



## Country Energy Gas Networks

# Access Arrangement for the Wagga Wagga Natural Gas Distribution Network

1 July 2010

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Gas Networks

**countryenergy**

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# 1 INTRODUCTION

## 1.1 Basis for Access Arrangement

This *Access Arrangement* has been prepared by Country Energy Gas Pty Limited ACN 083 199 839 (*Country Energy Gas*) a wholly owned subsidiary of Country Energy. Country Energy is a Statutory State owned corporation under the *State Owned Corporations Act 1989 (NSW)*. It applies to the natural gas distribution system serving Wagga Wagga and surrounding areas referred to as the *Network*. *Country Energy Gas* owns, controls and operates the *Network*.

*Country Energy Gas* is not a local agent of the service provider of the *distribution pipeline* nor is *Country Energy Gas* acting on behalf of another service provider of the *distribution pipeline*.

*Country Energy Gas* has an approved associate contract with Country Energy ABN 37 428 185 226 for the provision of transportation services.

This *Access Arrangement* should be read in conjunction with the accompanying *Access Arrangement Information*.

## 1.2 Commencement and Application

This *Access Arrangement* applies from 1 July 2010 and supersedes the *Access Arrangement* for the *Network* in place prior to this date. The provisions set out in this *Access Arrangement* will continue to apply until the *Access Arrangement* is reviewed in accordance with section 10 and/or the provisions set out in the *National Gas Law (NGL)* and *National Gas Rules (NGR)*.

## 1.3 Interpretation

In this *Access Arrangement* where a word or phrase is capitalised and italicised the term has the meaning set out in the *NGL* and *NGR*, unless the word or phrase is defined in the Glossary in which case the word or phrase has the meaning given to that word or phrase in the Glossary.

Further, in this *Access Arrangement* headings are for convenience only and do not affect interpretation, and unless the context indicates a contrary intention:

- (a) a reference to any party includes that party's executors, administrators, successors, substitutes and assigns, including any person taking by way of novation;
- (b) a reference to this *Access Arrangement* or to any other agreement, deed or document (including, without limitation any standard, code, guidelines or rule) includes, respectively, this *Access Arrangement* or that other agreement, deed or document as amended, novated, supplemented, varied or replaced from time to time;

- (c) words importing the singular include the plural (and vice versa), words denoting a given gender include all other genders, and words denoting individuals include corporations (and vice versa);
- (d) unless the context indicates otherwise, a reference to a section is a reference to a section of this *Access Arrangement*;
- (e) references to currency are references to Australian currency unless otherwise specifically provided; and
- (f) reference to any legislation or to any section or provision thereof includes any statutory modification or re-enactment or any statutory provision substituted for it, and ordinances, by-laws, regulations, and other statutory instruments issued there under.

#### **1.4 Contact Details**

Inquiries regarding this *Access Arrangement Information* can be directed to:

General Manager Regulatory Affairs  
Country Energy Gas Pty Ltd  
PO Box 718, Queanbeyan NSW 2620

Telephone 02 6589 8419  
Facsimile 02 6589 8103

## 2 NETWORK DESCRIPTION

### 2.1 Country Energy Gas' Wagga Wagga Network

Country Energy Gas' Network consists of approximately 680 km of mains and approximately 190 km of service pipes. Approximately 18,300 *Customers* are serviced by the distribution network in Wagga Wagga and surrounding areas. *Volume Customers* account for approximately 99 per cent of total *Customers*, but only 57 per cent of the total load.

### 2.2 Physical Characteristics of the Network

Gas enters the *Network* through the *Receipt Points* located at Bomen and Uranquinty. The gas is then distributed via a series of district regulators to supply districts in Wagga Wagga and surrounding areas.

A map of the distribution network can be found at Appendix 3 (Confidential Information).



