}(1+WACC)(1+CPI_t)$$

where

$If_{t-1}$  is the financial impact of a change in the Service Provider's costs arising from a Licence Fee Event paid by the Service Provider for the Financial Year ending in June of the Financial Year  $t-1$ ;

$CPI_t$  is defined as set out in Section B; and

$WACC$  is as defined in Schedule 1.

## G. Calculation of the Other Events adjustment

"Other Events" means the financial impact on the Service Provider arising from any of the following events:

- a Change in Tax Event;
- a Business Continuity Event;
- a Market Costs Event; and
- a Declared Retailer of Last Resort (ROLR) Event.

The Service Provider will employ the following Other Events pass through adjustment  $O_t$  in its Annual Tariff Variation Mechanism.

- (a) The Other Events pass through adjustment  $O_t$  that will apply in the Financial Year  $t$  ending 30 June 2011 is zero.

- (b) The Other Events pass through adjustment  $O_t$  that will apply in Financial Year  $t$  after the Financial Year ending 30 June 2011, is:

$$O_t = of_{t-1}(1+WACC)(1+CPI_t)$$

where

$of_{t-1}$  is the financial impact of Other Events for the Financial Year  $t-1$ ;

$CPI_t$  is defined as set out in Section B; and

$WACC$  is as defined in Schedule 1.

### 3.6 Introduction or Withdrawal of Haulage Reference Tariffs

- (a) Where the Service Provider submits information in accordance with clause 3.4(c) that switching rates of Users moving from a given parent Haulage Reference Tariff (which is the Haulage Reference Tariff currently assigned to those Delivery Points to which the proposed new Haulage Reference Tariff is proposed to apply) to a proposed new Haulage Reference Tariff will continue to be above zero from Financial Year to Financial Year, application of the Annual Tariff Variation Mechanism will distinguish between:
- (i) Delivery Points to which the new Haulage Reference Tariff has already been assigned, in which case  $q_{t-2}^{xy}$  will be based on the actual Quantities distributed, in relevant units, at those Delivery Points to which the new Haulage Reference Tariff has already been assigned and  $p_t^{xy}$  is the new Haulage Reference Tariff; and
  - (ii) Delivery Points to which the new Haulage Reference Tariff is expected to be assigned during Financial Year  $t$ , in which case  $q_{t-2}^{xy}$  will be based on the reasonable estimates of the Quantities which would have been distributed at those Delivery Points, as submitted by the Service Provider, and  $p_t^{xy}$  is the new Haulage Reference Tariff.

## H. New Haulage Reference Tariffs

- (a) Where the Service Provider proposes to introduce new Haulage Reference Tariffs and/or new Haulage Reference Tariff Components the  $q_{t-2}^{xy}$  term in the Annual Tariff Variation Mechanism will be interpreted in relation to:
- (i) the reasonable estimates of the Quantities that would have been distributed, in relevant units, if the Haulage Reference Tariff Components had existed in Financial Year  $t - 2$  as provided by the Service Provider; and
  - (ii) the Haulage Reference Tariff Components of the parent Haulage Reference Tariff in Financial Year  $t - 2$  as provided by the Service Provider.
- (b) Where the Service Provider has introduced new Haulage Reference Tariffs and/or new Haulage Reference Tariff Components in Financial Year  $t - 1$ , the  $p_{t-1}^{xy}$  term in the Annual Tariff Variation Mechanism will be the relevant parent Haulage Reference Tariff or Haulage Reference Tariff Components as provided by the Service Provider.

## I. Withdrawal of Haulage Reference Tariffs

- (a) Where the Service Provider proposes to withdraw a Haulage Reference Tariff and to make only one other Haulage Reference Tariff available to the Customer to which the Haulage Reference Tariff to be withdrawn applied, the  $p_t^{ij}$  term in the Annual Tariff Variation Mechanism for the Haulage Reference Tariff that is proposed to be withdrawn will be interpreted in relation to the Haulage Reference Tariff Components of the Haulage Reference Tariff which will be reassigned to that Customer in Financial Year  $t$ , in accordance with information submitted by the Service Provider.
- (b) Where the Service Provider is proposing to withdraw a Haulage Reference Tariff and to make more than one other Haulage Reference Tariff available to the Customers to which the Haulage Reference Tariff to be withdrawn applied:
- the  $p_t^{ij}$  term in the Annual Tariff Variation Mechanism for the Haulage Reference Tariff that is proposed to be withdrawn will be interpreted separately in relation to the Haulage Reference Tariff Components of each of the Haulage Reference Tariffs which will be reassigned to those Customers in Financial Year  $t$ , in accordance with information submitted under clause 3.4; and
  - the  $q_{t-2}^{ij}$  term in the Annual Tariff Variation Mechanism for the Haulage Reference Tariff that is proposed to be withdrawn in

Financial Year  $t$  will be the actual Quantities, in relevant units, of each Haulage Reference Tariff Component that were distributed under the parent Haulage Reference Tariff at those Customers to which the same Haulage Reference Tariff has been assigned in Financial Year  $t$ , in accordance with information submitted under clause 3.4; and

- the  $q_{t-2}^{ij}$  term in the Annual Tariff Variation Mechanism for the Haulage Reference Tariff that has been withdrawn in Financial Year  $t - 1$ , will be the actual Quantities, in relevant units, of each Haulage Reference Tariff Component that were distributed under the parent Haulage Reference Tariff at those Customers to which the same Haulage Reference Tariff has been assigned in Financial Year  $t - 1$ , in accordance with information submitted under clause 3.4.

### 3.7 Goods and Services Tax

- (a) Unless otherwise stated, all amounts payable or the value of other consideration provided in respect of supplies made in relation to this Access Arrangement are exclusive of GST (if any). If GST is levied or imposed on any supply made (or deemed to have been made) under or in accordance with this Access Arrangement, the amounts payable or the value of the consideration provided for that supply (or deemed supply) ('**Payment**') shall be increased by such amount as is necessary to ensure that the amount of the Payment net of GST is the same as it would have been prior to the imposition of GST.
- (b) Terms defined in *A New Tax System (Goods and Services Tax) Act 1999* (Cth) or a successor Act have the same meaning when used in this clause 3.7.



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## **4. Speculative capital expenditure & investment policy**

### **4.1 General**

- (a) If during the Access Arrangement Period the Service Provider chooses to make capital expenditure that is non-conforming capital expenditure under the National Gas Rules it may:
  - (i) recover the full amount or part of the amount of the expenditure by means of a capital contribution by a User or Users; and/or
  - (ii) notify the AER that it proposes to recover the amount or part of the amount of the expenditure by means of a surchargeas provided in the National Gas Rules.
- (b) To the extent that the amount of the non-conforming capital expenditure is not to be recovered through a surcharge approved by the AER in accordance with the National Gas Rules, or through a User's capital contribution, the Service Provider will add that amount to its speculative capital expenditure account in accordance with the National Gas Rules.

### **4.2 Expansion incentive mechanism**

- (a) The Service Provider may expand its reticulated gas network into established suburbs during the Access Arrangement Period. Where this occurs, the Service Provider will separately report the capital expenditure as a new category in its speculative capital expenditure account and report the Delivery Points associated with this capital expenditure.
- (b) Subject to AER assessment that the capital expenditure reported under clause 4.2(a) is conforming capital expenditure, the capital expenditure will be first included in the Service Provider's Capital Base five years after the year in which it is reported.
- (c) For the purpose of determining the allowed prices at each Access Arrangement review, demand associated with Delivery Points reported under clause 4.2(a) will first be recognised five years after the year in which the Delivery Points associated with the capital expenditure are reported.

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## 5. Capital redundancy policy

- (a) The AER may reduce the Capital Base with effect from the commencement of the Access Arrangement Period which immediately follows the conclusion of the current Access Arrangement Period, if it is of the reasonable opinion that any of the following have occurred in relation to assets comprising some or all of the Capital Base:
  - (i) the assets have ceased to contribute to the delivery of Services; or
  - (ii) the assets have been sold or disposed of by the Service Provider or the Service Provider has entered into a binding agreement for their sale or disposal.
  
- (b) In determining whether to reduce the Capital Base, and the amount by which the Capital Base should be reduced, the AER may take into account:
  - (i) The value of the assets when the assets were first included in the Capital Base, and their current value;
  - (ii) The value that the assets to be removed from the Capital Base represent as a proportion of the total Capital Base;
  - (iii) The cost to the Service Provider of a reduction in Total Revenue resulting from a reduction of the Capital Base;
  - (iv) The impact of a reduction of the Capital Base on Tariffs paid by Users;
  - (v) The objectives and principles of the National Gas Law and National Gas Rules; and
  - (vi) Any other factors that in the reasonable opinion of the AER are relevant and not inconsistent with the National Gas Law and National Gas Rules.

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## **6. Queuing policy**

### **6.1 Forming the Queue**

- (a) Where there is insufficient capacity to satisfy a Request and the Service Provider receives a Request from a User, a queue will be formed.
- (b) A queue will include all relevant Requests which cannot be satisfied. Where an offer has been made in response to a Request received prior to formation of the queue, that Request will take first position in the queue. If there are a number of offers that have been made in response to Requests received prior to the formation of the queue, those Requests will take positions in the queue according to the date of those Requests, but will be ahead of any Requests made after the formation of the queue.
- (c) At the time a Request is placed in a new or existing queue, the Service Provider will advise the Prospective User of:
  - (i) its position in the queue;
  - (ii) the aggregate capacity sought under Requests which are ahead in the queue;
  - (iii) its estimate of when capacity may become available; and
  - (iv) the size of any surcharge that may apply to Developable Capacity.
- (d) When the position of a Request changes relative to other Requests which are ahead in the queue (such as where a Request ceases to be on the queue) or where the timing of availability of a new tranche of Developable Capacity changes, the Service Provider will provide revised information to the Prospective User.
- (e) Where a Request is made for a Service to a Delivery Point and the Service Provider is satisfied that the Request is for the same tranche of capacity which is already provided to another User in respect of that Delivery Point, then the Service Provider may make that tranche of capacity available in response to the Request to the extent that the existing User is otherwise entitled to maintain or extend that tranche of capacity. That Request does not form part of the queue.

### **6.2 Conditions Applicable on Queue**

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

- (b) Once every three months, the Service Provider may seek confirmation from a Prospective User that it wishes to continue with its Request. If a Prospective User fails to respond within 14 days the Request will lapse.
- (c) A Prospective User must advise the Service Provider if it does not wish to proceed with a Request, which will then lapse.
- (d) Any lapsed Request will be removed from the queue and priority will be lost.
- (e) A Prospective User may only assign a Request in a queue to a bona fide purchaser of the Prospective User's business and/or assets, subject to the Service Provider's prudential requirements.
- (f) A Request may lapse if, on assignment of a controlling interest in the shares of the Prospective User, the assignee fails to provide a guarantee as required by the Service Provider or to meet the Service Provider's prudential requirements.

### **6.3 Procedure When Capacity Can Be Made Available**

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

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

### **6.4 Priority of Prospective Users in Obtaining Services**

- (a) The priority date of a Request is the date a complete Request is received by the Service Provider.
- (b) Where the Service Provider determines that two or more Requests relate to the same tranche of capacity for the same Delivery Point, all those Requests will have the priority date of the earliest Request.
- (c) A Request for a Service relating to less than 1 TJ of gas per annum will have priority over a Request for a Service relating to more than 1 TJ of gas per annum.

- (d) A Request for a Reference Service will have priority over a Request for a Negotiated Service.

## **6.5 Compensation for Holding Capacity**

- (a) The Service Provider may require the User to pay compensation for the Service Provider agreeing to commence a Service more than 30 days from the execution of a Service Agreement where the commitment of capacity to meet the requirements of the User contributes to:
  - (i) the continuation of a queue,
  - (ii) the formation of a queue at any time prior to the commencement date, or
  - (iii) the acceleration of investment by the Service Provider to provide capacity for other Users on the transportation route.

