



**BALLERA TO WALLUMBILLA NATURAL GAS
PIPELINE
(South West Queensland Pipeline)**

**~~PROPOSED~~ REVISED ACCESS ARRANGEMENT
INFORMATION
UNDER THE NATIONAL ACCESS CODE**

**Submission Version
~~9 JULY~~ NOVEMBER 2004**

**Epic Energy Queensland Pty Limited
ABN 67 066 656 219
Level 7
239 Adelaide Terrace
PERTH WA 6000
CONTACT: Anthony Cribb
TELEPHONE: (08) 9492 3803**



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1. INTRODUCTION

- 1.1 This Proposed Revised Access Arrangement Information (“Access Arrangement Information”) is submitted by Epic Energy in support of its Access Arrangement lodged with the Regulator on the same date.
- 1.2 Except where expressly provided, terms used in this Access Arrangement Information have the same meaning as in the Access Arrangement.
- 1.3 Tenneco Energy Australia Pty Ltd (now Epic Energy Australia Pty Ltd) and Tenneco Gas Australia Pty Ltd (now Epic Energy Queensland Pty Ltd) won a competitive tender process in 1994 for the construction of the Ballera to Wallumbilla Natural Gas Pipeline in South-West Queensland (“SWQP”). The SWQP was constructed by Epic Energy Queensland Pty Ltd in 1996.
- 1.4 The bid included prospective tariffs. These tariffs were scrutinised by the Queensland Government under the Petroleum Act 1923, which set up a regime of third party access (Part 8).
- 1.5 The tariffs to be charged for certain Services were set by the Queensland Government after scrutiny to ensure they satisfied the Petroleum Act requirements.
- 1.6 The Queensland Government was concerned to ensure that these tariffs remained in effect notwithstanding National Competition Policy reforms of the mid 1990s, including the Natural Gas Pipelines Access Agreement.
- 1.7 Annex I of the Natural Gas Pipelines Access Agreement provides the basis of the Access Arrangement. In so far as Annex I relates to the SWQP, it requires the Access Arrangement to:
- (a) be in accordance with the Code and, for this purpose, the tariff and tariff-related sections of the existing access principles for the SWQP are to be rewritten as reference tariffs (and reference tariff policy) for reference services to conform, as closely as possible, to the Code, while preserving the existing tariff principles embodied in the original access arrangements;
 - (b) be submitted to the Regulator, as required by the Code, under the following conditions:
 - (i) reference tariffs (and reference tariff policy) will be those taken from the existing access principles and will be included in the deeming provisions of the Queensland access legislation; they will not be subject to public and Regulator scrutiny until the nominated review date in the access arrangement; and
 - (ii) non-tariff related matters will be submitted to the Regulator for consideration in the normal manner.
- 1.8 The Gas Pipelines Access (Queensland) Act 1998 implemented the Gas Pipelines Access Law in Queensland. Consistent with Annex I, section 58 of the 1998 Act required that:
- (a) the Queensland Minister for Mines and Energy approve, by gazettal notice, a tariff arrangement for the SWQP within 30 days of the Gas Pipelines Access Law coming into effect;

