

**ACCESS ARRANGEMENT FOR THE  
BALLERA TO WALLUMBILLA NATURAL GAS  
PIPELINE**

**ANNEXURE A**

**ACCESS PRINCIPLES**

## REFERENCE TARIFFS AND REFERENCE TARIFF POLICY

### 1. DEFINITIONS

"**Access Arrangement**" means an arrangement for access to the Pipeline that has been approved by the Relevant Regulator.

"**Actual System Load Factor**" means the figure calculated for any relevant calendar year by dividing the aggregate firm Gas Transportation Agreement MDQs for the previous calendar year by the quantity of gas which is equal to the aggregate actual daily utilisation of the Pipeline by Users under firm Gas Transportation Agreements during the corresponding period in the previous calendar year.

"**AFT Service**" means an alternative form of Transportation Service to a Full Forward Haul Service.

"**Authorised Overrun Rate**" means for Class FH1 Service, \$0.7160/GJ (in 1 January 1995 dollars) and as at 1 July 1997 for each Class of Transportation Service means the rate specified for that Class of Transportation Service in Schedule 2.

"**Authorised Overrun Service**" means an Overrun Service authorised by the Service Provider in advance (refer to paragraph 6).

"**Back Haul**" means the contractual obligation to transport gas in the direction opposite to the physical flow of the gas in the Pipeline;

"**Class BH1 Service**" means the Transportation Service described in paragraph 3.2;

"**Class BZ1 Service**" means the Transportation Service described in paragraph 3.5;

"**Class FH1 Service**" means the Transportation Service described in paragraph 3.1;

"**Class FZ1 Service**" means the Transportation Service described in paragraph 3.4;

"**Class IT1 Service**" means the Transportation Service described in paragraph 3.3;

"**Class IZ1 Service**" means the Transportation Service described in paragraph 3.6;

"**Code**" means the National Third Party Access Code for Natural Gas Pipeline Systems as changed from time to time.

"**CPI**" means the Consumer Price Index All Groups (Weighted Average Capital Cities).

"**Daily Variance Rate**" means for Class FH1 Service, the Throughput Rate of \$0.142/GJ (in 1 January 1995 dollars) multiplied by 2 (refer to paragraph 7) and as at 1 July 1997 for each Class of Transportation Service means the rate specified for that Class of Transportation Service in Schedule 2.

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"**Delivery Point**" means the point at which the Service Provider delivers gas to or for the account of a User.

"**Delivery Point MDQ**" means the maximum quantity of gas which the Service Provider is obligated to deliver on any day at each Delivery Point to or for the account of a User under the Gas Transportation Agreement between the Service Provider and the User.

"**Forecast Throughput**" means the Service Provider's best estimate of a User's average daily utilisation of the Pipeline for a particular period.

"**Forward Haul**" means the provision of a Transportation Service through the Pipeline in the direction from South West Queensland to Wallumbilla.

"**Foundation Contracts**" means Gas Transportation Agreements with a primary term of not less than 5 years executed on or before 11 September 1995.

"**Foundation Users**" means those Users who are parties to Foundation Contracts.

"**Full Forward Haul Service**" means the Forward Haul Transportation Service described in paragraph 3.1.

"**Gas Pipelines Access Law**" means the Gas Pipelines Access Law applying in Queensland other than the Code.

"**Gas Transportation Agreement**" means an agreement entered into between the Service Provider and a User for the supply of Transportation Services using the Pipeline.

"**GJ**" means gigajoule of gas.

"**Imbalance**" means the difference between the quantities of gas received by the Service Provider at Receipt Points for a User's account (net of System Use Gas) and the quantities of gas taken by or on account of the User at the Delivery Points.

"**Imbalance Rate**" means for Class FH1 Service, the Authorised Overrun Rate multiplied by 2 and as at 1 July 1997 for each Class of Transportation Service means the rate specified for that Class of Transportation Service in Schedule 2.

"**Interruptible Transportation Service**" includes Class IT1 Service and Class IZ1 Service.

"**Licence**" means Pipeline Licence No 24 granted under the Petroleum Act 1923 (Qld).

"**Licence Period**" means the period of the Licence, being a period of 40 years commencing on 7 December 1995, or such longer period mutually agreed to by the Minister and the Service Provider.

"**Line Pack**" means, for the purpose of paragraph 7.2, the gas in the Pipeline from time to time.

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**"Load Factor"** of a User means the User's MDQ under its Gas Transportation Agreement divided by the Forecast Throughput for the period for which the Load Factor is to be calculated.

**"MAOP"** means maximum allowable operating pressure of the Pipeline as determined in accordance with Australian Standard 2885 "SAA Pipelines - Gas and Liquid Petroleum". The MAOP for the Pipeline shall be at all times a minimum of 14.92 MPa(g) with the maximum operating temperature not exceeding the Pipeline material or coating specifications.

**"MDQ"** means the maximum quantity of gas (in GJ) which the Service Provider is obligated to receive from a User on any day under the Gas Transportation Agreement between the Service Provider and the User.

**"Minister"** means the Minister for Mines and Energy for the State of Queensland and includes where the context permits or allows a nominee or nominees of the Minister and a person or persons authorised by the Minister for a particular purpose.

**"Monthly Reservation Rate"** means for Class FH1 Service, \$0.478/GJ (in 1 January 1995 dollars) and as at 1 July 1997 for each Class of Service, means the rate specified for that Class of Service in Schedule 2.

**"Nominal Capacity"** of the Pipeline means the fully compressed capacity of the Pipeline, being 110 PJ per annum with 8 compressor stations operating.

**"Overrun Quantity"** means the greater of:

- (a) the portion of the total quantity of gas (in GJ) (excluding any System Use Gas) received by the Service Provider from a User during any day under a Gas Transportation Agreement that is greater than the MDQ under the Gas Transportation Agreement;
- (b) the portion of the quantity of gas (in GJ) (excluding any System Use Gas) received by the Service Provider from the relevant User at any Receipt Point during any day under a Gas Transportation Agreement that is greater than the relevant Receipt Point MDQ; and
- (c) the portion of the quantity of gas (in GJ) delivered by the Service Provider to or for the account of the relevant User at any Delivery Point during any day under a Gas Transportation Agreement that is greater than the relevant Delivery Point MDQ.

An **"Overrun Service"** is described in paragraph 6.1.

**"Pipeline"** means the pipeline with minimum outside diameter of 406.4mm and otherwise in accordance with the specified configuration in Schedule 5 together with all ancillary equipment and works connected therewith and extending between the terminal points referred to in that Schedule.