# 3 INFORMATION

## 3.1 General Information about the Network

A person may request general information from *Country Energy Gas* about the *Network* and such information will be made available to the person (unless the information is *Confidential Information* or is information which *Country Energy Gas* otherwise reasonably considers to be confidential) in accordance with the processes set out in section 107 of the *NGR*. Alternatively a person can view general information about *Country Energy Gas* at the following web address:

[http://www.countryenergy.com.au/wps/wcm/connect/CEL/ce/aboutus/ourenergynetworkarea/oen\\_gas](http://www.countryenergy.com.au/wps/wcm/connect/CEL/ce/aboutus/ourenergynetworkarea/oen_gas)

## 3.2 Information concerning existing Users

Pursuant to *NGR 138*:

Any person may, with prior written consent of a *Customer*, request information from *Country Energy Gas* in respect of the load and pattern of usage, over a specified period, of the *Customer*. Where the *Customer* consumes greater than 10 TJ of gas per year, the request must include a copy of the Request for Consumption Data (available on *Country Energy Gas*'s website or as set out in Annexure A of the *Network Code*) completed and signed by the *Customer*.

# 4 SERVICES POLICY

This section sets out a description of the services offered and matters which impact on those services including how a *User* or *Prospective User* may obtain a service or an element of a service.

## 4.1 Services to be offered

*Country Energy Gas* will make available to *Users* or *Prospective Users* the following services:

- a *Contract Transportation Service* (as described in section 4.3.1);
- a *Volume Transportation Service* (as described in section 4.3.2);
- seven *Additional Services* (as described in section 4.3.3)
  - (a) *Residential Meter Testing Service*;
  - (b) *Special Meter Reading Service*;
  - (c) *Reconnection Service*;
  - (d) *Disconnection Service*;
  - (e) *Business Disconnection/Reconnection Service*; and
  - (f) *After Hours Reconnection Service*
  - (g) *Deactivation Service*.
- *Negotiated Services* (as described in section 4.3.4).

The *Contract Transportation Service* and the *Volume Transportation Service* are *Reference Services* and attract a *Reference Tariff*.

The *Reference Services* offered by *Country Energy Gas* have not changed in context since the original *Access Arrangement* was approved in 1999. The *Reference Services* are offered to a significant proportion of the market in Wagga Wagga and surrounding areas which constitute the Network. Although the *Additional Services* are defined in this *Access Arrangement*, they are not *Reference Services*. In time, *Country Energy* will examine whether they should be withdrawn from the *Access Arrangement* if they are found to be either a contestable service or not sought by a significant part of the market.

## 4.2 Terms and Conditions Agreement

### 4.2.1 Requirement to agree Terms and Conditions

- (a) A *Prospective User* of a *Reference Service* will be required to agree to the *Terms and Conditions* as set out in Appendix 1 and which will apply to that *User* and that *Reference Service*;
- (b) If a *Prospective User* requires a service other than a *Reference Service*, the *Prospective User* may seek to negotiate a *Negotiated Service Agreement*.



## 4.2.2 Period of Terms and Conditions

The agreed *Terms and Conditions* set out in Appendix 1 will apply from a date specified in any *Agreement* between *Country Energy Gas* and a *User*. If the *Agreement* incorporates a *Transportation Service*, the *Terms and Conditions* will apply for a minimum period of 1 year and a maximum of 5 years or as agreed. The election as to the period of the *Terms and Conditions* is to be made by the *User* and agreed by *Country Energy Gas* at the time the *Agreement* is entered into.

## 4.3 Transportation Services

### 4.3.1 Contract Transportation Service

The *Contract Transportation Service* is provided to the *User* in respect of the *Delivery Point* of a *Contract Customer* and consists of:

- (a) receiving natural gas at a *Receipt Point*;
- (b) transporting the natural gas from a *Receipt Point* through the *Network*;
- (c) delivering the natural gas to the *Delivery Point*;
- (d) installing, maintaining and repairing *Metering Facilities* at the *Delivery Point*;
- (e) reading the *Metering Facilities* at the *Delivery Point* at a frequency of 24 hours; and
- (f) providing data, including metering data, to the *User* and other entities in accordance with the requirements of the *Retail Market Procedures*.
- (g) in the case of a *Customer* who is not connected to the *Network*, the provision of a pipe from the *Network* to the nearest point on the *Customer's* property, where the provision of such pipe is consistent with the *Extensions/Expansions Policy* set out in section 7 and satisfies the new capital expenditure criteria of NGR 79.

A *Contract Customer* is a *Customer* who has (or is reasonably expected by *Country Energy Gas* to have) an annual consumption of 10TJ or greater at a single *Delivery Point* provided that after the *Contract Customer* is connected, their annual consumption is less than 10TJ for a period of two consecutive years, the *Contract Customer* will remain a *Contract Customer* for that period. *Country Energy Gas* may at the end of the period of two consecutive years classify the *Contract Customer* as a *Volume Customer* upon providing the *User* with written notice.