- (b) the approved tariff arrangement be taken to be approved under the Gas Pipelines Access Law as the reference tariff and reference tariff policy for the access arrangement to be submitted under the law for the SWQP until the revisions commencement date for the access arrangement established in accordance with the Code; and
 - (c) the revisions submission date and the revisions commencement date set out in the reference tariff policy be taken to be the revisions submission date and the revisions commencement date for the access arrangement established in accordance with the Code.
- 1.9 On 9 June 2000, the Queensland Minister for Mines and Energy approved a tariff arrangement for the SWQP, and the approval was gazetted on 16 June 2000. The approved tariff arrangement was taken to be the reference tariff and reference tariff policy of the Original Access Arrangement. The reference tariff and reference tariff policy were set out in the Access Principles attached to the Original Access Arrangement as Annexure A.
- 1.10 The Revisions Submission Date in the Original Access Arrangement – consistent with Annex I – required revisions relating to AFT Services to be submitted by 11 June 2004, and all other revisions to the Original Access Arrangement to be submitted by 30 June 2016.
- 1.11 The Access Arrangement contains revisions relating to AFT Services, and this Access Arrangement Information contains information that would enable Users and Prospective Users to understand the elements of the Access Arrangement including any revisions to them.
- 1.12 While the Reference Tariff for the SWQP was not determined by virtue of the Section 8 of the Code, the Reference Tariff was made under the Law and complied with the Petroleum Act.
- 1.13 Consistently with the Law, this Access Arrangement Information contains revisions relating to AFT Services. Epic Energy has assessed that none of the AFT Services included in the Original Access Arrangement should remain as reference services for this Access Arrangement Period, and has proposed revisions accordingly to the Access Arrangement.
- 1.14 As such, this Access Arrangement Information does not address any element concerning the derivation of the Reference Tariff, as the current Reference Tariff was not formed under the Code regime.
- 1.15 As the Reference Tariff was formed outside of the Code regime, it is therefore not necessary for users or prospective users to seek to determine Epic Energy's compliance with the Code.
- 1.16 Attachment A of the Code lists six categories of information that must be included in an Access Arrangement Information to allow users and prospective users to assess the Service Provider's compliance with the Law. As the Reference Tariff is derogated from the Code, substantive information is required for category 5 only.

2. CATEGORY 1 – INFORMATION REGARDING ACCESS AND PRICING PRINCIPLES

2.1 Reference Service

Section 3.3 of the Code requires Epic Energy's Access Arrangement to offer a reference tariff for at least one service likely to be sought by a significant part of the market.

The Reference Tariff for Full Forward Haul Service offered by Epic Energy in its Access Arrangement is such a reference tariff.

Full Forward Haul Service represents gas haulage from Ballera in South-West Queensland to Wallumbilla. A description of this Service is contained in the Access Principles. Full Forward Haul Service and the Tariff were subject to the competitive bid process.

Full Forward Haul Service represents the only service on the SWQP that is likely to be sought by a significant part of the market during the Access Arrangement Period.

The structure and level of the Reference Tariff for Full Forward Haul Service were set by gazettal notice by the Queensland Minister for Mines and Energy pursuant to section 58 of the Law. The Reference Tariff is a derogation from the National Access Code.

2.2 Non Reference Services

In addition to the Reference Service, Epic Energy will, subject to operational availability and commercial feasibility (as determined by Epic Energy in its absolute discretion), make available to a Prospective Shipper certain Non Reference Services. These Non Reference Services, which will be provided by Epic Energy on terms and conditions to be negotiated, include:

- (A) Back Haul Service (Class BH1)
- (B) Interruptible Transportation Service (Class IT1)
- (C) Forward Part Haul Service (Zonal) (Class FZ1)
- (D) Back Part Haul Service (Zonal) (Class BZ1)
- (E) Interruptible Part Haul Service (Zonal) (Class IZ1)

Epic Energy is also prepared to negotiate with prospective users any other Non Reference Services that may be sought (for example, Park and Loan Service).

2.3 Reference Tariff

The Access Arrangement Information is formulated specifically to allow users and potential users of the SWQP the ability to determine Epic Energy's compliance with the Code and the Law.

Epic Energy's Reference Tariff was not determined subject to Section 8 of the Code. Epic Energy is not required to provide Access Arrangement Information for any item



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that goes to the derivation of the Reference Tariff, as the Reference Tariff was derived by operation of the Law, and not through the application of the Code.

3. **CATEGORY 2 – INFORMATION REGARDING CAPITAL COSTS**

The Access Arrangement Information is formulated specifically to allow users and potential users of the SWQP the ability to determine Epic Energy's compliance with the Code and the Law.

Epic Energy's Reference Tariff was not determined subject to Section 8 of the Code. Epic Energy is not required to provide Access Arrangement Information for any item that goes to the derivation of the Reference Tariff, as the Reference Tariff was derived by operation of the Law, and not through the application of the Code.

4. **CATEGORY 3 – INFORMATION REGARDING OPERATIONS AND MAINTENANCE**

The Access Arrangement Information is formulated specifically to allow users and potential users of the SWQP the ability to determine Epic Energy's compliance with the Code and the Law.