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"**PJ**" means one petajoule and is equal to one million ( $10^6$ ) GJ.

"**Receipt Point**" means the point at which the Service Provider receives gas from or on account of a User.

"**Receipt Point MDQ**" means the maximum quantity of gas which the Service Provider is obligated to receive on any day at each Receipt Point under the Gas Transportation Agreement between the Service Provider and the User.

"**Reference Tariffs**" mean the reference tariffs described in this Reference Tariff Policy.

"**Reference Tariff Policy**" means this reference tariff policy.

"**Relevant Regulator**" means the Relevant Regulator as defined in the Gas Pipelines Access Law.

"**Revisions Commencement Date**" means a date 6 months after the relevant Revisions Submission Date.

"**Revisions Submission Date**" means:

- (a) for revisions relating to AFT Services:
  - (i) 11 June 2004; or
  - (ii) such earlier date as is agreed to by the Service Provider and the Relevant Regulator;
- (b) for all other revisions to the Access Arrangement:
  - (i) 30 June 2016; or
  - (ii) such earlier date as is agreed to by the Service Provider and the Relevant Regulator.

"**Roma to Brisbane Pipeline**" means the gas pipeline from Wallumbilla to Brisbane licensed under Pipeline Licence No 2 issued under the Petroleum Act 1923 (Qld).

"**Service**" means a service provided by means of the Pipeline.

"**Service Provider**" means Epic Energy Queensland Pty Ltd.

"**State Gas Pipeline**" means the gas pipeline from Wallumbilla to Gladstone and Rockhampton licensed under Pipeline Licence No 30 issued under the Petroleum Act 1923 (Qld).

"**Swing Gas**" has the meaning given to that term in paragraph 7.2.

"**System Use Gas**" means the quantities of gas provided by the User to the Service Provider for use as compressor fuel and other purposes necessary for the operation of the

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Pipeline and quantities otherwise lost and unaccounted for in connection with the operation of the Pipeline except for any gas lost due to the Service Provider's negligence or wilful default.

**"Transportation Service"** means a service of transporting gas provided by Service Provider to a User pursuant to a Gas Transportation Agreement.

**"Throughput Rate"** means for Class FH1 Service, \$0.142/GJ (in 1 January 1995 dollars) and as at 1 July 1997 for each Class of Transportation Service means the rate specified for that Class of Transportation Service in Schedule 2.

**"Unauthorised Overrun Rate"** means for Class FH1 Service, the Authorised Overrun Rate multiplied by 2 and as at 1 July 1997 for each Class of Transportation Service means the rate specified for that Class of Transportation Service in Schedule 2.

**"Unauthorised Overrun Service"** means any Overrun Service not authorised by the Service Provider in advance.

**"User"** means a person who has a current contract for a Service or an entitlement to a Service as a result of arbitration.

**"Zone"** means the whole or any part of:

- (a) the distance between Ballera and the nearest scraper station;
- (b) the distance between any 2 adjacent scraper stations; and
- (c) the distance between Wallumbilla and the nearest scraper station,

as illustrated in Schedule 3.

## 2. REFERENCE TARIFF POLICY

### 2.1 Method of deriving Tariffs

Reference Tariffs for Full Forward Haul Service have been set through a competitive tender process, conducted by the Queensland Government in 1994. Reference Tariffs for AFT Services have been derived from the Reference Tariffs for Full Forward Haul Service as described in more detail in paragraphs 2.4, 2.5, 2.6, 2.7 and 2.8. For the purposes of part haul Service Tariffs, the Pipeline has been divided into eight (8) Zones (refer to Schedule 3).

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#### 2.2 **Maximum Tariff**

The Reference Tariffs are the maximum tariffs that may be charged in respect of the transportation of gas through the Pipeline up to the Nominal Capacity of the Pipeline and shall encompass all charges of any nature to be made to customers for transportation of gas through the Pipeline. Subject to the maximum permissible tariffs, the tariffs which are to be levied will be a matter for negotiation between the relevant parties. The Service Provider shall use its best endeavours to develop the gas markets in south east Queensland and central Queensland and to increase the use of the Pipeline provided that the Service Provider shall have no obligation to enter into Gas Transportation Agreements for the Services referred to in these Reference Tariffs with tariffs that are less than the maximum tariffs.

#### 2.3 **Class FH1 Reference Tariffs**

The Reference Tariffs for Class FH1 Service are the tariffs approved through the competitive tender process, adjusted for expression in 1 July 1997 dollars.

#### 2.4 **Class BH1 Reference Tariffs**

The Reference Tariffs for Class BH1 Service were derived as follows:

- (a) Monthly Reservation Rate was derived by adding the Class FH1 Monthly Reservation Rate and Throughput Rate (the latter being adjusted for a Load Factor of 1.2 by dividing the Throughput Rate by 1.2) and multiplying the sum by 50%.
- (b) Authorised Overrun, Unauthorised Overrun Imbalance and Daily Variance Rates were derived from the Reference Tariffs for Class FH1 Service multiplying the latter by 50%.

#### 2.5 **Class IT1 Reference Tariffs**

The Reference Tariffs for Class IT1 Service were derived as follows:

- (a) Throughput Rate was derived by adding the Monthly Reservation Rate for Class FH1 Service to the Throughput Rate for Class FH1 Service.
- (b) Authorised Overrun Rate is the same as the IT1 Throughput Rate for Class IT1 Service derived in paragraph 2.5(a).
- (c) Unauthorised Overrun, Imbalance Rate and Daily Variance Rates are the same as the Reference Tariffs for Class FH1 Service.

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#### 2.6 **Class FZ1 Reference Tariffs**

The Reference Tariffs for Class FZ1 Service were derived from the Reference Tariffs for Class FH1 Service by dividing the latter by eight (8) and multiplying by 110%.

#### 2.7 **Class BZ1 Reference Tariffs**

The Reference Tariffs for Class BZ1 Service were derived as follows:

- (a) Monthly Reservation Rate was derived from the Monthly Reservation Rate for Class BH1 Service derived under paragraph 2.5(a), by dividing the latter by eight (8) and multiplying by 110%.
- (b) Authorised Overrun, Unauthorised Overrun, Imbalance and Daily Variance Rates were derived from the Reference Tariffs for Class BH1 Service derived under paragraph 2.5(b), by dividing the latter by eight (8) and multiplying by 110%.