## **6.6 General**

- (a) A Request will not lapse and will retain its priority in a queue in the event of a dispute being notified, until that dispute has been resolved in accordance with the National Gas Law and National Gas Rules.
- (b) Where a queue exists a Prospective User must on request demonstrate to the Service Provider that the Prospective User will have access to a supply of gas at the time it is anticipated that the Prospective User will be offered access to the Service.

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## 7. Extensions and expansions policy

- (a) The following method shall be used to determine whether an extension or expansion of a Covered Pipeline should be taken to form part of the Covered Pipeline:
  - (i) subject to this extensions and expansions policy, an extension or expansion of a Covered Pipeline will be taken to form part of the Covered Pipeline (and will be treated for all purposes as part of the Covered Pipeline) from the date of completion of the extension or expansion;
  - (ii) the Service Provider may apply to the AER in writing for a declaration by the AER that paragraph (a) will not apply to the extension or expansion referred to in the application;
  - (iii) after considering an application and undertaking such consultation as the AER considers appropriate, the AER must advise the Service Provider whether or not it makes the declaration; and
  - (iv) a declaration may be made on such reasonable conditions determined by the AER and will have the operation specified in the declaration.
- (b) An extension includes any pipes laid by or on behalf of the Service Provider in a distribution system owned and operated by the Service Provider at any time during the Access Arrangement (where “distribution system” has the meaning given to it in the Gas Supply Act 1996 (NSW)).
- (c) The Service Provider will offer Reference Services in respect of such extension or expansion which is part of the Network at the Reference Tariffs.



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## 8. Capacity trading

- (a) A User may transfer all or any of its contracted capacity for a Haulage Reference Service to another User in accordance with the provisions of the Reference Service Agreement contained in Schedule 3.
- (b) A User may transfer all or any of its contracted capacity for a Pipeline Service other than a Haulage Reference Service to another User in accordance with the provisions of its Service Agreement with the Service Provider to the extent those provisions are consistent with the capacity trading requirements in the National Gas Rules.



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## 9. Changing receipt and delivery points

- (a) A User may, with the Service Provider's consent, change the User's Receipt Point or Delivery Point for the delivery of a Reference Service in accordance with the provisions of the Reference Service Agreement contained in Schedule 3.
- (b) A User may, with the Service Provider's consent, change the User's Receipt Point or Delivery Point for the delivery of a Pipeline Service other than a Haulage Reference Service in accordance with the provisions of its Service Agreement with the Service Provider to the extent those provisions are consistent with the provisions governing the change of receipt and delivery points by Users in the National Gas Rules.



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## 10. Fixed principles

### 10.1 Consolidated Access Arrangement

(a) The AER has issued a direction to the Service Provider under Rule 53 of the National Gas Rules to consolidate the access arrangements for its four Covered Pipelines:

- (i) Wilton-Newcastle trunk pipeline;
- (ii) Wilton-Wollongong trunk pipeline;
- (iii) AGL NSW distribution system; and
- (iv) AGL Central West distribution system

subject to the following conditions:

- (v) the consolidation remain in force until revoked by the AER; and
- (vi) The Service Provider must separately prepare, maintain and keep information about the Capital Base of the:
  - A. Wilton-Newcastle trunk pipeline;
  - B. Wilton-Wollongong trunk pipeline; and
  - C. the AGL NSW distribution system and the AGL Central West distribution system.

(b) It is a fixed principle under this Access Arrangement that the AER must notify the Service Provider no later than 18 months prior to the Revision Commencement Date if it intends to revoke its direction to the Service Provider to consolidate the access arrangements for its four Covered Pipelines. This fixed principle remains in force for the Access Arrangement Period covered by this Access Arrangement.

### 10.2 Cross-period pricing factors

(a) It is a fixed principle under this Access Arrangement that in calculating the initial Reference Tariffs for the supply of Reference Services in the next Access Arrangement Period, the Service Provider may include any costs it incurred in the final year of the previous Access Arrangement Period which could otherwise have been the subject of an adjustment in the calculation of Reference Tariffs.

- (b) The adjustments referred to in clause 10.2(a) include:
- (i)  $W_t$  the annual Weather Variation Adjustment in Financial Year  $t$  for the Service Provider determined in accordance with Section E of the Reference Tariff Policy.
  - (ii)  $U_t$  the annual UAG Adjustment in Financial Year  $t$  for the Service Provider determined in accordance with Section D of the Reference Tariff Policy;
  - (iii)  $L_t$  the License Fee Event adjustment in Financial Year  $t$  for the Service Provider determined in accordance with Section F of the Reference Tariff Policy; and
  - (iv)  $O_t$  the Other Events Adjustment in Financial Year  $t$  for the Service Provider determined in accordance with Section G of the Reference Tariff Policy.
- (c) This principle applies to the Access Arrangement Period covered by this Access Arrangement and to the next Access Arrangement Period.

### 10.3 Expansion incentive mechanism

It is a fixed principle under this Access Arrangement that clause 4.2 will apply to the Access Arrangement Period covered by this Access Arrangement and to the next Access Arrangement Period.

## Schedule 1 - Definitions And Interpretations

### 1.1 Definitions

In this Access Arrangement:

**AEMC** has the meaning given in the Reference Service Agreement;

**AER** means the Australian Energy Regulator established by section 44AE of the *Trade Practices Act 1974* of the Commonwealth;

**Access Arrangement Information** means the information approved by the AER, for the purposes of and in accordance with the National Gas Rules;

**Access Arrangement Period** has the meaning given to it in the National Gas Rules;

**Ancillary Fee** has the meaning given in the Reference Service Agreement;

**Annual Tariff Variation Mechanism** or price control means the mechanism set out in Section A of the Reference Tariff Policy;

**Appliance and Gas Load Information** means the information a User or Prospective User is required to provide to the Service Provider in a Request for Service in the form set out in Schedule 5A;

**Average Temperature** for a day is the average of the maximum and minimum temperatures for the day as recorded at the Sydney Observatory Hill weather station and reported by the Bureau of Meteorology;

**Basic Metering Equipment** has the meaning given in the Reference Service Agreement;

**Bulk Transfer** has the meaning given in the Reference Service Agreement

**Business Customer** means an Customer who is not an Customer who consumes gas principally for personal, domestic or household use;

**Business Day** has the meaning given in the Reference Service Agreement;

**Capital Base** means the capital value to be attributed, in accordance with Part 9 of the National Gas Rules, to pipeline assets;

**Carbon Permit** means a permit, allowance, credit or other entitlement which is mandatorily required to be held, surrendered or applied in respect of greenhouse gas emissions, or in respect of the sale or supply of carbon-intensive fuels or materials, occurring in New South Wales;

**Central West Network** means the pipelines within the Central West Distribution System;

**Central West Distribution System** means the covered natural gas distribution pipelines owned by the Service Provider, which have Receipt Points and service the Central West areas as described in Schedule 7;

**Charge** for a Service means the amount that is payable by a User to the Service Provider for the provision of the Service to that User;

**Chargeable Demand** has the meaning given in the Reference Service Agreement;

**Consequential Damages** has the meaning given in the Reference Service Agreement;

**Coverage Determination** means a determination of a relevant Minister under Chapter 3 Part 1 Division 1 of the National Gas Law;

**Covered Pipeline** means a pipeline:

- (a) to which a Coverage Determination applies; or
- (b) deemed to be a Covered Pipeline by operation of section 126 or 127 of the National Gas Law;

**Cost of Service** is the total revenue for each regulatory year of the Access Arrangement Period as set out in the Access Arrangement Information for this Access Arrangement;

**CPI** means the All Groups Consumer Price Index that is the weighted average of the 8 capital cities as first published by the Australian Bureau of Statistics;

**Curtailement Plan** means a written procedure, which is reasonably acceptable to the Service Provider, that describes the timing and steps to be taken by a Customer to reduce and maintain hourly Gas withdrawals at the Delivery Point to pre-quantified levels which correspond to the Load Shedding Priorities set out in the ELMS Data for the Delivery Point;

**Customer** has the meaning given in the Reference Service Agreement;

**Damage** has the meaning given in the Reference Service Agreement;

**Day** has the meaning given in the Reference Service Agreement;

**Declared Heating Value** has the meaning given in the Reference Service Agreement;

**Delivery Point** means a point on the Network at which the Service Provider delivers natural gas;

**Delivery Station** has the meaning given in the Reference Service Agreement;

**Demand Tariff** means a type of tariff assigned to a Delivery Point in accordance with the assignment criteria for a demand tariff as set out in the Reference Tariff Schedule;

**Developable Capacity** means the difference between the current capacity of a Covered Pipeline and the capacity of a Covered Pipeline which would be available if a new facility

was constructed, but does not include any new capacity of a Covered Pipeline resulting from an extension to the geographic range of a Covered Pipeline;

**ELMS Data** has the meaning given in the Reference Service Agreement;

**Embedded Network** means a distribution system or a pipeline not owned and operated by the Service Provider, which is connected to and receives gas from the Network for the purpose of use by third parties;

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

**Financial Year** means the 12-month period ending on 30 June in any year;

**Fixed Charge** means a charge determined in accordance with the Reference Tariff Policy and the Reference Tariff Schedule;

**Fugitive Emissions** has the meaning given to such term in the *National Greenhouse and Energy Reporting (Measurement) Determination 2008* as made under subsection 10 (3) of the *National Greenhouse and Energy Reporting Act 2007 (Cth)*, as amended from time to time;

**Gas** has the meaning given in the Reference Service Agreement;

**GJ** has the meaning given in the Reference Service Agreement;

**GST** has the meaning given in the Reference Service Agreement;

**GST law** has the meaning given in the Reference Service Agreement;

**Haulage Reference Service** has the meaning given in the Reference Service Agreement;

**Haulage Reference Tariff** means a tariff which relates to a Haulage Reference Service, established in accordance with the Reference Tariff Policy;

**Haulage Reference Tariff Component** means any one of the individual charges that comprises a particular Haulage Reference Tariff;

**Heating Degree Days (HDD)** for a day is the difference between 18 degrees Celsius and the Average Temperature for the day, if the Average Temperature for the day is less than 18 degrees Celsius. Otherwise the HDD for the day is zero;

**Heating Value** has the meaning given in the Reference Service Agreement;

**Hour** has the meaning given in the Reference Service Agreement;

**Indemnified Damages** has the meaning given in the Reference Service Agreement;

**Initial Reference Services** means the Reference Services applying on the commencement of this Access Arrangement (under clause 1.5), until amended in accordance with the Reference Tariff Policy;

**Initial Reference Tariffs** means the Reference Tariffs applying on the commencement of this Access Arrangement (under clause 1.5), until amended in accordance with the Reference Tariff Policy;

**Initial Reference Tariff Schedule** means Schedule 2 of this Access Agreement;

**Initial Tariff Classes** means the Tariff Classes applying on the commencement of this Access Arrangement (under clause 1.5), until amended in accordance with the Reference Tariff Policy;

**Interconnection of Embedded Network Service** means the Service described in clause 2.3, Section A;

**kPa** has the meaning given in the Reference Service Agreement;

**Legacy Service** means a service provided by the Service Provider under clause 2.4;

**Load** has the meaning given in the Reference Service Agreement;

**Maximum Daily Quantity** or **MDQ** means the maximum Quantity of gas (in GJ) which the Service Provider is obliged to transport and delivery to a particular Delivery Point on behalf of the User on any Day (excluding Overruns);

**Maximum Hourly Quantity** or **MHQ** means the maximum Quantity of gas (in GJ) which the Service Provider is obliged to transport and delivery to a particular Delivery Point on behalf of the User in any Hour (excluding Overruns);

**Measuring Equipment** has the meaning given in the Reference Service Agreement;

**Meter Data Service** means the service which is described in clause 2.2, Section B;

**Meter Data Service Reference Tariff** means the tariffs relating to the Meter Data Service, as specified in the Reference Tariff Schedule;

**Meter Reading Charge** means an annual charge specified in the Reference Tariff Schedule;

**Minimum Aggregate Charge** means the minimum aggregate charge for a Demand Tariff, calculated in accordance with the Reference Tariff Schedule;