If *Country Energy Gas* classifies a *Customer* as a *Volume Customer* in accordance with this section 4.3.1, *Country Energy Gas* may remove the *Communications Equipment* from the *Customer's* *Metering Facilities*.

### 4.3.2 Volume Transportation Service

The *Volume Transportation Service* is provided to the *User* in respect of the *Delivery Point* of a *Volume Customer* and consists of:

- (a) receiving natural gas at a *Receipt Point*;
- (b) transporting the natural gas from a *Receipt Point* through the *Network*;

- (c) delivering the natural gas to the *Delivery Point*;
- (d) installing, maintaining and repairing *Metering Facilities* at the *Delivery Point*;
- (e) reading the *Metering Facilities* at the *Delivery Point* at a frequency of at least quarterly;
- (f) providing data, including metering data, to the *User* and other entities in accordance with the requirements of the *Retail Market Procedures*; and
- (g) in the case of a *Customer* who is not connected to the *Network*, the provision of pipe from the *Network* to the nearest point on the *Customer's* property, where the provision of such pipe is consistent with the *Extensions/Expansions Policy* set out in section 7 and satisfies the new capital expenditure criteria of *NGR 79*.

Subject to section 4.3.1, a *Volume Customer* is a *Customer* who has (or is reasonably expected by *Country Energy Gas* to have) an annual consumption of less than 10TJ at a single *Delivery Point*.

### 4.3.3 Additional Services

The following *Additional Services* are offered:

- (a) *Residential Meter Testing Service*: on request of a *User*, an off-site check to test the accuracy and soundness of *Metering Facilities* of a *Customer* in order to determine whether the *Metering Facilities* are accurately measuring the quantity of natural gas delivered. This service includes the provision of a temporary *meter*. No charge will apply for this service if the *meter* is not reading correctly.
- (b) *Special Meter Reading Service*: the reading of a *meter* and forwarding the metering data to the *User* and other entities in accordance with the requirements of the *Retail Market Procedures*, outside of the normal billing cycle for that *Delivery Point*.
- (c) *Reconnection Service*: the connection or reconnection of gas supply to a *Customer* by removing the lock from the *meter* isolating valve or the removal of wadding from the basic *meter* assembly. This service does not include purging the *Customer* installation or lighting pilots. This service only applies to *meters* with a capacity less than or equal to 10 cubic metres per hour, provided between the hours of 7:30am and 4:00pm on a *Business Day*.
- (d) *Disconnection Service*: the *disconnection* of gas supply to a *Customer* by locking the *meter* isolation valve in the closed position or wadding the *meter* to prevent the supply of gas. The *meter* is not removed. This service only applies to *meters* with a capacity less than or equal to 10 cubic metres per hour, provided between the hours of 7:30am and 4:00pm on a *Business Day*.
- (e) *Business Disconnection/Reconnection Service*: the *disconnection* of gas supply to a *Customer* by locking the *meter* isolation valve in the closed position or wadding the *meter* to prevent the supply of gas. This service also includes subsequent connection or reconnection of gas supply to a *Customer* by removing the lock from the *meter* isolating valve or the removal of wadding from the basic *meter* assembly. This service does not include purging the *Customer* installation or lighting pilots. The service is only available to *meters* with a capacity greater than 10 cubic metres per hour.
- (f) *After Hours Reconnection Service*: the *connection* or *reconnection* of gas supply to a *Customer* by removing the lock from the *meter* isolating valve or the removal of wadding from the basic *meter* assembly. This service does not include purging

the *Customer* installation or lighting pilots. This service only applies to *meters* with a capacity less than or equal to 10 cubic metres per hour, for *connections* required outside the hours of 7:30am and 4:00pm on any *Business Day*.

- (g) *Deactivation Service*: the act of removing a *meter* from a *Distribution Supply Point* and associated pipe work from the *Distribution System*.