#### 2.8 **Class IZ1 Reference Tariffs**

The Reference Tariffs for Class IZ1 Service were derived as follows:

- (a) Throughput Rate was derived by adding the Monthly Reservation Rate to the Throughput Rate for Class FH1 Service dividing the result by eight (8) and multiplying by 110%.
- (b) Authorised Overrun, Unauthorised Overrun, Imbalance Rate and Daily Variance Rates were derived from the Reference Tariffs for Class FH1 Service tariffs by dividing the latter by eight (8) and multiplying by 110%.

### 3. **DESCRIPTION OF SERVICES**

The Service Provider shall offer the following services:

#### 3.1 **Class FH1 - Forward Haul Service**

Class FH1 Service shall consist of the following Forward Haul Transportation Services which shall be provided by the Service Provider to the User on each day:

- (a) the receipt by Service Provider at the Receipt Point(s) at Ballera of quantities of gas nominated by the User in an amount not exceeding the aggregate of the Receipt Point MDQs plus any System Use Gas;
- (b) the transportation of the gas referred to in paragraph (a) on a firm basis and without interruption except as is expressly excused under any Access



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Arrangement; and

- (c) the delivery by Service Provider to the User or to another person for User's account at the Delivery Point(s) at Wallumbilla of the quantities of gas (in GJs) in aggregate equivalent to the quantity of gas (in GJs) that Service Provider received for User's account at the Receipt Point(s), less any System Use Gas in an amount not exceeding the aggregate of the Delivery Point MDQs.

#### 3.2 **Class BH1 - Back Haul Service**

Class BH1 Service shall consist of the following Back Haul Transportation Services which shall be provided by the Service Provider to the User on each day:

- (a) the receipt by Service Provider at the Receipt Point(s) of quantities of gas nominated by the User in an amount not exceeding the aggregate of the Receipt Point MDQs;
- (b) the transportation of a quantity of gas (in GJs) equivalent to the quantity of gas referred to in paragraph (a) on a firm basis and without interruption except as expressly excused under any Access Arrangement; and
- (c) the delivery by Service Provider to the User or to another person for User's account at the Delivery Point(s) of a quantity of gas (in GJs) equivalent to the quantity of gas (in GJs) that Service Provider received for User's account at the Receipt Point(s) in an amount not exceeding the aggregate of the Delivery Point MDQs.

Provided that Class BH1 Service will only be available on a firm basis to the extent that sufficient Forward Haul Transportation Services are being performed on that day to permit such a Back Haul Transportation Service.

#### 3.3 **Class IT1 - Interruptible Transportation Service**

Class IT1 Service shall consist of the following Transportation Services which shall be provided by the Service Provider to the User on each day:

- (a) the receipt by Service Provider at the Receipt Point(s) of quantities of gas nominated by the User in an amount not exceeding the aggregate Receipt Point MDQs, plus any System Use Gas;
- (b) the transportation of a quantity of gas (in GJs) equivalent to the quantity of gas referred to in paragraph (a) on a firm basis and without interruption except as is expressly excused under any Access Arrangement; and
- (c) the delivery by Service Provider to the User or to another person for User's account at the Delivery Point(s) of a quantity of gas (in GJs)

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equivalent to the quantity of gas (in GJs) that Service Provider received for User's account at the Receipt Point(s), not to exceed the aggregate Delivery Point MDQs, less any System Use Gas,

Provided that Class IT1 Service will only be available to the extent that Service Provider determines that it can receive, transport and deliver gas for the User without causing any interruption of service to Users under firm Gas Transportation Agreements.

#### 3.4 **Class FZ1 - Forward Part Haul Service (Zonal)**

Class FZ1 Service shall consist of the following Transportation Services which shall be provided by the Service Provider to the User on each day:

- (a) the receipt by Service Provider at the Receipt Point(s) of quantities of gas nominated by the User in an amount not exceeding the aggregate of the Receipt Point MDQs plus any System Use Gas;
- (b) the transportation of the gas referred to in paragraph (a) on a firm basis and without interruption except as is expressly excused under any Access Arrangement; and
- (c) the delivery by Service Provider to the User or to another person for User's account at the Delivery Point(s) of the quantities of gas (in GJs) in aggregate equivalent to the quantity of gas (in GJs) that Service Provider received for User's account at the Receipt Point(s), less any System Use Gas in an amount not exceeding the aggregate of the Delivery Point MDQs,

where the gas is transported through fewer than 8 Zones.

#### 3.5 **Class BZ1 - Back Part Haul Service (Zonal)**

Class BZ1 Service shall consist of the following Back Haul Transportation Services which shall be provided by the Service Provider to the User on each day:

- (a) the receipt by Service Provider at the Receipt Point(s) of quantities of gas nominated by the User in an amount not exceeding the aggregate of the Receipt Point MDQs;
- (b) the transportation of a quantity of gas (in GJs) equivalent to the quantity of gas referred to in paragraph (a) on a firm basis and without interruption except as expressly excused under any Access Arrangement; and
- (c) the delivery by Service Provider to the User or to another person for User's account at the Delivery Point(s) of a quantity of gas (in GJs) equivalent to the quantity of gas (in GJs) that Service Provider received for User's account at the Receipt Point(s) in an amount not exceeding the

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aggregate of the Delivery Point MDQs,

where the gas is transported through fewer than 8 Zones.

Provided that Class BZ1 Service will only be available on a firm basis to the extent that sufficient Forward Haul Transportation Services are being performed on that day to permit such a Back Haul Transportation Service.

#### 3.6 **Class IZ1 - Interruptible Part Haul Service (Zonal)**

Class IZ1 Service shall consist of the following Transportation Services which shall be provided by the Service Provider to the User on each day:

- (a) the receipt by Service Provider at the Receipt Point(s) of quantities of gas nominated by the User in an amount not exceeding the aggregate Receipt Point MDQs, plus any System Use Gas;
- (b) the transportation of a quantity of gas (in GJs) equivalent to the quantity of gas referred to in paragraph (a) on a firm basis and without interruption except as is expressly excused under any Access Arrangement; and
- (c) the delivery by Service Provider to the User or to another person for User's account at the Delivery Point(s) of a quantity of gas (in GJs) equivalent to the quantity of gas (in GJs) that Service Provider received for User's account at the Receipt Point(s), not to exceed the aggregate Delivery Point MDQs, less any System Use Gas,

where the gas is transported through fewer than 8 Zones.

Provided that Class IZ1 Service will only be available to the extent that Service Provider determines that it can receive, transport and deliver gas for the User without causing any interruption of service to Users under firm Gas Transportation Agreements.