**MJ** has the meaning given in the Reference Service Agreement;

**Month** means calendar month;

**National Gas Law** means the *National Gas Law* adopted under the *National Gas (New South Wales) Act 2008* (NSW);

**National Gas Rules or Rules** means:

- (a) the initial National Gas Rules; and
- (b) Rules made by the AEMC under the National Gas Law, including Rules that amend or revoke:
  - (i) the initial National Gas Rules; or
  - (ii) Rules made by it;

**Negotiated Service** means a service for the transportation of gas on terms and conditions different to those of a Reference Service;

**Negotiated Service Agreement** means a contract between the Service Provider and a User or Prospective User for the provision of Negotiated Services;

**Network** has the meaning given in the Reference Service Agreement;

**Network Code** means the '*Jemena Gas Networks (NSW) Ltd Network Code for Full Retail Competition*' dated 1 January 2002 as amended or replaced from time to time, or any equivalent document required to be prepared under any applicable law;

**Network Section** has the meaning given in the Reference Service Agreement;

**NGER Determination** means the *National Greenhouse and Energy Reporting Determination 2008* (Cth);

**Non-Reference Service** means:

- (a) the Interconnection of Embedded Network Service; or
- (b) a Negotiated Service;

**NSW Distribution System** means the covered natural gas distribution pipelines owned by the Service Provider, which have Receipt Points and service the NSW areas as described by Schedule 7;

**Operational Schedules** has the meaning given in the Reference Service Agreement;

**Overrun** has the meaning given in the Reference Service Agreement;

**Pipeline Service** has the meaning given to it in the National Gas Law;

**Prospective User** means:

- (a) A person who seeks or wishes to be provided with a Pipeline Service by means of the Network;

(b) To avoid doubt, a User is also a prospective user if the User seeks or wishes to be provided with a Pipeline Service by means of the Network other than a Pipeline Service already provided to them under:

- (i) a contract; or
- (ii) an access determination;

**Provision of Basic Metering Equipment Charge** has the meaning given in the Reference Service Agreement;

**Provision of On-Site Data and Communication Equipment Charge** means an annual charge specified in the Reference Tariff Schedule;

**Quantity** has the meaning given in the Reference Service Agreement;

**Queuing Policy** has the meaning given in the Reference Service Agreement;

**Receipt Point** has the meaning given in the Reference Service Agreement;

**Receipt Station** means the facilities installed at a Receipt Point to enable receipt of gas into the Network;

**Reference Service** means:

- (a) the Haulage Reference Service; or
- (b) the Meter Data Service;

**Reference Service Agreement** means the contract between the Service Provider and a User or Prospective User for the provision of Reference Services as set out in Schedule 3;

**Reference Tariff** has the meaning given in the Reference Service Agreement;

**Reference Tariff Policy** has the meaning given in the Reference Service Agreement;

**Reference Tariff Schedule** has the meaning given in the Reference Service Agreement;

**Regulatory Event** means any decision made by the AER or any other authority or any amendment to applicable law after the commencement date of the Access Arrangement which has the effect of:

- (a) imposing minimum standards (including network design and operational standards and safety standards) on the Service Provider that are different from the standards imposed at the commencement date of the Access Arrangement;
- (b) substantially altering the manner in which the Service Provider is required to undertake any activity forming part of, or ancillary to, its Reference Services (including through rules for the operation of competitive gas markets); or



- (c) changing or introducing any authorisation fee, licence fee or statutory charge

but does not include a Cost Pass-Through Event under Section C of the Reference Tariff Policy;

**Relevant Minister** means if, in a coverage recommendation, no-coverage recommendation, classification decision under the Rules or reclassification decision, the NCC determines the pipeline is:

- (a) a cross boundary transmission pipeline—the Commonwealth Minister;
- (b) a transmission pipeline situated wholly within a participating jurisdiction—the designated Minister;
- (c) a distribution pipeline situated wholly within a participating jurisdiction—the Minister of the participating jurisdiction;
- (d) a cross boundary distribution pipeline—the Minister of the participating jurisdiction determined by the NCC in the recommendation as being the participating jurisdiction with which the cross boundary distribution pipeline is most closely connected;

**Relevant Tax** means any Tax other than:

- (a) any tax in the nature of an income tax or a capital gains tax;
- (b) penalties, charges, fees and interest on late payments, or deficiencies in payments, relating to any Tax;
- (c) stamp duty, or similar taxes and duties; and
- (d) any Tax that replaces or is the equivalent of or similar to any of the taxes referred to above;

**Request** has the meaning given in the Reference Service Agreement;

**Residential Customer** means an Customer who consumes energy principally for personal, domestic or household use;

**Retail Market Procedures** has the meaning given in the Reference Service Agreement;

**Review Submission Date** means the date pursuant to clause 1.6 of this Access Arrangement;

**Revision Commencement Date** means the date pursuant to clause 1.7 of this Access Arrangement;

**Service** means a service provided by the Service Provider in relation to the Network including but not limited to Reference Services;

**Service Agreement** means a contract between the Service Provider and a User or Prospective User for the provision of a Service other than a Legacy Service;

**Standard Conditions** has the meaning given in the Reference Service Agreement;

**Tariff** means a rate by which a charge for a Pipeline Service is calculated;

**Tariff Class** means customers for one or more Reference Services who constitute a tariff class under this Access Arrangement;

**Tax** means any royalty (whether based on value, profit or otherwise), tax, duty, excise, levy, fee, rate or charge imposed from time to time during the term of this Access Arrangement by any government or any governmental, semi-governmental or other body authorised by law to impose that tax on or to:

- (a) the Network (or any of its components);
- (b) the operation of the Network; or
- (c) the provision of Services by the Service Provider;

**Term** means, unless otherwise agreed, the period specified in the Services Agreement for a Delivery Point;

**Throughput Based Charge** means a tariff or tariff component that is levied on the basis of the volume of gas delivered;

**TJ** has the meaning given in the Reference Service Agreement;

**Total Revenue** is the amount determined in accordance with rule 76 of the National Gas Rules;

**Transitioned Access Arrangement** means the AGL Gas Networks Limited Access Arrangement approved by the Independent Pricing and Regulatory Tribunal on 29 April 2005, and designated as a 'transitioned access arrangement' under Schedule 3 of the National Gas Law;

**TRS** means trunk receiving station;

**UAG** has the meaning given in the Reference Service Agreement;

**UAG Costs** has the meaning given in Section D of the Reference Tariff Policy;

**UAG Rate** is the total Quantity of UAG gas purchases (actual and forecast) by the Service Provider in a Financial Year expressed as a percentage of latest forecast of metered gas receipts for that Financial Year;

**UAG Target Rate** is 2.1 per cent of gas receipts for 2010/11 to 2014/15;

**UAG Tolerance Rate** is of 2.7 per cent of gas receipts for 2010/11 to 2014/15;

**Unauthorised Overrun** means an Overrun which is not approved by the Service Provider before it occurs;

**User** means a person who:

- (a) is a party to a contract with the Service Provider under which the Service Provider provides or intends to provide a Pipeline Service to that person by means of the Network; or
- (b) has a right under an access determination to be provided with a Pipeline Service by means of the Network;

**Variation Notice** means a notice submitted by the Service Provider to the AER under the Reference Tariff Policy;

**Volume** has the meaning given in the Reference Service Agreement;

**Volume Tariff** means a type of tariff assigned to a Delivery Point in accordance with the assignment criteria for a volume tariff as set out in the Reference Tariff Schedule;

**WACC** means the real pre-tax Weighted Average Cost of Capital as set out in Section 10 of the Access Arrangement Information for this Access Arrangement;

**Wilton Network Section** has the meaning given in the Reference Service Agreement;

**Wilton-Newcastle Network Section** has the meaning given in the Reference Service Agreement;

**Wilton-Newcastle Trunk Section** has the meaning given in the Reference Service Agreement;

**Wilton-Wollongong Network Section** has the meaning given in the Reference Service Agreement;

**Wilton-Wollongong Trunk Section** has the meaning given in the Reference Service Agreement;

**Year** means a period of 365 consecutive Days but, for any Year which contains a date of 29 February, means 366 consecutive Days;

## 1.2 Interpretation

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

- (a) a reference to a clause or a schedule is to a clause in, or schedule to, the Access Arrangement;
- (b) a word importing the singular includes the plural and vice versa, and a word of any gender includes the corresponding words of any other gender;

- (c) references to any statute, regulations, or other statutory instrument, standard or by-laws shall be deemed to be references to the statute, regulation, statutory instrument, standard or by-law as from time to time amended, consolidated, re-enacted or replaced including substituted provisions that substantially correspond to those referred to;
- (d) references to any agreement, deed, instrument, or publication shall be deemed to be references to the agreement, deed, instrument or publication as from time to time amended, supplemented, novated or replaced;
- (e) clause or condition headings are inserted for convenience only and do not affect the interpretation of the Access Arrangement;
- (f) expressions referring to writing will be construed as including references to words printed, type-written, telexed, lithographed, facsimiled or otherwise traced, copied or reproduced;
- (g) a reference to a Party includes a reference to its successors in title and permitted assigns;
- (h) an agreement, representation or warranty on the part of two or more persons binds them jointly and severally or if given in favour of two or more persons may be enjoyed by them jointly or severally or jointly and severally;
- (i) when referring to a particular Day, the date of the Day shall be the date on which that Day begins; and
- (j) the words "include", "including", "for example" or "such as" are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.
- (k) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (l) a reference to a person includes an individual, the estate of an individual, a corporation, an authority, an association or parties in a joint venture, a partnership and a trust;
- (m) a reference to an agency or body if that agency or body ceases to exist or is reconstituted, renamed or replaced or has its powers or function removed (obsolete body), means the agency or body which performs most closely the functions of the obsolete body; and
- (n) a reference to \$ or dollar is to Australian currency.



### **1.3 Terms defined in Reference Service Agreement**

Terms defined in the Reference Service Agreement have the same meaning when used in this Agreement unless otherwise defined.

## Schedule 2 - Initial Reference Tariff Schedule

- (a) This Initial Reference Tariff Schedule sets out the Initial Reference Tariffs that apply for each Reference Service under this Access Arrangement.
- (b) The Initial Reference Tariffs are expressed in real 2009/10 dollars and are subject to escalation into 2010/11 dollars using a factor calculated as follows:
  - (i) the Consumer Price Index: All Groups Index for the Eight State Capitals as published by the Australian Bureau of Statistics for the March Quarter 2010; divided by
  - (ii) the Consumer Price Index: All Groups Index for the Eight State Capitals as published by the Australian Bureau of Statistics for the December Quarter 2008.
- (c) There may be more than one Initial Reference Tariff for each Reference Service.
- (d) The Initial Reference Tariffs available for a specific Reference Service depend upon the Initial Tariff Class assigned by the Service Provider to the Delivery Point to which the Reference Service will be provided.
- (e) In addition to setting out the Initial Tariff Classes and the Initial Reference Tariffs, this Initial Reference Tariff Schedule sets out and explains the tariff components and assignment criteria used in determining the availability of different Reference Tariffs. Prices are expressed in real 2009/10 dollars and are exclusive of GST.
- (f) The Initial Reference Tariffs will take effect from the commencement of this Access Arrangement and will apply until amended in accordance with the Reference Tariff Policy. When the Reference Tariffs are amended, the updated Reference Tariff Schedule will be published on the Service Provider's website.

### 1.1 Assignment Criteria for a Tariff Class

- (a) The Service Provider determines the appropriate Tariff Class for a Delivery Point based on one or more of the following elements:
  - (i) customer groups;
  - (ii) tariff categories; and
  - (iii) classification by location.
- (b) The assignment criteria for each relevant element must be satisfied in order for a Delivery Point to qualify for a particular Tariff Class.