#### 4.3.4 Negotiated Service

A *Negotiated Service* is a service that is different from a *Reference Service*. *Country Energy Gas* will negotiate in good faith with a *User* or *Prospective User* to provide a *Negotiated Service*. *Negotiated Services* may include:

- (a) the delivery of natural gas to a proposed *Delivery Point* which requires assets to be constructed that do not meet the requirements of *NGR 79*.
- (b) the transportation of natural gas and its *delivery to a Delivery Point* on the basis that such transportation and delivery can be interrupted other than for safety or operational reasons; and
- (c) the provision of a *service that* would otherwise be a *Transportation Service* except to the extent that the *Prospective User* is seeking terms and conditions that are different to those that apply in the *Terms and Conditions*.

#### 4.4 Network Connection Application

##### 4.4.1 Form and details of Network Connection Application

In seeking access to the *Network* for the purposes of obtaining a *Transportation Service* or a *Negotiated Service* that involves the transportation of gas, a *Prospective User* must submit a *Network Connection Application* to *Country Energy Gas*.

##### 4.4.2 Number of active Network Connection Applications

A *Prospective User* may not lodge with *Country Energy Gas* more than one active *Network Connection Application* in relation to a single tranche of *Capacity* for the transportation of natural gas between a particular *Receipt Point* and a particular *Delivery Point*.

##### 4.4.3 Incomplete or deficient Network Connection Application

If a *Network Connection Application* for a *meter* of less than or equal to 10 cubic metres per hour is incomplete or deficient in a material way, *Country Energy Gas* will promptly advise the *Prospective User* of that fact and of the nature of the deficiency. If the *Prospective User* corrects the deficiency within 2 *Business Days* of *Country Energy Gas*' advice, the date on which the *Network Connection Application* was first received by *Country Energy Gas* will continue to determine the priority of the *Network Connection Application* for queuing purposes. Otherwise the *Priority Date* for the *Network Connection Application* will be the date on which *Country Energy Gas* receives the completed request.

#### 4.4.4 Lapse of a Network Connection Application

Where *Capacity* is available to satisfy a *Network Connection Application*, then unless:

- (a) the *Prospective User* has agreed to the *Terms and Conditions* or entered into a *Negotiated Service Agreement* within 30 *Business Days* of submitting a completed *Network Connection Application*; or
- (b) bona fide negotiations have commenced within 30 *Business Days* of submitting a completed *Network Connection Application*; or
- (c) the *Prospective User* has notified an *Access Dispute*,

the *Network Connection Application* will be deemed to have lapsed.

#### 4.4.5 Insufficient Capacity Available

*Network Connection Applications* will be processed according to their *Priority Date*. Where there is not sufficient *Capacity* available (taking into account all *Users'* existing *Capacity Entitlements*) on the relevant part of the *Network* to meet all *Network Connection Applications* then a queue will be formed in accordance with the *Queuing Requirements*.

### 4.5 User's Default

#### 4.5.1 Agreement with User's Customers

The *User* must enter into agreements with its *Customers* which are in accordance with the provisions of Schedule 1 of the *Terms and Conditions* and of the Gas Supply (Natural Gas Retail Competition) Regulation 2001.

#### 4.5.2 User Default

In the event that an *Agreement* which includes a *Transportation Service* between *Country Energy Gas* and the *User* is terminated by *Country Energy Gas* following a default by the *User*, then:

- (a) if the default occurs due to the *User* being subject to a *Last Resort Supply Event* in accordance with section 70 of the Gas Supply (Natural Gas Retail Competition) Regulation 2001, then arrangements for supply to *Customers* will apply as provided for under that Regulation;
- (b) if the default occurs for a reason other than the *User* being subject to a *Last Resort Supply Event* in accordance with section 70 of the Gas Supply (Natural Gas Retail Competition) Regulation 2001, then:
  - (1) *Country Energy Gas* will publish a notice in a newspaper circulating in the Wagga Wagga region stating that the *User's Terms and Conditions* has been terminated;
  - (2) *Country Energy Gas* will advise the *Retailer of Last Resort* that the *User's Agreement* has been terminated;
  - (3) *Small Retail Customers* of the *User* will be transferred as *Customers* of the *Retailer of Last Resort*, as if a *Last Resort Supply Event* had occurred;

- (4) the *Retailer of Last Resort* will comply with sections 71, 72 and 73 of the Gas Supply (Natural Gas Retail Competition) Regulation 2001 as if a *Last Resort Supply Event* had occurred.