#### 4. **RESERVATION AND THROUGHPUT CHARGES**

4.1 Subject to adjustment in accordance with the following paragraphs, the posted maximum tariff structure for Class FH1 Service consists of:

- (a) a Monthly Reservation Charge equal to the Monthly Reservation Rate multiplied by the relevant User's MDQ multiplied by 30.42; and
- (b) a Throughput Charge equal to the Throughput Rate multiplied by each GJ transported to or for the account of a User.

The Throughput Rate for an individual User will be adjusted based on the individual User's Load Factor, and shall equal the Throughput Rate set forth above multiplied by the User's Load Factor divided by 1.2.

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- 4.2 To illustrate the application of the basic tariff structure for Class FH1 Service and to calculate a unit charge, the tariff (for reservation and throughput) in \$/GJ of throughput for a Load Factor of 1.1 is calculated as follows:

$$\$0.478 \times 1.1 + \$0.142 \times \frac{1.1}{1.2} = \$0.656 / \text{GJ}$$

This formula accommodates variations in Load Factor and determines the maximum tariff that can be charged up to the Nominal Capacity of the Pipeline.

For illustrations of the application of the basic tariff structure for other Classes of Transportation Service refer to Schedule 4.

- 4.3 By mutual consent, the Service Provider and a User may:
- (a) negotiate lower tariffs, or
  - (b) agree to increases in the Monthly Reservation Rate or the Throughput Rate in return for reductions in the Throughput Rate or the Monthly Reservation Rate, respectively, such that the revised rates will not generate revenue which exceeds the revenue determined under the posted maximum tariff structure.
- 4.4 Subject to adjustment in accordance with the following paragraphs, the posted maximum tariff structure for each Class of Service other than Class FH1 Service consists of the tariffs set out in Schedule 1 and Schedule 2.

## 5. **LOAD FACTOR**

- 5.1 A User's initial Load Factor shall be established in the User's Gas Transportation Agreement. The User's Load Factor will be recalculated by the Service Provider, if necessary, at six monthly intervals at the beginning of January and July or other periods reasonably established by the Service Provider to more accurately track the User's actual Load Factor. The projected Load Factor for the period for which it is to be calculated will take into account the User's Load Factor during the same period during the previous year, as adjusted for any known or expected changes in the Load Factor from that which applied during the same period during the previous year. If a User disputes the Service Provider's estimate of the User's projected Load Factor, then the User may seek to have the dispute resolved in accordance with the procedures for resolving disputes between the Service Provider and the User under their Gas Transportation Agreement.
- 5.2 In circumstances where the forecast Load Factor exceeds 2.0, the Service Provider may require the User to enter into "ship or pay" arrangements for a percentage of the Forecast Throughput or enter into an arrangement which increases the Monthly Reservation Rate component of the tariff in order to be assured of an appropriate level of tariff revenue regardless of throughput. Any such arrangements will not generate revenue which exceeds revenue determined under the posted maximum tariff structure.

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#### 6. **OVERRUN CHARGES**

- 6.1 The Service Provider may transport gas nominated by a User in excess of the MDQ under the User's Gas Transportation Agreement, receive gas at any Receipt Point in excess of the Receipt Point MDQ, or deliver gas at any Delivery Point in excess of the Delivery Point MDQ on any day to the extent that capacity is available for such Overrun Service.
- 6.2 The Service Provider shall provide an Authorised Overrun Service where the Service Provider has available capacity to provide such service, provided that the Service Provider shall not have any obligation to provide an Authorised Overrun Service where (a) providing such a service would cause it to curtail service for another User that is transporting within its MDQ or (b) the User has requested the Service Provider to provide Authorised Overrun Service for quantities in excess of five percent of a User's MDQ for more than twelve days in any rolling twelve month period or for more than four days in any month.
- 6.3 For any Authorised Overrun Service, the relevant User shall pay an authorised overrun charge equal to the Overrun Quantity multiplied by the Authorised Overrun Rate. For any Unauthorised Overrun Service, the relevant User shall pay an unauthorised overrun charge equal to the Overrun Quantity multiplied by the Unauthorised Overrun Rate. Deliveries of gas into the Pipeline by a User prior to the submission of a nomination by that User shall be deemed to be an Unauthorised Overrun Service.
- 6.4 The Service Provider shall not charge a User either an authorised overrun charge or an unauthorised overrun charge to the extent that the Service Provider solely caused the receipt or delivery of gas in excess of the User's MDQ, the Receipt Point MDQ or the Delivery Point MDQ, without the prior approval of the User.

#### 7. **DAILY VARIANCE CHARGE**

- 7.1 A User will use reasonable efforts to ensure that receipts and deliveries of gas are equal to the quantities scheduled with the Service Provider.
- 7.2 The Service Provider will change the deliveries of gas at a specified Delivery Point from that scheduled for delivery if requested by a User to do so up to an amount equal to the least of:
- (a) the MDQ;
  - (b) the Delivery Point MDQ applicable to that Delivery Point; and
  - (c) the quantities of gas that any pipeline downstream of that Delivery Point accepts from the Service Provider.

The difference in the quantity scheduled and the quantity of gas so delivered is

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referred to as "**Swing Gas**".

The Service Provider will make Swing Gas available at a specified Delivery Point for so long as the relevant User's proportionate share of the Service Provider's deliverability from the Line Pack at the specified Delivery Point is available. A User's proportionate share of deliverability shall equal its MDQ divided by the total of the MDQ's of all Users.

- 7.3 If the actual quantities of gas received at any Receipt Point or delivered at any Delivery Point on any day vary by more than ten percent from the quantities scheduled at the relevant point plus any Swing Gas, for more than four days in any month or more than twenty-four days in any year, then (unless and to the extent that those variations have been caused or contributed to by the Service Provider) the Service Provider shall have the right to charge the User the Daily Variance Rate multiplied by the difference between the GJs scheduled plus any Swing Gas, and the actual GJs of gas delivered at the applicable Receipt or Delivery Point for any days in excess of the applicable threshold level of days set out in this paragraph, provided that such a charge will apply to the variances at either the Receipt Points or the Delivery Points on any day (but not both).
- 7.4 The Service Provider will not be entitled to make any charge in respect of any minor shortfalls or overruns which occur as a result of the inability of a User to supply the precise quantities of gas nominated and scheduled despite the User having exercised the skill, diligence, prudence and foresight which would be expected to be exercised by a skilled, competent and experienced person complying with all recognised standards and applicable laws in the same type of undertaking as the User under the circumstances.