**A. Tariff Customer Groups:**

- (a) The relevant tariff customer group that applies to a Delivery Point to which a Haulage Reference Service is provided is determined on the basis of the characteristics of the ultimate end Customer that occupies the premises served by that Delivery Point.
- (b) The assignment criteria are as follows:
  - (i) **Demand Tariff:** A Delivery Point can be assigned a Demand Tariff where:
    - A. the natural gas delivered to that Delivery Point is used on the premises to meet the production or energy requirements of a single Business Customer who is reasonably expected to consume more than 10 TJ of natural gas a Year; and
    - B. the Service Provider has accurate and complete information to enable Load Shedding procedures to be implemented at the Delivery Point.
  - (ii) **Volume Tariff:** A Delivery Point can be assigned a Volume Tariff where the natural gas delivered to that Delivery Point is used on the premises to meet the production or energy requirements of a single Business Customer or Residential Customer who is reasonably expected to consume less than 10 TJ of natural gas a Year.

**B. Tariff Category:**

- (a) Where convenient, the Service Provider uses a tariff category to group a number of Tariff Classes together to describe a common, but not complete, subset of assignment criteria. For example, the assignment criteria for all Demand Tariffs that fall into the capacity category have a common “category criteria” but separate “location criteria”.
- (b) The tariff categories for Demand Tariffs, and the corresponding category assignment criteria are as follows:

Abbreviation	Category	Criteria
DC	Capacity	This category is used for Delivery Points which meet the criteria for a Demand Tariff, and have not been assigned to the 'Capacity - 1st Response' or 'Throughput' categories.
DCFR	Capacity – 1st Response	Assignment to this tariff category is made upon User request. This tariff category is used for Delivery Points which meet the criteria for a Demand Tariff and which satisfy (to the Service Provider’s reasonable satisfaction) the following additional criteria:

Abbreviation	Category	Criteria
		<p>a) peak hourly historical demand is consistently greater than 100 GJ/hr, but no more than the MHQ;</p> <p>b) the User has provided the Service Provider with a documented Curtailment Plan for the Delivery Point which is acceptable to the Service Provider and contains ELMS Data required by the Service Provider, contact personnel and site procedures for reducing load in accordance with the ELMS Data, including times for various stages of load reduction;</p> <p>c) under the Curtailment Plan and ELMS Data held by the Service Provider, at least 40% of peak historical hourly demand is nominated for reduction in load shedding priority 1 and that reduction could be expected to be reduced within no more than 6 hours of first contact;</p> <p>d) the Curtailment Plan and all ELMS Data is up to date (with a minimum review period of 24 months);</p> <p>e) the Service Provider is able to continuously monitor hourly demand from the delivery station at the site, or other sampling frequency acceptable to the Service Provider; and</p> <p>f) in any load shedding procedure initiated by the Service Provider in the past two years which involved the Delivery Point, the level of hourly demand at the Delivery Point was no more than the hourly demand anticipated after each stage of reduction as set out in the Curtailment Plan.</p>
DT	Throughput	<p>Assignment to this tariff category is made upon User request.</p> <p>This tariff category is used for Delivery Points which meet the criteria for a Demand Tariff.</p>

- (c) Where a Delivery Point is eligible for more than one tariff category, the User or Prospective User can nominate the discretionary element of the tariff category in accordance with the Reference Tariff Policy. For example, a User or Prospective User may request to be placed in the 'Capacity - 1st Response' or 'Throughput' category. The Service Provider may refuse a nomination by a User or Prospective User if it does not consider the Delivery Point to be eligible.
- (d) The Service Provider does not presently use tariff categories for Volume Tariff Customers. However, the Service Provider may introduce one or more categories to accommodate changes to Tariff Classes which occur during the Access Arrangement period in accordance with the Reference Tariff Policy.



### C. Classification by Location

Where assignment criteria for a Tariff Class depends upon the location of the Delivery Point, the following location criteria will be used.

Location Identifier	Applies to Delivery Points located in:	
0 or omitted	All areas in the Network	
Coastal	The Wilton Network Section (used for Volume Tariffs Only – see identifiers 1 to 11 for Demand Tariff location criteria in the Wilton Network Section)	
Country	Network Sections other than the Wilton Network Section	
1	2164, 2171, 2571, 2761, 2762, 2766, 2768, Appin	Location identifiers refer to the first 4 numbers of the Service Provider Demand Customer Delivery Point delivery station identifier of existing Delivery Points.
2	2141, 2142, 2143, 2144, 2145, 2147, 2161, 2162, 2163, 2165, 2166, 2170, 2565, 2750, 2759, 2760, 2770	
3	2006, 2007, 2015, 2017, 2019, 2020, 2033, 2036, 2040, 2044, 2046, 2050, 2112, 2113, 2115, 2116, 2128, 2135, 2136, 2137, 2138, 2140, 2146, 2151, 2152, 2153, 2157, 2173, 2190, 2199, 2200, 2204, 2205, 2211, 2212, 2214, 2216, 2217, 2560 <sup>2</sup> , 2566, 2747, 2755, 2756, 2765	
4	2000, 2035, 2154, 2008, 2037, 2196, 2009, 2039, 2208, 2010, 2064, 2220, 2011, 2065, 2228, 2018, 2066, 2229, 2022, 2067, 2231, 2031, 2111, 2232, 2032, 2120, 2777, 2034, 2122	
5	2028, 2060, 2076, 2077, 2080, 2085, 2095, 2099, 2100, 2102, 2103, 2780	
6	2250, 2284, 2285, 2286, 2304, 2308, 2322	
7	2256, 2259, 2260, 2261, 2262, 2263, 2264, 2294, 2295, 2298, 2303, 2305, 2320, 2323, 2326, 2327	
8	2290, 2300, 2314, 2321, 2324, 2325, 2330	
9	2505-BHP	
10	2500, 2502, 2505, 2526, 2530	
11	2516, 2527	

<sup>1</sup> JGN shall assign new Delivery Points to location classifications on the basis of 1997 Australia Post postcode boundaries, and where new postcodes must be added to the table, JGN will allocate a locational identifier to new postcode, which is comparable with the existing postcodes.

<sup>2</sup> Excludes Appin - see location classification 1

## D. How to read the Tariff Class Codes

Each Tariff Class is allocated a code which is structured using the following format:

**[G][CAT]-[Location]**

where: *[G]* is a single character defining the Customer Group (V for Volume or D for Demand). Customer Groups are described in Section A above.

*[CAT]* is a category name or abbreviation. If omitted then the Tariff Class is not described by reference to a tariff category. The tariff categories are described in Section B above.

*[Location]* is the location identifier. If equal to 0, or omitted, then the Tariff Class is not described by reference to a specific part of the Network. Classification by location is described in Section C above.

## E. Tariff Class Components for the Haulage Reference Service

- (a) A User must pay the Service Provider all charges applicable to the Reference Service provided based on the relevant Tariff Class.
- (b) The table below sets out the tariff components applicable to the Haulage Reference Service.
- (c) In addition, other charges are payable in accordance with the Service Agreement, including but not limited to charge per Delivery Point for Meter Data Service charges (set out in Section G below) and Ancillary Fees (set out in Section H below).

Customer Type/Category	Tariff Class	Haulage Reference Service -- Reference Tariff Components <sup>3</sup>
Demand Capacity	DC-1 To DC-11	Demand Capacity Rate (cl F(a)) Provision of Basic Metering Equipment Charge (cl F(f))
	DC-Country	Demand Capacity Rate comprised of: <ul style="list-style-type: none"><li>• Capacity Distance Rate (cl F(b)), and</li><li>• Pressure Reduction Rate (cl F(c))</li></ul> Provision of Basic Metering Equipment Charge (cl F(f))

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<sup>3</sup> Minimum aggregate charges apply.

Customer Type/Category	Tariff Class	Haulage Reference Service -- Reference Tariff Components <sup>3</sup>
Demand Throughput	DT	Demand Throughput Rate (cl F(e)) Provision of Basic Metering Equipment Charge (cl F(f))
Demand Capacity - 1st Response	DCFR-1 To DCFR-11	Demand Capacity Rate (cl F(a)) Provision of Basic Metering Equipment Charge (cl F(f))
Volume -Coastal	V-Coastal	Volume Throughput Rate (cl F(g)) Fixed Charge (cl F(h)) Provision of Basic Metering Equipment Charge (cl F(f))
Volume -Country	V-Country	Volume Throughput Rate (cl F(g)) Fixed Charge (cl F(h)) Provision of Basic Metering Equipment Charge (cl F(f))

## 1.2 Initial Reference Tariffs

### F. Haulage Reference Service<sup>4</sup>

#### (a) Demand Capacity Rate

Customer Type	Tariff Class	Unit Rate – dollars per GJ of Chargeable Demand per annum (\$/GJ.CD.pa) Period ending 30 June 2011 Prices are real 2009-2010 GST exclusive dollars				
		First 200 GJ of CD	Next 400 GJ of CD	Next 1000 GJ of CD	Next 2000 GJ of CD	Rest of CD
Demand	DC-1	262.962	170.991	130.492	111.740	99.158
	DC-2	292.121	188.487	142.155	120.487	104.990
	DC-3	395.608	250.579	183.550	151.533	125.688
	DC-4	652.730	404.853	286.398	228.670	177.111
	DC-5	3,496.755	2,111.268	1,424.009	1,081.878	745.917
	DC-6	133.206	93.139	78.588	72.813	73.207
	DC-7	437.012	275.422	200.111	163.955	133.969
	DC-8	901.656	554.209	385.969	303.348	226.897
	DC-9	61.297	49.992	49.826	51.240	58.825

<sup>4</sup> For any Demand Customer Delivery Point, a Minimum Aggregate Charge applies.

Customer Type	Tariff Class	Unit Rate – dollars per GJ of Chargeable Demand per annum (\$/GJ.CD.pa) Period ending 30 June 2011 Prices are real 2009-2010 GST exclusive dollars				
		First 200 GJ of CD	Next 400 GJ of CD	Next 1000 GJ of CD	Next 2000 GJ of CD	Rest of CD
	DC-10	207.862	137.932	108.451	95.210	88.139
	DC-11	2,753.087	1,665.067	1,126.541	858.777	597.183
	DC-Country	Demand Capacity Rate for DC-Country is comprised of two components of demand charge, the Capacity Distance Rate and the Pressure Reduction Rate. See tables Capacity Distance Rate (cl F(b)), and Pressure Reduction Rate (cl F(c)) below. These charges will be calculated for each Delivery Point and expressed as a single rate \$/GJ.CD.pa for billing purposes.				

(b) DC-Country Demand Capacity Rate, Component 1 – Capacity Distance Rate

Customer Type	Tariff Class	Distance Unit Rate – dollars per GJ of Chargeable Demand per annum per km (\$/(GJ.CD).pa per km) Period ending 30 June 2011 Prices are real 2009-2010 GST exclusive dollars				
		First 200 GJ of CD	Next 400 GJ of CD	Next 1000 GJ of CD	Next 2000 GJ of CD	Rest of CD
Demand	DC-Country	51.433	30.860	20.573	15.430	10.287
<i>Rates apply per km of the straight line distance from the relevant country receipt point rounded up to the nearest 0.5 km as determined by the Service Provider</i>						

(c) DC Country Demand Capacity Rate, Component 2 – Pressure Reduction Rate

Customer Type	Tariff Class	Pressure Reduction Unit Rate – dollars per GJ of Chargeable Demand per annum (\$/(GJ.CD).pa) Period ending 30 June 2011 Prices are real 2009-2010 GST exclusive dollars				
		First 200 GJ of CD	Next 400 GJ of CD	Next 1000 GJ of CD	Next 2000 GJ of CD	Rest of CD
Demand	DC-Country	18.253	10.953	7.301	5.476	3.650

(d) Demand Capacity Rates for Discounted Tariffs

Customer Type	Tariff Class	Unit Rate – dollars per GJ of Chargeable Demand per annum (\$/GJ.CD.pa) <i>Period ending 30 June 2011</i>
Demand	DCFR-1 to DCFR-11	Demand Capacity Rate for the same location less 50%. For example: the Demand Capacity Rate for DCFR-4 is 50% of the Demand Capacity Rate set out in paragraph 1.2F(a) for DC-4.