# 5 ACCESS REQUIREMENTS

## 5.1 Terms and Conditions

NGR 48(1)(d)(ii) requires that an *Access Arrangement* describe the *terms and conditions* upon which the *Reference Service* will be made available.

*Country Energy Gas* will provide services in accordance with the service standards and the *terms and conditions* set out in:

- (a) this *Access Arrangement*;
- (b) the *Network Code*, as amended from time to time;
- (c) the *Retail Gas Market (NSW and ACT) Procedures*, as amended from time to time;
- (d) The National Gas Law (*NGL*);
- (e) The National Gas Rules (*NGR*);
- (f) Gas Supply (Natural Gas Retail Competition) Regulation 2001; and
- (g) the standard *Terms and Conditions*, as amended by *Country Energy Gas*, from time to time. The standard *Terms and Conditions* are set out in Appendix 1.

*Country Energy Gas*' approach to defining the *terms and conditions* is consistent with good industry practice and is 'reasonable' in that the *terms and conditions*:

- (a) are sufficiently well defined, so that the likelihood of a dispute over the *terms and conditions* of access is minimised; and
- (b) are designed to protect the legitimate business interests of *Country Energy Gas* as well as *Users* and *Prospective Users*.

To ensure consistency and avoid duplication, the *Terms and Conditions* apply to both *Transportation Services* and *Additional Services*. However, a number of clauses are only relevant to *Transportation Services*.

## 5.2 Pre-conditions to the provision of Services

### 5.2.1 Natural Gas

Prior to entering into an *Agreement* which includes a *Transportation Service*, the *Prospective User* must demonstrate to *Country Energy Gas*' satisfaction that it has arrangements in place to ensure that:

- (a) the *Prospective User* is entitled to take delivery of an appropriate quantity of natural gas at the nominated *Receipt Point*;
- (b) the natural gas it wishes *Country Energy Gas* to transport will conform to the Australian Standard AS4564 – Specification for General Purpose Natural Gas;



- (c) the pressure of natural gas delivered to the *Receipt Point* by the *User* is delivered at a minimum pressure of 1,500kPa and a maximum of 10,000kPa; and
- (d) the *User* will ensure that the volume of natural gas delivered to the *Receipt Point* matches the volume of natural gas to be delivered to its *Delivery Points* (including an amount for *unaccounted for gas*).

*Country Energy Gas* may, during the term of an *Agreement*, require a *User* to provide evidence to *Country Energy Gas*' satisfaction that these quantity and quality assurance arrangements are complied with.

## 5.2.2 Compliance with Laws

If the *Prospective User*:

- (a) is to supply gas to any third party, including without limitation any *Customer*; or
- (b) proposes to connect a distribution system to the *Network*,

then prior to entering into an *Agreement*, the *Prospective User* must demonstrate to *Country Energy Gas*' satisfaction that it holds all necessary licences, authorities and permits and will comply with all relevant *Laws*. *Country Energy Gas* may seek written evidence from the *Prospective User* of the relevant licences, authorities and permits.

## 5.3 Gas Balancing and Unaccounted for Gas

### 5.3.1 Gas Balancing

*Country Energy Gas* and *Users* must comply with the gas balancing arrangements set out in the *Retail Market Procedures*. The *Network* will be a no balancing network section, as defined in the *Retail Market Procedures*. If an alternative arrangement for gas balancing is provided for by the *Retail Market Procedures* and *Country Energy Gas* approves the alternative arrangements, the no balancing status will then cease to operate and the alternative arrangements will apply. *Country Energy Gas*' approval will be subject to the alternative arrangements meeting the operational requirements of the *Network* and being reflected in the *Terms and Conditions* for each *User*.

### 5.3.2 Deemed delivery point

For the purposes of gas balancing, each *User* will be deemed to deliver gas to the *Bomen Receipt Point* and the *Uranquinty Receipt Point* for a particular time period in accordance with the following formula:

$$\text{Volume}_{\text{Bomen}} = \frac{\text{Total Deliveries} \times \text{Receipts}_{\text{Bomen}}}{(\text{Receipts}_{\text{Uranquinty}} + \text{Receipts}_{\text{Bomen}})}$$

and

$$\text{Volume}_{\text{Uranquinty}} = \frac{\text{Total Deliveries} \times \text{Receipts}_{\text{Uranquinty}}}{(\text{Receipts}_{\text{Uranquinty}} + \text{Receipts}_{\text{Bomen}})}$$

where

$\text{Volume}_{\text{Bomen}}$  is the total volume of gas deemed to have been delivered (in GJ) to the *Bomen Receipt Point* on behalf of the *User* in the time period.