#### 8. **IMBALANCE CHARGE**

- 8.1 Each User will be responsible to control and, if necessary, adjust nominations, receipts and deliveries of gas to maintain a balance between such receipts (net of System Use Gas) and deliveries. Any adjustment to receipts and deliveries by a User shall be co-ordinated with the Service Provider.
- 8.2 A User and the Service Provider will co-operate in good faith to minimise any Imbalances and to eliminate any Imbalances that do occur as soon as possible, taking into consideration the time period allowed for cure on any upstream or downstream entities delivering gas to, or receiving gas from, the Service Provider. Based on the best information available, a User and the Service Provider shall take action to correct any Imbalances occurring during the month.
- 8.3 If an Imbalance exists at the end of a month, then (subject to the obligation of the Service Provider and the User under paragraph 8.2 to co-operate in good faith to minimise or eliminate any such Imbalance) the User will correct a continuing Imbalance during the subsequent month by making adjustments in nominations, receipts and / or deliveries. If a User fails to take such corrective action, then the Service Provider may adjust the User's scheduled receipts and deliveries over that subsequent month to correct the continuing Imbalance.

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- 8.4 If an Imbalance still remains at the end of the subsequent month, the Service Provider may charge the User an amount equal to the Imbalance Rate multiplied by the Imbalance existing at the end of that month. In the case of an Imbalance shortfall, the Service Provider may require the User to correct any such Imbalance through cash payments based upon the then existing market price of gas, plus any transportation tariffs that would have been applicable if the Imbalance had been corrected by the User providing additional gas at the Receipt Point(s).
- 8.5 The Service Provider will not be entitled to charge a User any amount under paragraph 8.4 or to require correction of Imbalances through cash payments under paragraph 8.4 in respect of any Imbalance that has been corrected during a month notwithstanding that a further Imbalance has subsequently arisen by the end of that month.

### 9. **TARIFF ESCALATION**

- 9.1 For Class FH1 Service the Monthly Reservation Rate and Throughput Rate and the rates derived therefrom (other than the Daily Variance Rate), as each is adjusted in accordance with these Reference Tariffs and this Reference Tariff Policy, are expressed in 1 January 1995 terms and will vary quarterly in accordance with the CPI on the following basis:
- (a) from 1 January 1995 until the earlier of completion of the Pipeline and 1 January 1997, 100% of the relevant rate varies with the movement in the CPI ; and
  - (b) from the date applicable under (a) until the earlier of the expiration of the Licence or the Revisions Commencement Date, 75% of the relevant rate determined by (a) varies with the movement in the CPI.
- 9.2 For Class FH1 Service the Authorised Overrun Rate, and the rates derived therefrom and the Daily Variance Rate, as each is adjusted in accordance with these Reference Tariffs and this Reference Tariff Policy, are expressed in 1 January 1995 terms and will vary quarterly in accordance with the CPI on the following basis:
- (a) from 1 January 1995 until 1 January 1997, 100% of the relevant rate varies with the movement in the CPI; and
  - (b) from 1 January 1997 until the earlier of the expiration of the Licence or the Revisions Commencement Date, 75% of the relevant rate determined by (a) varies with the movement in the CPI.
- 9.3 The Authorised Overrun Rate, Daily Variance Rate, Imbalance Rate, Monthly Reservation Rate, Throughput Rate and the Unauthorised Overrun Rate for AFT Services are expressed in 1 July 1997 dollar terms.

From 1 July 1997 until the earlier of the expiration of the Licence and the Revisions Commencement Date the rates for AFT Services shall be varied each

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quarter in accordance with the following formula:

$$R_n = R_{n-1} \times \left( 1 + 75\% \left[ \frac{CPI_n}{CPI_{n-1}} - 1 \right] \right)$$

Where:

$R_n$  = rate for the current quarter

$R_{n-1}$  = rate for the previous quarter

$CPI_n$  = CPI for quarter ending immediately before the current quarter

$CPI_{n-1}$  = CPI for quarter ending immediately before previous quarter.

## 10. **APPLICATION OF TARIFFS AND CHARGES**

10.1 The tariffs set out or deemed included in these Reference Tariffs and this Reference Tariff Policy are maximum tariffs to apply to Transportation Services on the Pipeline and any compression facilities installed on the Pipeline up to the Nominal Capacity of the Pipeline, and do not include separate tariffs associated with the construction of any other facilities. The tariffs set forth above are based on Users delivering gas at the Receipt Points at pressures sufficient to allow the gas to enter the Pipeline (and not greater than the MAOP) and the Service Provider shall have no obligation to deliver gas at the Delivery Points at pressures in excess of 8000 kPa at the Roma to Brisbane Pipeline and 10,200kPa at the State Gas Pipeline.

10.2 The Overrun, Daily Variance and Imbalance charges referred to in this Schedule may be negotiated subject to the Service Provider providing sufficient and timely information to Users and providing Users adequate time to install control measures at their disposal which will allow Users to take practical measures to avoid incurring such charges.

## 11. **REVENUE SHARING**

11.1 Subject to paragraph 11.3(d), Users with Gas Transportation Agreements with primary terms in excess of 5 years will, in accordance with paragraph 11.3, receive a revenue credit of not less than 40% of the revenue received in any year in excess of the Threshold revenue.

Threshold revenue = Posted maximum tariff for Class FH1 Service x threshold annual reservation level (set out below).



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<b>Year</b>	<b>Threshold annual reservation level (PJ) at a load factor of 1.2 beyond which revenue sharing applies</b>
1997	34.8
1998	38.3
1999	40.2
2000	40.5
2001	45.5
2002	52.8
2003	55.3
2004	57.8
2005	59.4
2006	64.7
2007	57.5
2008	59.7
2009	62.2
2010	64.5
2011	66.7
2012	75.0
2013	76.3
2014	77.8
2015	79.3
2016 - Until Expiration of Licence	80.9

The amount of revenue credit for participating Users will not be less than the Total Revenue Credit determined as follows:

Total Revenue Credit = (Actual Revenue from the Pipeline for the year - Threshold Revenue for the year) x (a proportion determined by negotiation between the Service Provider and the Foundation Users, being not less than 0.4)

Actual Revenue excludes payments received by the Service Provider for specific services (or additional facilities to provide such services) which are additional to services (or facilities) for transportation through the Pipeline referred to in paragraph 10.1.

11.2 Revenue sharing Users will be provided with adequate financial and other information in order to verify their revenue sharing entitlements under this condition.