(e) Demand Throughput Rate

Customer Type	Tariff Class	Demand Throughput Rate (\$/GJ) <i>Period ending 30 June 2011</i>		
		First 1667 GJ per month	Next 2500 GJ per month	Rest
		Minimum chargeable quantity of 833 GJ/month Prices are real 2009-2010 GST exclusive dollars		
Demand	DT	5.05	4.07	3.41

(f) Provision of Basic Metering Equipment Charges

Customer Type	Tariff Class	Standing Charge : \$/pa per delivery station Charges based on Delivery Point MHQ <i>Period ending 30 June 2011</i>					
			MHQ <10 GJ/hr	MHQ 10 to < 50 GJ/hr	MHQ 50 to < 100 GJ/hr	MHQ 100 to <1000 GJ/hr	MHQ 1000 GJ/hr and greater
		Prices are real 2009-2010 GST exclusive dollars					
Demand	DC-1 to DC11; DC-Country; DCFR-1 to DCFR-11	Single Run	4,667	6,302	12,249	16,545	21,783
		Double Run	9,334	12,603	24,497	33,090	43,566

Customer Type	Tariff Class	Standing Charge : \$/pa per delivery station Charges based on Delivery Point MHQ Period ending 30 June 2011 Prices are real 2009-2010 GST exclusive dollars	
		Charge per Delivery Station Charges based on meter capacity. Period Ending 30 June 2011. Prices are real 2009-2010 GST exclusive dollars	
Volume	V-Coastal & V-Country	For meters with capacity less than or equal to 6m3/hr	Fixed Charge \$38.758 pa
		For meters with a capacity of greater than 6m3/hr	Unit rate \$0.427/GJ, subject to a minimum charge per billing period of: \$5.35 per monthly billing period, or \$16.06 per quarterly billing period.

(g) Volume Throughput Rate

Customer Type	Tariff Class	Volume Throughput Rate (\$/GJ) Period ending 30 June 2011 Prices are real 2009-2010 GST exclusive dollars					
	Block size (GJ per month)	First 1.25 GJ	Next 1.5 GJ	Next 5.75 GJ	Next 75 GJ	Next 333.5 GJ	All additional
	Block size (GJ per qtr)	First 3.75 GJ	Next 4.5 GJ	Next 17.25 GJ	Next 225 GJ	Next 1000.5 GJ	
Volume	V-Coastal	13.581	7.815	7.510	7.347	6.390	4.867
	V-Country	13.320	7.555	7.250	7.086	6.130	4.607

(h) Fixed Charge

Customer Type	Tariff Class	Standing Charge – dollars per annum Period ending 30 June 2011 Prices are real 2009-2010 GST exclusive dollars
Volume	V-Coastal & V-Country	66.799

(i) Minimum Aggregate Charge (Demand Tariffs)

The reference tariff for all Demand Tariff classes is subject to the Minimum Aggregate Charge.

Where the sum of the charges for a Delivery Point determined from the relevant Reference Tariff components set out in paragraphs (a) to (f) inclusive is less than the applicable Minimum Aggregate Charge set out in the following table for the assigned Demand Tariff class, then the Reference Tariff payable for that Delivery Point shall be the applicable Minimum Aggregate Charge.

For the purpose of determining the applicable Minimum Aggregate Charge, staged minimum charges will apply to a Delivery Point that has been assigned (continuously and without interruption) to Demand Tariffs since:

- (i) the date on which this Access Arrangement commences; or
- (ii) the date on which that Delivery Point was assigned to a Demand Tariff under the Bulk Transfer Provisions set out in clause 11.4 of the Reference Service Agreement.

<b>Customer Type</b>	<b>Tariff Class</b>	<b>Minimum Aggregate Charge – dollars per month Period ending 30 June 2011 Prices are real 2009-2010 GST exclusive dollars</b>
Demand	All Demand Customer Classes	Where staged minimum charges do not apply, the Minimum Aggregate Charge shall be: \$5,000
		Where staged minimum charges do apply the Minimum Aggregate Charge shall be determined by the following schedule (in 2010 real GST exclusive dollars)  1 July 2010 to 30 June 2011: \$1,667 1 July 2011 to 30 June 2012: \$2,500 1 July 2012 to 30 June 2013: \$3,333 1 July 2013 to 30 June 2014: \$4,167 After 30 June, 2014: \$5,000

## G. Meter Data Service

### (a) Meter Reading Charges

Customer Type	Tariff Class	Meter Reading Cycle	Meter Reading Charge- \$ per annum per delivery station				
			Prices are real 2009-2010 GST exclusive dollars				
			Period ending 30 June 2011	Period ending 30 June 2012	Period ending 30 June 2013	Period ending 30 June 2014	Period ending 30 June 2015
Volume	All Volume Tariff Classes	Quarterly	4.542	4.542	4.542	4.542	4.542
		Monthly	48.022	48.022	48.022	48.022	48.022
Demand	All Demand Tariff Classes	Daily Meter Reading	843	843	843	843	843

### (b) Provision of On Site Data and Communications Equipment Charge

Customer Type	Tariff Class	Provision of On Site Data and Communications Equipment - \$ per annum per delivery station				
		Prices are real 2009-2010 GST exclusive dollars				
		Period ending 30 June 2011	Period ending 30 June 2012	Period ending 30 June 2013	Period ending 30 June 2014	Period ending 30 June 2015
Demand	All Demand Tariff Classes	1,573	1,573	1,573	1,573	1,573

## H. Ancillary Fees

The Ancillary Fees are set out in the table below. Prices are real 2009/10 dollars and are expressed exclusive of any GST:

Fee Type	Description	Charge
Request for service	For time spent assessing requirements, collating information and responding to a User (or Prospective User) when the User (or Prospective User) requests a new/additional/changed Service, tariff assignment, authorisation of overruns or change in chargeable demand.	\$60, plus \$60 per hour after the first hour



Fee Type	Description	Charge
Special meter read	For reads requested by a User rather than ordinary reads (for instance when the meter reader makes a special visit to read a particular meter out of the usual meter reading route or schedule). This service must be scheduled with a minimum 5 day notice period.	\$25
Temporary disconnection	This charge covers the temporary disconnection of supply to a single Delivery Point at the request of a User where temporary isolation of supply is required. A request for temporary disconnection is not a request to remove a delivery point from the User's Service Agreement or Legacy Reference Service Agreement. The specific method of isolation will be at the discretion of the Service Provider to ensure the site is able to be left in a safe state. The charge also covers the cost of subsequent reconnection.  (This charge is for providing disconnection services in accordance with the Network Code in force at the date of commencement of this Access Arrangement.)	\$100  Charge applies per meter set
Permanent disconnection	This charge covers disconnection of supply to a single delivery point at the request of a User and where the User (on behalf of a Customer) also requests that the meter is not to be moved or removed. A request for permanent disconnection is also a request to remove a delivery point from the Users Service Agreement or Legacy Reference Service Agreement. The specific method of disconnection will be at the discretion of the Service Provider to ensure the site is able to be left in a safe state. A request for reconnection must be made as a new connection request.  (This charge is for providing disconnection services in accordance with the Network Code in force at the date of commencement of this Access Arrangement.)	\$300  Charge applies per meter set
Decommissioning and meter removal	This charge covers permanent decommissioning of a network connection including the removal of the meter. A request to permanently decommission is also a request to remove a delivery point from the Users Service Agreement or Legacy Reference Service Agreement. The specific method of disconnection will be at the discretion of the Service Provider to ensure the site is able to be left in a safe state.  (This charge is for providing disconnection services in accordance with the Network Code in force at the date of commencement of this Access Arrangement.)	Charges applies per meter.  i. meters with a capacity of less than or equal to 6m <sup>3</sup> /hr: \$700  ii. meters with a capacity of greater than 6m <sup>3</sup> /hr: \$1,500



### **Schedule 3 - Reference Service Agreement**

The terms and conditions for Reference Services are set out in the separate Reference Service Agreement, August, 2009. The Reference Service Agreement, August, 2009 forms part of this Access Arrangement.

## **Schedule 4 - Interconnection of Embedded Network Service**

The Service Provider ordinarily provides the Interconnection of Embedded Network Service specified in clause 2.3, Section A of the Access Arrangement on the following terms and conditions.

### **Availability**

- (a) The Interconnection of Embedded Network Service is available to any Embedded Network Operator to establish a single Delivery Point connected to an Embedded Network.
- (b) A Prospective User of an Interconnection of Embedded Network Service may request the Service Provider to provide and maintain an interconnection between a Delivery Point on the Network and a pipe or system of pipes constructed and operated by that Embedded Network Operator.

### **MDQ and MHQ**

- (c) The Embedded Network Operator will be required to 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.
- (d) The Service Provider's maximum obligation to deliver gas to the Delivery Point under transportation agreements with all Users is the MHQ in any Hour and the MDQ on any Day specified by the Embedded Network Operator and agreed by the Service Provider.

### **Metering**

- (e) The Service Provider will provide Measuring Equipment for the Delivery Point.
- (f) Measuring Equipment will be designed to accurately measure the quantities specified by the Embedded Network Operator and will provide daily meter reading.
- (g) 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 Delivery Point.

### **Authorisation of Embedded Network**

- (h) The Embedded Network Operator must have all relevant authorisations, approvals and licences and must enter into an agreement with the Service Provider for an Interconnection of Embedded Network service. For the absence of doubt, an Interconnection of Embedded Network Service is separate from and additional to a Service(s) requested by a User for the transportation of gas through the Network to the Embedded Network Delivery Point.

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

- (i) The location of the Embedded Network Delivery Point on the Network will be agreed to by the Embedded Network Operator and the Service Provider. The Service Provider will only withhold its agreement to a location sought by the Embedded Network Operator on the basis of legal, technical, operational or safety considerations.
- (j) The hot tap connection to connect the Delivery Station to the Network will be designed and constructed in accordance with the Service Provider's usual standards and requirements, including Australian Standard 2885.
- (k) The Delivery Station will comprise metering facilities sufficient to accurately measure the flow over the full range of anticipated flow conditions and will be designed and constructed in accordance with the Service Provider's usual standards and requirements, including Australian Standard 2885. 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.
- (l) Unless otherwise specified by the Service Provider, 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 described above.
- (m) All facilities upstream of the outlet flange of the Delivery Station will be designed, procured, constructed, installed, owned and operated by the Service Provider at the reasonable cost of the Embedded Network Operator.
- (n) All facilities downstream of the outlet flange of the Delivery Station will be the responsibility of the Embedded Network Operator.
- (o) Modification of the Delivery Station and hot tap connection to the Network which are required as a result of changes in law or applicable technical standards, to enable enhanced measurement performance or as a result of changes in the flow conditions through the Embedded Network Delivery Point will be made by the Service Provider at the reasonable cost of the Embedded Network Operator unless the Service Provider has recovered the costs from Users of the Embedded Network Delivery Point.

### **Load Shedding**

- (p) The Embedded Network Operator will be subject to load shedding arrangements. The Embedded Network Operator must have facilities available to it to reduce or discontinue the withdrawal of Gas if called upon to do so.
- (q) Unless there is an agreement on load shedding between the Service Provider and the Embedded Network Operator, all load of the Embedded Network Operator will be subject to Load Shedding priority 2 as described in Schedule 6. Network transportation services for the delivery of Gas to the Embedded Network Delivery Point will be subject to the same Load Shedding priority.

- (r) The Embedded Network Operator will participate in gas balancing arrangements if required.

#### **Cathodic Protection of Facilities**

- (s) The Embedded Network Operator must design, install, and operate, any cathodic protection system necessary to protect its facilities at its own cost. Cathodic protection facilities must be installed in such a manner as to avoid any interference which may be detrimental to the Service Provider's facilities and must be electrically isolated from the Service Provider's facilities.