$\text{Volume}_{\text{Uranquinty}}$  is the total volume of gas deemed to have been delivered (in GJ) to the *Uranquinty Receipt Point* on behalf of the *User* in the time period.

$\text{Receipts}_{\text{Bomen}}$  is the total volume of gas received (in GJ) at the *Bomen Receipt Point* in the time period.

$\text{Receipts}_{\text{Uranquinty}}$  is the total volume of gas received (in GJ) at the *Uranquinty Receipt Point* in the time period.

Total Deliveries is the total volume of gas delivered (in GJ) to the *User's Delivery Points* in the time period.

### 5.3.3 Unaccounted for Gas

In calculating the amounts owed by *Customers* to the *User* for *Transportation Services*, the volume of gas withdrawn at *Delivery Points* must be increased by the following percentages to reflect the cost of *Unaccounted for Gas* assumed in the network demand forecast from the *Regulator's* final decision.

Year	Unaccounted for Gas percentage – Contract Delivery Points	Unaccounted for Gas percentage – Weighted Average
2010/11	1%	5.75%
2011/12	1%	5.75%
2012/13	1%	5.75%
2013/14	1%	5.75%
2014/15	1%	5.75%

## 5.4 Load Shedding

*Country Energy Gas* and *Users* must comply with the *Load Shedding Procedures* set out in this section 5.4 of the *Access Arrangement*.

### 5.4.1 Load shedding priorities

If the gas supply to the *Network* is threatened, then *Country Energy Gas* will determine the quantity of supply available from the *Receipt Point* and shed load in accordance with the schedule detailed in the table below in order to maintain safe pressure levels.

Load shedding is done on a priority-ranking basis with the aim of achieving the maximum load reduction in the shortest time possible with minimal effect to any plant and/or production processes. Consequently, load shedding begins with large *Customers* where the process is controllable and provides the required level of responsiveness.

#### Load shedding priority schedule

PRIORITY	LOAD TYPE
1	Interruptible Loads
2	Sites where gas is not used for production
3	Sites where load is transferable to an alternative fuel
4	Load that may be reduced without damage to product or plant
5	Load that may be halted without damage to product or plant
6	Load where halting will cause product damage
7	Load where halting will cause plant damage
8	Load not transferable to alternative fuel at hospital and essential service sites
9	Residential sites

### 5.4.2 Users to be notified

In the event that load shedding is required, *Country Energy Gas* will advise the appropriate *Users* to inform their *Customers* to shed load. The *Users* and *Customers* must obey such directions.

In the event that the *User* fails to implement *Country Energy Gas*' instructions, *Country Energy Gas* will issue instructions to field services staff to disconnect gas supply to the relevant *Delivery Points*.

### 5.4.3 Reconnection Process

*Country Energy Gas* will commence reconnecting *Customers* when the supply failure is declared by *Country Energy Gas* to be over. *Customers* will, to the extent practicable, be reconnected in reverse order to the order of *disconnection*.

In the event that the entire system was isolated, the supply system is to be recommissioned in pressure tiers. The high-pressure systems will be commissioned first followed by the medium high pressure and so forth.

#### **5.4.4 Alternative load shedding arrangements**

Notwithstanding the provisions set out in these sections, if an alternative arrangement is provided for by the National Gas Emergency Response Advisory Committee or under an equivalent scheme which *Country Energy Gas* is a participant in, and *Country Energy Gas* approves the alternative arrangements, then section 5.4 of this *Access Arrangement* will cease to operate and the alternative arrangements will apply. *Country Energy Gas*' approval will be subject to the alternative arrangement meeting the operational and safety requirements of the *Network* and being reflected in the *Terms and Conditions* for each *User*.

### **5.5 Connection of third party distribution systems**

#### **5.5.1 By-pass and network augmentation**

A third party may, provided it has the relevant authorisation and subject to the conditions set out below, construct and operate its own pipe or system of pipes and associated equipment from any agreed point on the *Network* to the points where the natural gas is to be utilised.