11.3 Users will be entitled to a revenue credit as follows:

(a) While the primary term of all Foundation Contracts are still in force:

Until the expiration of the shortest primary term of the Foundation Contracts, each Foundation User shall be entitled to a share of the Total

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Revenue Credit based upon the following formula:

TOTAL REVENUE CREDIT for year x Foundation User Percentage Entitlement

Where Foundation User Percentage Entitlement =  $\frac{A}{B}$

A = Present value of the applicable Foundation User's Monthly Reservation Charges (discounted at 10%) associated with the MDQ in effect during the primary term of such User's Foundation Contract on the date of execution of such contract.

B = Present value of all the Foundation User's Monthly Reservation Charges (discounted at 10%) associated with the MDQs in effect during the primary terms of such User's Foundation Contracts on the date of execution of such contracts.

- (b) During the period where the primary terms of all Foundation Contracts have expired:

Following the expiration of the longest primary term of the Foundation Contracts, all Users with Gas Transportation Agreements with primary terms in excess of five years shall be entitled to a share of the Total Revenue Credit based upon the following formula:

TOTAL REVENUE CREDIT for year x  $\frac{C}{D}$

Where

C = The relevant User's Monthly Reservation Charges and Throughput Charges for the applicable year.

D = The Monthly Reservation Charges and Throughput Charges for the applicable year for all Users with Gas Transportation Agreement terms in excess of five years.

- (c) During the period when some but not all of the primary terms of the Foundation Contracts have expired:

Following the expiration of the shortest primary term but prior to the expiration of the longest primary term, of the Foundation Contracts, all Users with Gas Transportation Agreements with terms in excess of five years shall be entitled to their share of the Total Revenue Credit based on the following:

- (i) The Foundation Users whose primary term has not expired shall

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be entitled to:

TOTAL REVENUE CREDIT for year x Foundation User Percentage Entitlement set forth in accordance with (a) above.

- (ii) Each remaining User with Gas Transportation Agreements with terms in excess of five years, including the Foundation Users whose primary term of their Foundation Contract has expired ("Remaining Users"), shall be entitled to:

TOTAL REVENUE CREDIT for year  
(less amount calculated in (c) (i) above x  $\frac{E}{F}$ )

Where:

E = The Remaining User's Monthly Reservation Charges and Throughput Charges for the applicable year.

F = The Monthly Reservation Charges and Throughput Charges for the applicable year for all Remaining Users.

- (d) A User may mutually agree with the Service Provider to waive or release its entitlement to such part of the Total Revenue Credit for one or more years in return for other considerations including, without limitation, discounted rates. In that event, the Service Provider shall be entitled to that User's share of the revenue Total Revenue Credit, provided that if such a waiver or release was obtained through an agreement to reduce the User's tariff that results in less revenue being available for revenue crediting, then the Service Provider shall only be entitled to 60% of the revenue credit that would otherwise be provided to that User and the remaining 40% of such revenue credit will be provided to the other Users in accordance with the allocations set forth above.
- (e) A User's share of the Total Revenue Credit will be applied against the User's Monthly Reservation Charge over the next 12 months in equal amounts over the period.

## 12. GOVERNMENT TAXES, DUTIES AND CHARGES

- 12.1 If during the Licence Period a new tax, duty or charge is imposed on or applied to the Pipeline (or any of its components), the operation of the Pipeline or the provision of services by the Service Provider to the Users, the Service Provider is entitled to recover from the Users the amount of that tax, duty or charge.
- 12.2 If during the Licence Period a tax, duty or charge imposed on or applied to the Pipeline (or any of its components), the operation of the Pipeline or the provision

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of services by the Service Provider to the Users is varied, the Service Provider is entitled to recover from the Users any increase payable by the Service Provider as a result of any such variation and is obliged to refund to the User any reduction in the amount of such tax, duty or charge. "Tax" does not include income tax within the meaning of the Income Tax Assessment Act 1936.

#### 13. **GENERAL CONDITIONS**

- 13.1 The Reference Tariffs apply to throughput up to the Nominal Capacity of the Pipeline.
- 13.2 For Foundation Users who commence normal deliveries of gas under Foundation Contracts within the first year after completion of the Pipeline, tariffs that are above and below the posted maximum tariff, notwithstanding anything to the contrary, may be charged so long as the revenue generated (discounted at 10%) by the tariffs for all Foundation Users does not exceed the revenue (discounted at 10%) that would be obtained on the basis of posted maximum tariffs for the duration of the Foundation Contracts.
- 13.3 The Service Provider may require Users to provide their proportionate share of System Use Gas and Line Pack. The Service Provider will be responsible for any gas lost from the Pipeline due to its negligence or wilful default.
- 13.4 The Licensee shall have the right to commingle the gas received from a Shipper with gas transported for other Shippers and to redeliver different molecules.
- 13.5 Subject to paragraph 10.1, the tariffs may be adjusted to reflect differences in the cost of providing service to each class of User based on contract term and Load Factor.
- 13.6 Subject to any applicable law, the Service Provider may offer discounted tariffs below the maximum tariffs on a fair and reasonable basis to reflect differences in services and time provided, contract terms, User classes, Load Factors and market or competitive forces from alternate gas supplies or energy sources. It shall be presumed that any tariffs charged to the Users that are between 75% and 100% of the maximum tariffs shall be considered fair and reasonable.
- 13.7 The Licensee may negotiate with a Shipper to include in their Gas Transportation Agreement:
- (a) fair and reasonable provisions that require a Shipper to pay all amounts owed under the Gas Transportation Agreement to continue to receive service and to demonstrate its ability to meet all financial obligations under the Gas Transportation Agreement; and
  - (b) a provision that the gas delivered by a Shipper to the Licensee at the Receipt Point(s) shall comply with the following specifications as may be varied from time to time by agreement between the Minister and the Licensee:

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- (i) shall be free from substances, including liquid hydrocarbons, which interfere with the safe and reliable operation of the Pipeline or is injurious to the Pipeline;
- (ii) shall not exceed a hydrocarbon dewpoint in excess of 10 degrees Celsius between 1000 kPa and 10,000kPa;
- (iii) shall contain not more than (i) 0.2 volume % of oxygen, (ii) 3.0 volume % of carbon dioxide, (iii) a combined total of 6.0 volume % of inerts, including carbon dioxide, nitrogen, oxygen and any other inert compound, (iv) seven milligrams of hydrogen sulfide per Cubic Metre of gas, (v) 15 milligrams of mercaptan sulfur per Cubic Metre of gas, (vi) 65 milligrams of water per cubic metre or (vii) 50 milligrams of total sulfur per Cubic Metre of gas;
- (iv) shall be reasonably free of entrained hydrogen sulfide treatment chemical (solvent) or its by-products;
- (v) shall have a WOBBE Index between 47 and 52;
- (vi) if the gas contains more than 4.0 volume percent of inerts, then the gas shall have a gross heating value of not less than 37.9 megajoules per cubic metre of gas and not more than 42.3 megajoules per cubic metre of gas on a dry basis and if the gas contains less than or equal to 4.0 volume percent of inerts, then the gas shall have a gross heating value of not less than 35 megajoules per cubic metre of gas and not more than 43 megajoules per cubic metre of gas; and
- (vii) shall have a temperature of not less than 0 degrees celsius, and not more than the greater of (i) 48.89 degrees celsius (ii) the ambient temperature plus 12 degrees celsius, not to exceed 60 degrees celsius.