#### **Installation and Operation**

- (t) In the interests of safety and ensuring the integrity of the Service Provider's pre-existing facilities, the Embedded Network Operator must cooperate with the Service Provider 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**

- (u) In the event that facilities cease to be used to take Gas at the Embedded Network Delivery Point then the Service Provider will, at the Embedded Network Operator's expense, ensure that the facilities are disconnected and isolated from the Service Provider's facilities. This requirement does not apply where the cessation of use is temporary.

#### **Approvals and Indemnity**

- (v) The Embedded Network Operator will provide the Service Provider with evidence that it has fulfilled 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. That evidence must be provided before the commencement of any service to the Delivery Point.
- (w) The Embedded Network Operator will be liable for and indemnify the Service Provider against any claim of liability in relation to or arising out of those facilities.

#### **Charges**

- (x) The following charges will be agreed between the Embedded Network Operator and the Service Provider:
  - (i) Charge for engineering investigation
  - (ii) Charge for provision of interconnection facilities
  - (iii) Provision of Measuring Equipment

## Schedule 5 - Request for Service

### Access and Requests for Services

#### Reference Services and Negotiated Services

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

- (a) A Prospective User must lodge a Request and meet the Service Provider's prudential requirements. Where the MHQ is expected to exceed 6m<sup>3</sup>/Hour a Request must include as a minimum the level of detail envisaged by this Schedule 5. Where the MHQ is expected to be less than 6m<sup>3</sup>/Hour the Request must include such details as requested by the Service Provider from time to time.
- (b) A Prospective User may have only one active Request in relation to the same tranche of capacity for a particular Delivery Point.
- (c) The Service Provider will within the shortest reasonable time and in any event within 20 Business Days of receiving a complete Request, respond to the Request in accordance with the National Gas Rules.
- (d) A Request will lapse unless, within 20 Business Days of the Service Provider advising that capacity is available for the Request, the Prospective User has either entered into a Reference Service Agreement or commenced bona fide negotiations to do so<sup>5</sup>.
- (e) Where there is sufficient capacity to meet a Request, there will be no queue.
- (f) Where there is insufficient capacity to satisfy a Request, then a queue will be formed and the Queuing Policy will apply.

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

## Schedule 5A- Request for Service Form

Request For Service Form

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

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

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

### **1. PROSPECTIVE USER INFORMATION**

Name of Prospective 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	Haulage Reference Service / Negotiated Service
	Increase in MDQ or MHQ / change in delivery station characteristics

Service Commencement Date .....

Duration of Service 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:

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

## Schedule 6 - Operational Schedules

### 1.1 Load Shedding

#### Load Shedding Principles

- (a) Load shedding is defined as a controlled interruption to, or reduction in, the delivery of gas to Delivery Points. If at any time for any reason there is, or the Service Provider reasonably believes or anticipates that there may be, a failure of supply or shortfall in supply in or to any part of the Network, the Service Provider is entitled to curtail or interrupt the receipt, transportation or delivery of Gas and is entitled to implement load shedding.
- (b) Load shedding includes the process of contacting Users and/or User's customer sites to notify them of a requirement to reduce or cease withdrawals of Gas from the Network, and again when the requirements are lifted or relaxed. All Users of the Network and their customers are required to participate in and comply with load shedding and the provisions of ELMS Data.
- (c) For prompt and effective responses during emergency events it is necessary for Users to take responsibility for notifying their customers to reduce Load to meet the load shedding requirements for each site. Contact of individual sites by the Service Provider is used to support and reinforce the site contact procedures where deemed necessary by the Service Provider to generate and monitor required levels and timeliness of User's customer responses.

#### Load Shedding Priorities

- (d) Load shedding will be implemented by the Service Provider according to the following schedule of priorities:

Load Shedding Priority	Load Type
1	All interruptible Loads.
2	All Load at a Delivery Point which serves more than one customer or other end user, and where no arrangement exists between the Service Provider and the operator of the facilities beyond the Delivery Point for shedding loads served by those facilities.
3	All Load at sites where gas is not used for production.
4	All Load at 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	All Load at Volume Tariff sites (Residential, Commercial and Industrial).

### **Restoration of Service**

- (e) Where feasible, permission to withdraw Gas from the Network will be restored in reverse order to that in which load shedding was implemented.

### **Suspension**

- (f) If a User fails to cease or reduce deliveries, withdrawals or taking of Gas from the Network as requested by the Service Provider in accordance with these principles and their Service Agreement (or fails to procure that withdrawals be ceased or reduced), the Service Provider may suspend the delivery of Gas to any relevant Delivery Point.

### **Liability**

- (g) The Service Provider will not be liable for any losses, liabilities or expenses incurred by the User and/or a User's customer arising from load shedding, where the Service Provider acts in accordance with the principles of this Access Arrangement in good faith. The User will indemnify and hold the Service Provider harmless from and against any and all Damage or claims in connection with or arising as a result of the Service Provider's implementation of load shedding procedures.

### **Emergency Load Management Systems (ELMS)**

- (h) ELMS are computer based systems used by the Service Provider as an aid in identifying, contacting and recontacting User's customer sites by the Service Provider in the event of a supply failure. Information held by the Service Provider relating to a User is available to the User upon request.
- (i) Site and Network information is maintained through ELMS, in consultation with Users, and is used as the basis of operational implementation of load shedding by the Service Provider.
- (j) Users must advise the Service Provider of the emergency contact details for User's customers at Demand Customer Delivery Points and delivery points at which negotiated services are provided and must ensure that such contact details are current at all times for the purposes of ELMS.
- (k) Users must advise the Service Provider of the emergency contact details for the User to enable communication between the Service Provider and the User during load shedding. User emergency contact personnel must be available to assist the Service Provider during load shedding if required.
- (l) If during a load shedding event, or simulation of a load shedding event, the Service Provider determines that site or User's customer details have changed or do not match the Service Provider's records, the Service Provider may


update its records on the basis of advice from the site or the User's customer. The User may then confirm the contact information provided. This does not affect the Users' obligation to provide accurate and current information in any way.

## **1.2 Establishment of Receipt Points**

- (a) Any person (including a User or Prospective User) seeking to interconnect with the Network for the purpose of enabling a User or Prospective User to deliver gas to the network for onward transportation may seek to establish a new Receipt Point.
- (b) A new Receipt Point may only be established on the Network if the Service Provider consents to the proposed location of the new Receipt Point. The Service Provider will only withhold its consent to a proposed location of a new Receipt Point on the basis of technical, operational or safety considerations.
- (c) The person seeking to establish a new Receipt Point must enter into an agreement with the Service Provider covering, without limitation, the following matters:

### **Receipt Point and Equipment Upstream**

- (i) The new Receipt Point, and the pipe or system of pipes upstream of the new Receipt Point, must comply with the following requirements in order to ensure that the integrity, safety and operating ability of the Network is not compromised:
  - A. the new Receipt Point must have an associated Receipt Station (as described in the Service Agreement);
  - B. to safeguard against the hazards of over pressurisation of the Network, the Receipt Station must be equipped with overpressure protection facilities in accordance with the Service Provider's usual standards and requirements, including Australian Standard 2885, at the expense of the person seeking to establish the new Receipt Point;
  - C. a remotely controlled isolation valve operable by the Service Provider must be installed at the outlet of the Receipt Station upstream of the new Receipt Point, at the expense of the person seeking to establish the new Receipt Point;
  - D. the new Receipt Point will be at the flange immediately upstream of the facilities described above, or as otherwise agreed by the Service Provider. All facilities upstream of

- 
- the new Receipt Point will be the responsibility of the person seeking to establish the new Receipt Point;
- E. the operational mode of a Receipt Station for a new Receipt Point must be compatible with the operational mode of the Network;
- F. the hot tap connection to connect the facilities to the Network will be designed and constructed with the Service Provider's usual standards and requirements, including Australian Standard 2885, at the expense of the person seeking to establish the new Receipt Point;
- (ii) Modifications may be required to the Network and/or the Service Provider systems to integrate the new Receipt Point into the operation of the Network. Requirements will vary depending on the location of the new Receipt Point. The party seeking to establish the new Receipt Point will bear the reasonable costs of such modifications, whether identified before or after installation of the new Receipt Point unless the Service Provider can recover them from Users of the new Receipt Point.

#### **Cathodic Protection of Facilities**

- (iii) The person seeking to establish the new Receipt Point must design, install, and operate, any cathodic protection system necessary to protect its facilities at its own cost. Cathodic protection facilities must be installed in such a manner as to avoid any interference which may be detrimental to the Service Provider's facilities and must be electrically isolated from the Service Provider's facilities.

#### **Installation and Operation**

- (iv) In the interests of safety and ensuring the integrity of the Service Provider's pre-existing facilities, the person seeking to establish the new Receipt Point must cooperate with the Service Provider to establish, in a timely manner, appropriate arrangements and procedures for the safe installation and operation of the facilities described above, and for the management of emergency situations involving those facilities and the Network.

## Schedule 7 - Receipt Point Pressures

The Service Provider will notify Users of changes to the requirements set out in this schedule, and publish the updated schedule on its website. The Service Provider may also add minimum or maximum flow requirements for flow controlled Receipt Points.

### 1.1 Country Network Sections of NSW Distribution System and Central West Distribution System

Upstream pipeline (Allows receipt of Gas from this asset, which does not form part of the Network)	Location of Receipt Point	Max. Receipt Pressure at Receipt Point (kPa)	Min. Receipt Pressure at Receipt Point (kPa)	Areas of Network downstream of Receipt Point
<b>Country Network Sections</b>				
MSPS- Moomba to Young	West Wyalong	6,895	1,750	West Wyalong
MSPS - Young to Lithgow	Cowra	10,000	1,750	Cowra
	Blayney	10,000	1,750	Blayney
	Orange	10,000	1,750	Orange
	Millthorpe	10,000	1,750	Millthorpe
	Bathurst	10,000	1,750	Bathurst, Kelso, Raglan
	Oberon	10,000	1,750	Oberon
	Lithgow	10,000	1,750	Lithgow
	Wallerawang	10,000	1,750	Wallerawang
MSPS - Young to Wagga	Young	10,000	1,750	Young
	Cootamundra	10,000	1,750	Cootamundra
MSPS - Burnt Creek to Griffith	Junee	10,000	1,750	Junee
	Coolamon	6,895*	1,750	Coolamon
	Ganmain	6,895*	1,750	Ganmain
	Narrandera	6,895*	1,750	Narrandera
	Rockdale	6,895*	1,750	Rockdale
	Leeton	6,895*	1,750	Leeton, Yanko
	Murrami	6,895*	1,750	Murrami

<b>Upstream pipeline</b> (Allows receipt of Gas from this asset, which does not form part of the Network)	<b>Location of Receipt Point</b>	<b>Max. Receipt Pressure at Receipt Point (kPa)</b>	<b>Min. Receipt Pressure at Receipt Point (kPa)</b>	<b>Areas of Network downstream of Receipt Point</b>
	Yoogali (Griffith)	6,895*	1,750	Griffith
MSPS - Young to Wilton	Boorowa	6,895	1,750	Boorowa
	Yass	6,895	1,750	Yass
	Goulburn	6,895	1,750	Goulburn
	Marulan	6,895	1,750	Marulan
	Sally's Corner	6,895	1,750	Exeter, Bundanoon
	Moss Vale	6,895	1,750	Moss Vale, Berrima
	Bowral	6,895	1,750	Bowral, Mittagong
	Bargo	6,895	1,750	Bargo, Picton, Tahmoor
Central West Pipeline – Marsden to Dubbo	Dubbo <sup>cw</sup>	6,895*	1,750	Dubbo, Wellington
	Dubbo West <sup>cw</sup>	6,895*	1,750	Dubbo West
	Forbes <sup>cw</sup>	6,895*	1,750	Forbes
	Parkes <sup>cw</sup>	6,895*	1,750	Parkes
	Narromine <sup>cw</sup>	6,895*	1,750	Narromine

\* Upgrades to the Service Provider's facilities are required to accommodate 10,000 kPa.