Epic Energy's Reference Tariff was not determined subject to Section 8 of the Code. Epic Energy is not required to provide Access Arrangement Information for any item that goes to the derivation of the Reference Tariff, as the Reference Tariff was derived by operation of the Law, and not through the application of the Code.

**5. CATEGORY 4 – INFORMATION REGARDING
OVERHEADS AND MARKETING**

The Access Arrangement Information is formulated specifically to allow users and potential users of the SWQP the ability to determine Epic Energy's compliance with the Code and the Law.

Epic Energy's Reference Tariff was not determined subject to Section 8 of the Code. Epic Energy is not required to provide Access Arrangement Information for any item that goes to the derivation of the Reference Tariff, as the Reference Tariff was derived by operation of the Law, and not through the application of the Code.

6. CATEGORY 5 – INFORMATION REGARDING SYSTEM CAPACITY AND VOLUME ASSUMPTIONS

6.1 System Description

A comprehensive description of the SWQP is set out in Appendix 1 to this Access Arrangement Information.

A map depicting the location of the SWQP in Queensland is set out in Appendix 2 to this Access Arrangement Information.

6.2 Description of Pipeline Capabilities

The SWQP is currently an uncompressed pipeline. The capacity of the pipeline on any day varies with the quality and the pressure of the gas received into the pipeline, delivered from the pipeline, and the ambient operating conditions.

Based on an inlet pressure of 14.92MPa at Ballera and an outlet pressure of 7.6MPa, the current firm capacity available in the SWQP is calculated at 133TJ/d at the Wallumbilla Delivery Terminal. Different inlet and outlet pressure will result in different firm capacity.

Fully compressed, the firm capacity of the SWQP will be 301 TJ/d.

6.3 Average Daily and Peak Demands

Average and peak daily quantities of gas delivered for the twelve months ending 31 December 2003 are set out in Table 6.1. They are based on the zonal approach consistent with the Access Arrangement. At this stage only two zones (4 and 8) are being used.

Table 6.1

Zone	Jan		Feb		Mar		Apr		May		June	
	Avg	Max	Avg	Max	Avg	Max	Avg	Max	Avg	Max	Avg	Max
1												
2												
3												
4	3.49	4.20	3.49	4.20	3.78	3.81	3.17	4.20	3.55	5.06	1.03	4.79
5												
6												
7												
8	63.55	92.60	33.70	101.60	51.97	93.42	63.12	96.06	62.18	105.97	75.20	108.53

Zone	July		August		September		October		November		December	
	Avg	Max	Avg	Max	Avg	Max	Avg	Max	Avg	Max	Avg	Max
1												
2												
3												
4	0.00	0.00	0.00	0.00	0.00	0.00	2.12	4.20	3.42	3.90	2.55	3.80
5												
6												
7												
8	88.04	111.51	85.36	111.02	77.99	103.20	75.35	96.87	72.86	92.45	61.23	95.18

6.4 Capacity and Annual Volume Forecasts by Zone

The current delivery capacities of the Delivery Points, including redundancy, within the following zones as at June 2004 are:

Zone 4	9TJ/d
Zone 8	260TJ/d

It should be noted that this is not the Capacity of the Pipeline to deliver to the above Delivery Points.

An annual volume forecast for the Reference Service (or Services similar to the Reference Service) as at June 2004 is 100TJ/d for each year of the Access Arrangement Period. This forecast is based on existing contracts as at June 2004 together with estimates for potential markets.

6.5 Number of Customers

The delivery points and the number of shippers at each point, current as at June 2004, are shown in Table 6.2.

Table 6.2

Delivery point	Zone	Number of shippers
North West Queensland (NWQ) Interconnection	1	1
Cheepie	4	2
Roma	8	1
Wallumbilla	8	7

7. **CATEGORY 6 – INFORMATION REGARDING KEY PERFORMANCE INDICATORS**

The Access Arrangement Information is formulated specifically to allow users and potential users of the SWQP the ability to determine Epic Energy's compliance with the Code and Law.

Epic Energy's Reference Tariff was not determined subject to Section 8 of the Code. Epic Energy is not required to provide Access Arrangement Information for any item that goes to the derivation of the Reference Tariff, as the Reference Tariff was derived by operation of the Law, and not through the application of the Code.