#### 14. **INVALIDITY**

If any term, paragraph or provision of these Reference Tariffs and this Reference Tariff Policy shall be or be deemed or judged to be invalid for any reason, such invalidity shall not affect the validity or operation of any other term, paragraph or provision of these Reference Tariffs and this Reference Tariff Policy except to the extent necessary to give effect to such invalidity.

#### **Error! Bookmark not defined.15. REVIEW AND EXPIRY OF ACCESS ARRANGEMENT**

15.1 The Service Provider must submit revisions to the Access Arrangement to the Relevant Regulator on the Revisions Submissions Date.

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- 15.2 Revisions to the Access Arrangement shall commence on the Revisions Commencement Date.

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**SCHEDULE 1  
Reservation and Throughput Charges**

<b>Error! Bookmark not defined. Class of Service</b>	<b>Description of Service</b>	<b>Monthly Reservation Charge</b>	<b>Throughput Charge</b>	<b>Adjustment for User's Load Factor</b>
FH1	Forward Haul Service	Monthly Reservation Rate x MDQ x 30.42	Throughput Rate x GJ transported	The Throughput Rate for an individual User will be adjusted based on the individual User's Load Factor and shall equal the Throughput Rate x the User's Load Factor divided by 1.2
BH1	Back Haul Service	Monthly Reservation Rate x MDQ x 30.42	Not applicable	The Monthly Reservation Rate for an individual User will be adjusted based on the Actual System Load Factor, and shall equal the Monthly Reservation Rate x the Actual System Load Factor divided by 1.2
IT1	Interruptible Transportation Service	Not applicable	Throughput Rate x GJ transported	The Throughput Rate for an individual User will be adjusted based on the Actual System Load Factor and shall equal the Throughput Rate x the Actual System Load Factor divided by 1.2
FZ1	Forward Part Haul Service (Zonal)	Monthly Reservation Rate x MDQ x 30.42 x number of Zones	Throughput Rate x GJ transported x number of Zones	The Throughput Rate for an individual User will be adjusted based on the individual User's Load Factor and shall equal the Throughput Rate x the User's Load Factor divided by 1.2
BZ1	Back Part Haul Service (Zonal)	Monthly Reservation Rate x MDQ x 30.42 x number of Zones	Not applicable	The Monthly Reservation Rate for an individual User will be adjusted based upon the Actual System Load Factor and shall equal the Monthly Reservation Rate x the Actual System Load Factor divided by 1.2
IZ1	Interruptible Part Haul Service (Zonal)	Not applicable	Throughput Rate x GJ transported x number of Zones	The Throughput Rate for an Individual User will be adjusted based on the Actual System Load Factor and shall equal the Throughput Rate x the Actual System Load Factor divided by 1.2

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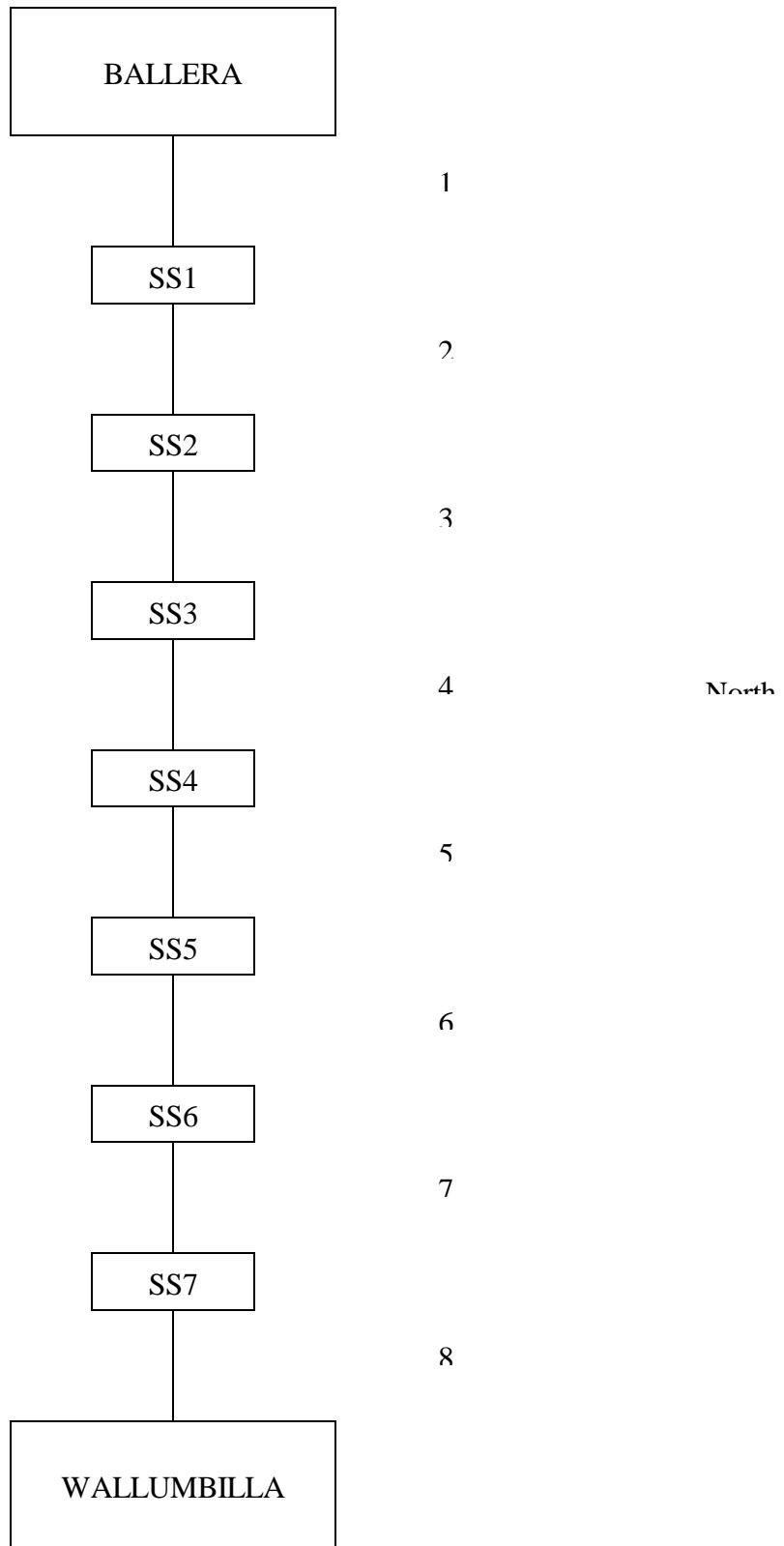
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**SCHEDULE 2  
RATES FOR AFT SERVICES  
(\$ 1 July 1997)**