"cw" Network section forms part of the Central West Distribution Network



## 1.2

### Coastal Network Sections of the NSW Distribution System and the Wilton-Newcastle Pipeline and the Wilton Wollongong Pipeline.

Upstream pipeline (Allows receipt of Gas from this asset, which does not form part of the Network)	Location of Receipt Point	Max. Receipt Pressure at Receipt Point (kPa)	Min. Receipt Pressure at Receipt Point (kPa)	Areas of Network downstream of Receipt Point
<b><i>Wilton - Newcastle Network Section</i></b>				
Eastern Gas Pipeline (EGP)	Horsley Park CTS	4,500 <sup>^^</sup>	3,600+	Sydney
Moomba Sydney Pipeline System (MSP)	Wilton CTS	6,895	3,800+	Blue Mountains
Camden Coal Seam Methane	Rosalind Park CTS	4,500 <sup>^^</sup>	3,800+	Central Coast Newcastle Lower Hunter
<b><i>Wilton - Wollongong Network Section</i></b>				
Eastern Gas Pipeline (EGP)	Port Kembla CTS	3,500	2,600+	Wollongong
Moomba Sydney Pipeline (MSP)	Wilton CTS	6,895	3,800+	Shellharbour Kiama

If marked "+" then the Minimum Receipt Pressure may be subject to future increase to the Maximum Receipt Pressure

<sup>^^</sup> 4500 kPa maximum Receipt Pressure limitation is in place to satisfy technical code & license requirements due to third party activity. Maximum Receipt Pressures will be reinstated to 6,895 kPa when code and license requirements allow.

## Schedule 8 - UAG costs and emissions measurement methodology

The Service Provider's approved Cost of Service includes a forecast allowance for UAG Costs as set out in this schedule. Annual UAG adjustments will be calculated by reference to the forecasts and emissions measurement methodology set out in this schedule.

### 1.1 UAG replacement gas

The Service Provider's forecast UAG replacement gas costs are calculated as set out in Table 1.

**Table 1: Forecast UAG replacement gas**

Item	2010-11	2011-12	2012-13	2013-14	2014-15
Forecast receipts excluding UAG (TJ)	96,025	96,629	95,757	96,838	97,702
Target rate	2.10%	2.10%	2.10%	2.10%	2.10%
Forecast receipts including UAG (TJ)	98,085	98,702	97,811	98,915	99,797
Forecast UAG (TJ)	2,060	2,073	2,054	2,077	2,096
Wholesale gas price (\$2010 per GJ)	5.54	5.50	5.48	5.49	5.51
Forecast UAG replacement gas costs (real 2010 \$M)	11.41	11.40	11.26	11.40	11.55

### 1.2 Emissions measurement and permit costs

(a) The NGER Determination requires that Fugitive Emissions for natural gas transportation be determined according to two categories:

- (i) *Transmission pipe leakage*: pipes with pressure greater than 1050 kPa are treated as transmission pipes with leakage calculated as a function of pipe length; and
- (ii) *Distribution pipe leakage*: pipes with pressure less than or equal to 1050 kPa are treated as distribution pipes with leakage calculated as a function of throughput.

The majority of the Service Provider's gas leakage comes from its distribution pipes although the Service Provider also has some pipes which are categorised as transmission under the NGER Determination.

(b) *Transmission pipe leakage*: Gas leakage from transmission pipes is the product of:

- (i) *Pipe length*: the length of the Service Provider's pipes (in kilometres) that operate at pressures greater than 1050 kPa; and

- (ii) *Emissions factor*: a factor of 0.02 for carbon dioxide emissions plus a factor of 8.7 for methane emissions—a combined factor of 8.72.

Using this method, the Service Provider's 415 plus kms of transmission pipes will attract a carbon cost of \$0.35 million (in 2010 dollars) over the next Access Arrangement Period. Table 2 shows the calculation of this cost by year. This forecast has been included in the Service Provider's Cost of Service.

**Table 2: Gas Leakage from Transmission Pipes**

	2010-11	2011-12	2012-13	2013-14	2014-15	Update notes
Pipe length (kms)	420	423	423	423	423	Update for actual length
Emissions factor	8.7	8.7	8.7	8.7	8.7	
Carbon emissions (t CO2e)	3,664	3,692	3,692	3,692	3,692	Recalculate
Carbon Permit Price (\$2010 per t CO2e)	0	9.54	26.14	28.09	30.04	Update for average price
Carbon cost (\$2010, \$million)	0	0.04	0.10	0.10	0.11	Recalculate

**Notes:** Value for 2009 is an estimate while values for 2011 to 2015 are forecast. Carbon price taken from AcilTasman report and assumption that the CPRS will apply from 2012 onwards with an initial permit price of \$10 per CO2e (\$nominal) and the AcilTasman forecast applying from 2013 onwards.

- (c) *Distribution pipe leakage*: Gas leakage from the Service Provider's distribution pipes is the product of:

- (i) *Throughput*: the Service Provider's total gas sales for the year (in TJs);
- (ii) *UAG benchmark*: an assumed UAG benchmark of 2.4 percent for NSW and ACT gas businesses;
- (iii) *UAG release percent*: an assumed 55 percent of the Service Provider's UAG is released as emissions; and
- (iv) *Emissions factor*: a factor of 0.8 for carbon dioxide emissions *plus* a factor of 328 for methane emissions, or a combined factor of 328.8.

Using this method, the Service Provider's distribution pipes will emit over 2 million t CO2e during the next AA period at a cost of \$49.41 million (in 2010 dollars). Table 3 shows the calculation of this cost by year. These cost forecasts have been included in the Service Provider's Cost Of Service.

**Table 3: Gas Leakage from Large Pipes**

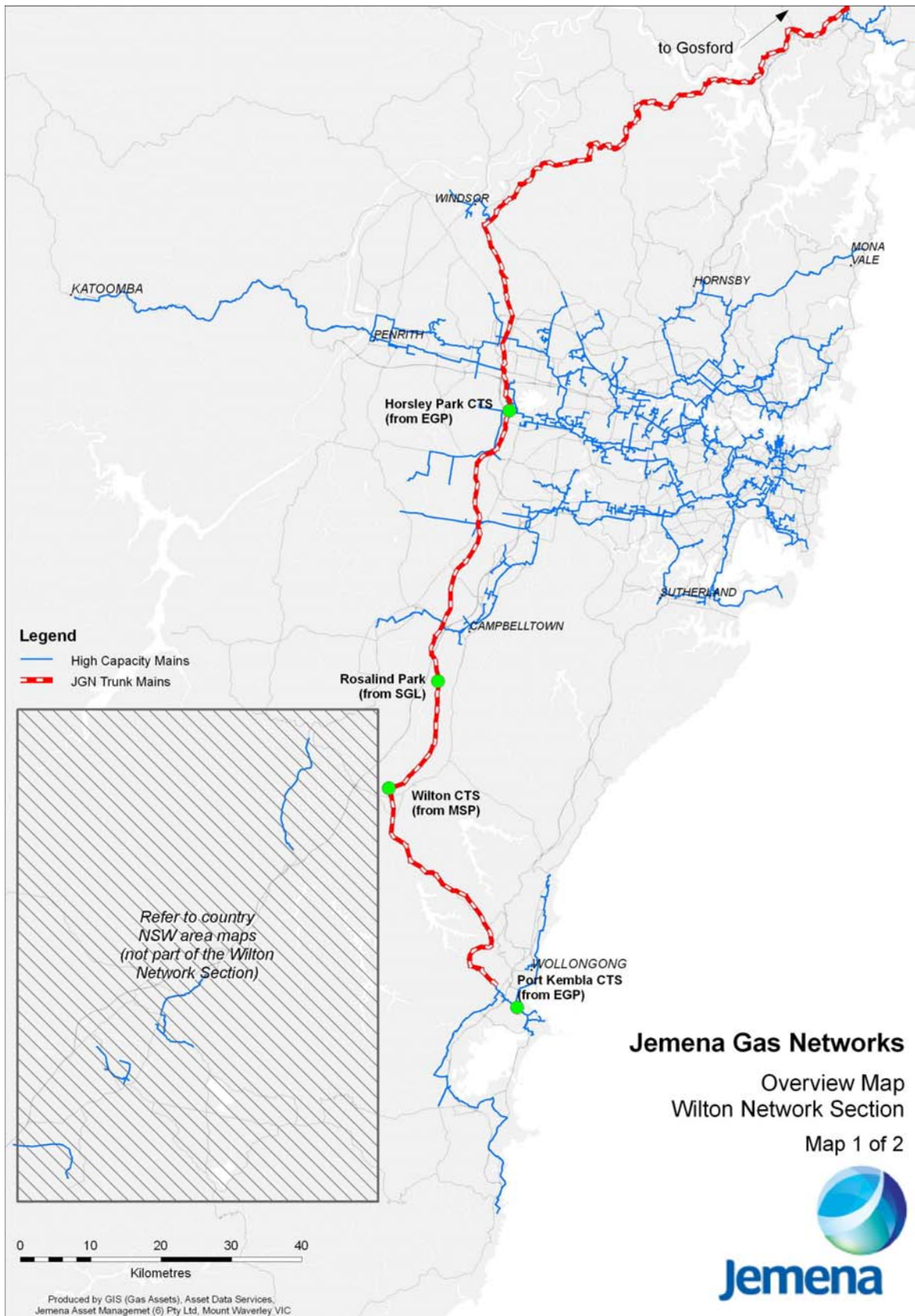
	2010-11	2011-12	2012-13	2013-14	2014-15	Update notes
Throughput (TJs)	96,025	96,629	95,757	96,838	97,702	Update for actual throughput
UAG benchmark	2.40%	2.40%	2.40%	2.40%	2.40%	
UAG release percent	55%	55%	55%	55%	55%	
Emissions factor	328.8	328.8	328.8	328.8	328.8	
Carbon emissions (t CO <sub>2</sub> e)	416,763	419,384	415,600	420,293	424,041	Recalculate
Carbon Permit Price	-	9.54	26.14	28.09	30.04	Update for average price
Carbon cost (\$)	-	4.00	10.86	11.81	12.74	Recalculate

**Notes:** Value for 2009 is an estimate while values for 2011 to 2015 are forecast. Carbon price taken from AcilTasman report and assumption that the CPRS will apply from 2012 onwards with an initial permit price of \$10 per CO<sub>2</sub>e (\$nominal) and the AcilTasman forecast applying from 2013 onwards.