#### **5.5.2 Off take point**

The pipe or system of pipes installed by the third party which connects any pipes or other equipment to the *Network* pursuant to this section 5.5, shall comply with the following requirements in order to ensure that the integrity, safety and operation of the *Network* is not compromised:

- (a) *Country Energy Gas* and the third party will agree to the location of the off take point on the *Network*;
- (b) *Country Energy Gas* will only withhold its agreement to a location sought by a third party on the grounds of technical, operational or safety considerations;
- (c) the hot tap *connection* to connect the third party's facilities to the *Network* will be performed to AS4645-2008 and, if applicable, AS2885-1997 at the third party's expense;
- (d) the work will be performed either (at the third party's cost) by *Country Energy Gas* or by a contractor approved by *Country Energy Gas* and engaged by the *User*. In the latter case, *Country Energy Gas* reserves the right to supervise the work; and
- (e) the third party must design, install, and operate any cathodic protection system installed to protect its facilities in such a manner as to avoid any interference which may be detrimental to *Country Energy Gas*' facilities.

### 5.5.3 Equipment upstream of the Point of Delivery

*Country Energy Gas* will install isolation valves and metering equipment at the point of off take from the *Network*, upstream of the *Delivery Point* at the third parties cost. *Country Energy Gas* will install, own and operate the facilities upstream of the *Delivery Point*.

### 5.5.4 Delivery Point

The *Delivery Point* will be at the outlet of the *Metering Facility* immediately downstream of the facilities referred to in section 5.5.2. All facilities downstream of the *Delivery Point* will be the responsibility of the third party.

### 5.5.5 Load Shedding

Following the commissioning of any facilities connected to the *Network* the third party and all users of facilities downstream of the *Delivery Point* will be subject to *Load Shedding Procedures* in relation to such facilities, as set in section 5.4. The third party must have facilities available to it, to reduce or discontinue the withdrawal of natural gas from the *Network* if required to do so.

### 5.5.6 Installation and operation

In the interests of safety and ensuring the integrity of *Country Energy Gas*' facilities, a person who plans to install natural gas transportation facilities in the vicinity of those owned by *Country Energy Gas*, will cooperate to establish, in a timely manner, appropriate arrangements and procedures for the safe installation and operation of that person's facilities and for the management of emergency situations involving the facilities of either of them.

### 5.5.7 Abandonment disconnection

In the event that the third party natural gas distribution system ceases to be used to take natural gas to the *Delivery Point* the person responsible for that natural gas distribution system at that time will ensure, at its expense, that the facilities are disconnected and isolated from *Country Energy Gas*' facilities. This requirement does not apply where the cessation of use is for a temporary period (not exceeding 3 months).

## 5.6 Bonds and Credit Support

### 5.6.1 Requirement to Provide Security

- (a) At the request of *Country Energy Gas*, security must be provided for the *Prospective Users* or *Users* performance of the *Agreement* where a *Prospective User*, before being provided *Transportation Services*, does not meet *Acceptable Credit Criteria*, or at any time during the *Agreement* where a *User* of *Transportation Services* does not meet *Acceptable Credit Criteria*, or:
  - (i) within the previous 12 months, (or where the *Commencement Date* occurs within the previous 12 months, since the *Commencement Date*) the *User* has failed to pay in full:

- (A) 5 invoices within the required time limit for payment; or
- (B) 3 consecutive invoices within the required time limit for payment; or
- (C) 1 invoice within 25 days of the due date; or
- (ii) any undisputed amounts owing by the *User* to *Country Energy Gas* in respect of the provision of *Transportation Services* in the period prior to the *Commencement Date*, are not paid in full within 30 days of the *Commencement Date*; or
- (iii) *AEMO* calls upon any *Credit Support* provided by the *User* or its *Credit Support Provider* to *AEMO* under the *Retail Market Procedures*; or
- (iv) the *User* ceases to be registered with *AEMO* under the *Retail Market Procedures*; or
- (v) where the *User* purchases *Gas* under an agreement from a person registered with *AEMO* under the *Retail Market Procedures*, and that person issues a notice of default to the *User* under that agreement,

provided that nothing in section 5.6.1(a)(i) or section 5.6.1(a)(ii) shall permit *Country Energy Gas* to require security under section 5.6.1 where the *User* has failed to pay the invoice or invoices or a relevant part of the invoices due to a bona fide dispute under clauses 6.26 to 6.35 of the *Terms and Conditions* set out in Appendix 1.