	<b>Forward</b>	<b>Back</b>	<b>Interruptible</b>
<b>Class:</b>	<b>FH1</b>	<b>BH1</b>	<b>IT1</b>
<b>Full Haul Services</b>	<b>\$/GJ</b>	<b>\$/GJ</b>	<b>\$/GJ</b>
Monthly Reservation Rate	0.5092	0.3176	not applicable
Throughput Rate	0.1513	not applicable	0.6605
Authorised Overrun Rate	0.7628	0.3814 <sub>5</sub>	0.6605
Unauthorised Overrun Rate	1.5260	0.7630	1.5260
Imbalance Rate	1.5260	0.7630	1.5260
Daily Variance Rate	0.3026	0.1513	0.3026
	<b>Forward</b>	<b>Back</b>	<b>Interruptible</b>
<b>Class:</b>	<b>FZ 1</b>	<b>BZ 1</b>	<b>IZ 1</b>
<b>Part Haul Services (Zonal)</b>	<b>\$/GJ/Zone</b>	<b>\$/GJ/Zone</b>	<b>\$/GJ/Zone</b>
Monthly Reservation Rate	0.0700	0.0437	not applicable
Throughput Rate	0.0208	not applicable	0.0908
Authorised Overrun Rate	0.1049	0.0525	0.0908
Unauthorised Overrun Rate	0.2098	0.1049	0.2098
Imbalance Rate	0.2098	0.1049	0.2098
Daily Variance Rate	0.0416	0.0208	0.0416



**SCHEDULE 3  
ZONES ON THE BALLERA-WALLUMBILLA TRUNK LINE**



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= Scrapper Station 1

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1 = Zone 1

## SCHEDULE 4

## ILLUSTRATIVE TARIFF CALCULATIONS (\$ 1 July 1997)

To illustrate the application of the basic tariff structures for Class FH1, BH1, IT1, FZ1, BZ1 and IZ1 Services and to calculate a unit charge, the tariffs (for reservation and throughput where applicable ) in \$/GJ of throughput are calculated as follows:

Class FH1

$$(\$0.5092 \times 1.1) + \left( \$0.1513 \times \frac{1.1}{1.2} \right) = \$0.6988/\text{GJ}$$

Class BH1

$$\left( \$0.3176 \times \frac{\text{ASLF}}{1.2} \right) \times 1.1 = \left( \$0.3176 \times \frac{1.2}{1.2} \right) \times 1.1 = \$0.3494/\text{GJ}$$

Class IT1

$$\$0.6605 \times \frac{\text{ASLF}}{1.2} = \$0.6605 \times \frac{1.2}{1.2} = \$0.6605/\text{GJ}$$

Class FZ1

$$(\$0.0700 \times 1.1) + \left( \$0.0208 \times \frac{1.1}{1.2} \right) = \$0.0961/\text{GJ/Zone or part thereof}$$

Class BZ1

$$\left( 0.0437 \times \frac{\text{ASLF}}{1.2} \right) \times 1.1 = \left( \$0.0437 \times \frac{1.2}{1.2} \right) \times 1.1 = \$0.0481/\text{GJ/Zone or part thereof}$$

Class IZ1

$$\$0.0908 \times \frac{\text{ASLF}}{1.2} = \$0.0908 \times \frac{1.2}{1.2} = \$0.0908/\text{GJ/Zone or part thereof}$$

Where:

User's Load Factor = 1.1

Actual System Load Factor (ASLF) = 1.2

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### SCHEDULE 5

#### SPECIFIED CONFIGURATION

##### **Pipeline**

A single high pressure natural gas pipeline constructed from high strength pipe of 406.4mm outside diameter, between the terminal points nominated below.

The MAOP for the whole of the Pipeline 14.92 MPa(g).

The pipe specification to comply with API5LX70, X65 or X60 and to be externally coated with a fusion bonded epoxy for corrosion protection. The Pipeline is to be designed in accordance with AS 2885 Pipelines - Gas and Liquid and testing is to comply with AS 1978 Pipelines - Gas and Liquid Petroleum - Field Pressure Testing.

##### **Terminal Points**

**Inlet** Ballera Gas Centre in South West Queensland with approximate coordinates of longitude 141°48'22"E latitude 27°23'25"S.

**Outlet/s** The inlets to the State Gas Pipeline and the Roma to Brisbane Pipeline with approximate coordinates of longitude 149°11'E latitude 26°41'30"S.

##### **Scraper Stations**

Seven (7) scraper stations with approximate spacings of 100 kilometres. Mainline isolation by way of valving at each scraper station.

##### **Compressor Stations**

A maximum of eight (8) compressor stations each consisting of one or more compressor units may be installed along the Pipeline or at the terminal points.

##### **Capacity**

The minimum capacity for the Pipeline under free flow conditions is to be 47 PJ per annum.

The Nominal Capacity for the Pipeline is to be 110 PJ per annum with all compressor stations operating.

##### **Mainline Valves**

Mainline valves complying with API 6D will be located at approximately 55 kilometre intervals between scraper stations.

##### **Inlet Station**

One (1) gas inlet and metering station with a design pressure of 14.92MPa(g) is to be provided at the inlet terminal point. Metering to comply with the requirements of ANSI Standards (American National Standards Institute).

##### **Outlet Station**

Up to two (2) gas outlet and metering stations with maximum design pressures of 10.2MPa(g) will be provided at the outlet terminal points. Metering to comply with the requirements of ANSI Standards.

##### **Communications System**

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A communications system to support the operation of the Pipeline is installed.

#### **Supervisory Control and Data Acquisition System (SCADA)**

A SCADA system to support the operation of the Pipeline system is installed.