**Schedule 9 - Maps of the Network**



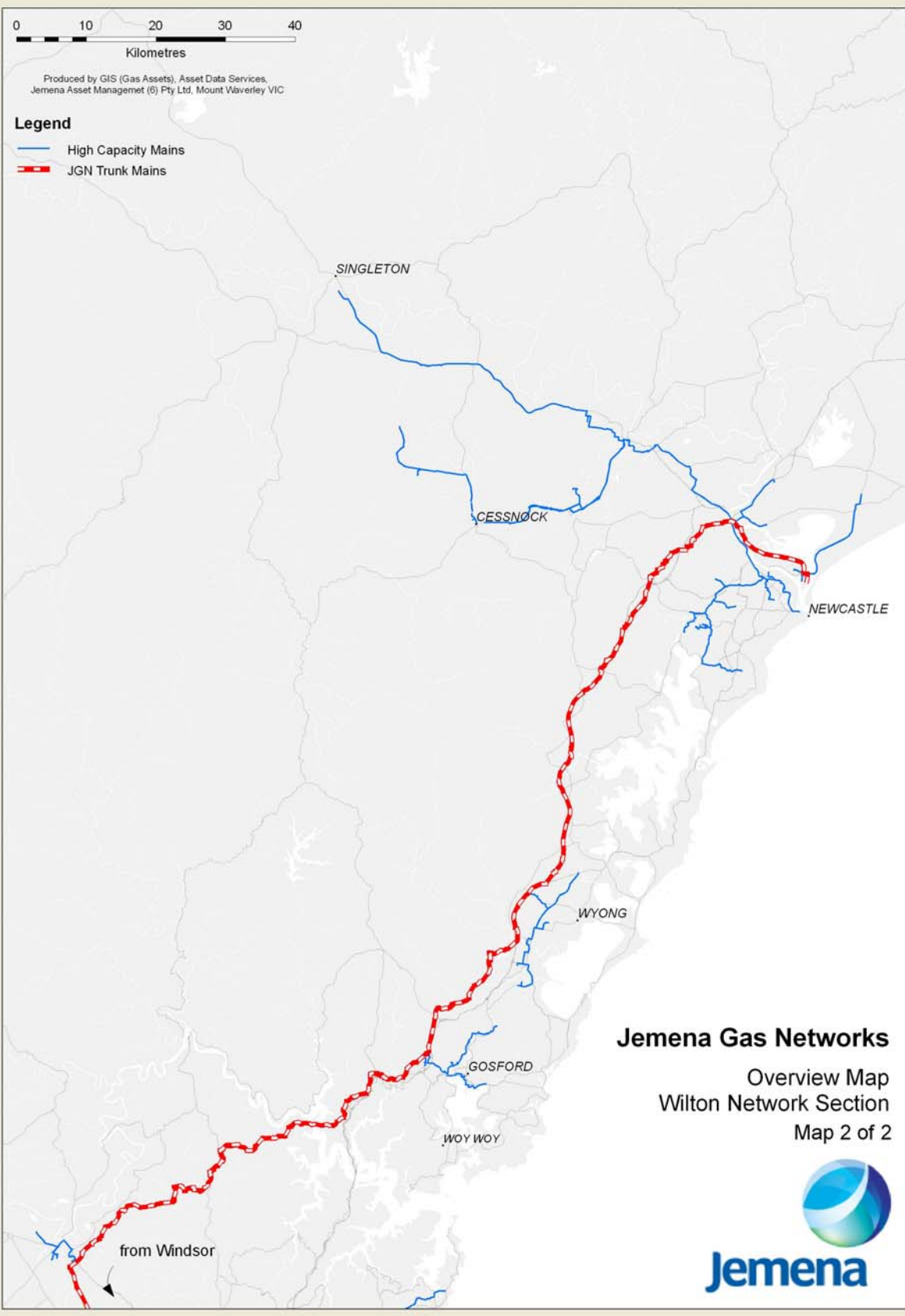


## Jemena Gas Networks

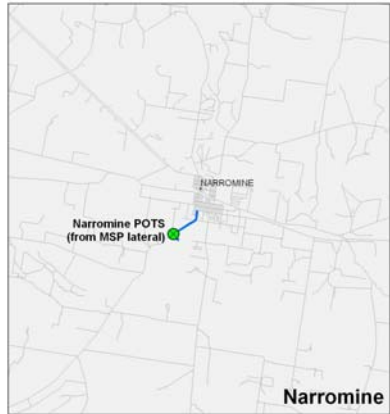
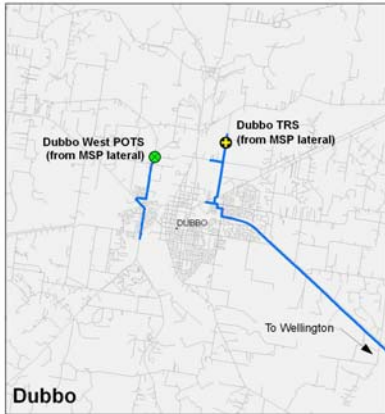
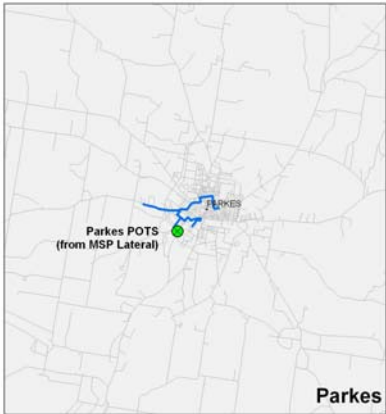
Overview Map  
Wilton Network Section

Map 1 of 2









**NSW Country Areas**



— High Capacity Mains



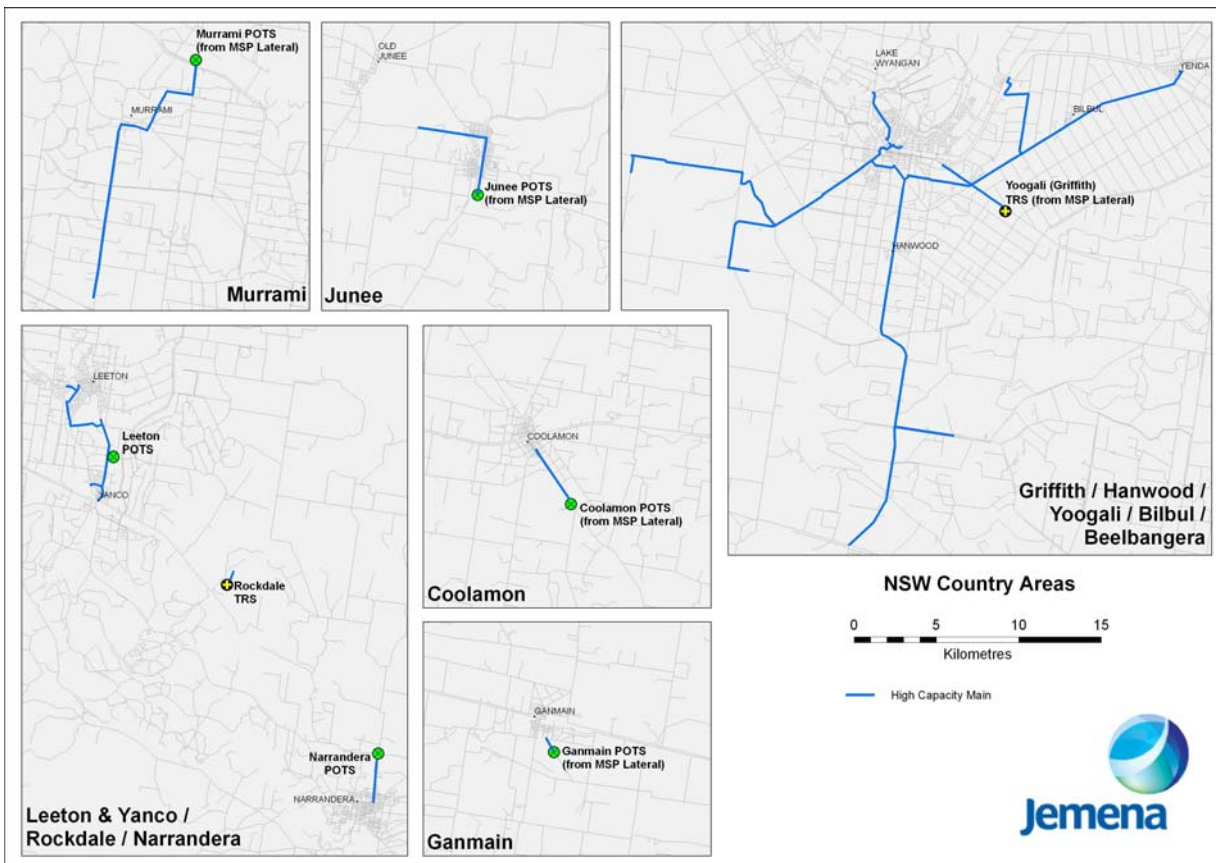
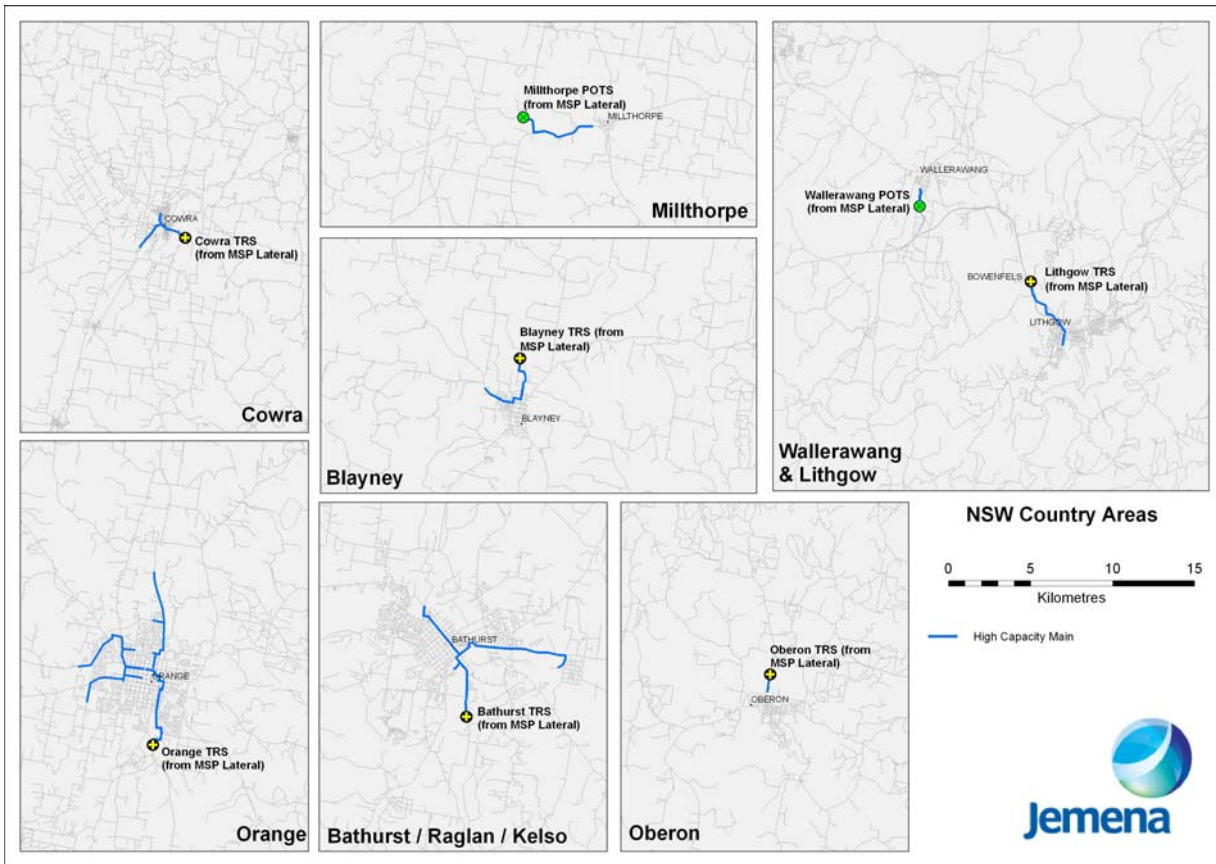
**NSW Country Areas**

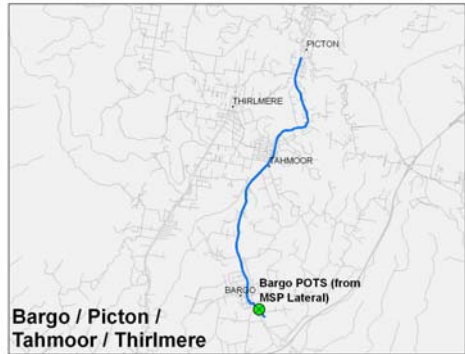
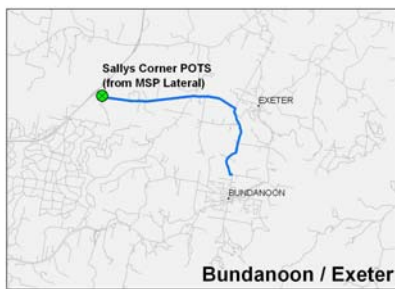
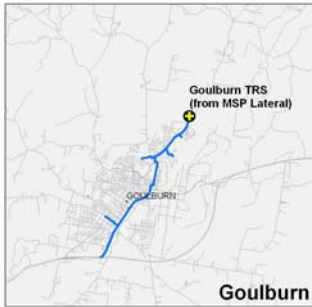


— High Capacity Mains









**NSW Country Areas**

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