- (b) The security may be in the form of either:
  - (1) payment by the *User* or *Prospective User* to *Country Energy Gas* of a *Bond* which is reasonably estimated by *Country Energy Gas* to represent not less than 90 days of charges for the *Contract Transportation Service* and the *Volume Transportation Service* under the *User* or *Prospective User's Agreement* (the *Bond Amount*); or
  - (2) the provision of *Credit Support*.
- (c) *Country Energy Gas* may require the *User* or *Prospective User* to provide information to enable *Country Energy Gas* to assess whether the *User* or *Prospective User* does meet *Acceptable Credit Criteria*. Such information will be sought consistent with the provisions of the *Privacy Act 1988*.
- (d) *Country Energy Gas* may require the *User* to provide security under section 5.6.1(b) within 7 days of receipt of notice from *Country Energy Gas* as to the amount of the security required.
- (e) At the end of 6 months after the date on which the security was originally requested under section 5.6.1(b), and at the end of any 6 month period thereafter (or as otherwise agreed by the parties), the *User* may request the release of the *Bond Amount* or *Credit Support Amount*, and *Country Energy Gas* must release the *Bond Amount* or *Credit Support Amount*, if the *User* shows that, at that date, none of the criteria identified in section 5.6.1(a) apply.
- (f) The *User* must notify *Country Energy Gas* within 1 *Business Day* if *Country Energy Gas* becomes eligible to request security under section 5.6.1 because the *Acceptable Credit Criteria* no longer applies or because of the operation of sections 5.6.1(a)(i), (iii), (iv) and (v).



## 5.6.2 Credit Support

*Credit Support* is an undertaking in writing from a person (a *Credit Support Provider*) which:

- (a) is a guarantee or bank letter of credit in a form acceptable to *Country Energy Gas*;
- (b) is duly executed by the *Credit Support Provider* and delivered unconditionally to *Country Energy Gas*;
- (c) constitutes valid and binding unsubordinated obligations of the *Credit Support Provider* to pay *Country Energy Gas* in accordance with the provisions of this *Access Arrangement* and the *User's or Prospective User's Agreement*; and
- (d) permits drawings or claims by *Country Energy Gas* to an amount which is at all times not less than 90 days of charges for the *Contract Transportation Service* and the *Volume Transportation Service* under the *User's or Prospective User's Agreement*, as reasonably estimated by *Country Energy Gas* (the *Credit Support Amount*).

## 5.6.3 Expiry of Credit Support

Where a *User's* current *Credit Support* is due to expire or terminate then the *User*:

- (a) must notify *Country Energy Gas* at least 10 *Business Days* prior to the expiration or termination; and
- (b) ensure that replacement *Credit Support* that complies with this section 5.6 is in place prior to, and effective from, the date of termination.

## 5.6.4 Credit Support Provider

The *Credit Support Provider* must:

- (a) be either:
  - (1) any entity under the prudential supervision of the Australian Prudential Regulation Authority; or
  - (2) a central borrowing authority of an Australian State or Territory which has been established by an Act of Parliament of that State or Territory.
- (b) be resident in, or have a permanent establishment in Australia;
- (c) not be under external administration (as defined in the *Corporations Act*) or under a similar form of administration under any laws applicable to it in any jurisdiction;
- (d) not be immune from suit;
- (e) be capable of being sued in its own name in a court in Australia; and
- (f) maintain an unqualified credit rating of not less than:
  - (i) AA from Standard and Poor's (Australia) Pty Limited; or
  - (ii) AA from Moody's Investor Service Pty Limited; or
  - (iii) an equivalent credit rating as determined by *Country Energy Gas*.

### 5.6.5 Variation of Bond Amount or Credit Support Amount

If a *User* has provided a *Bond* or *Credit Support* and

- (a) the *User* and *Country Energy Gas* agree to vary the *User's* maximum daily quantity of natural gas (*MDQ*); or
- (b) in *Country Energy Gas's* reasonable opinion the *Credit Support Amount* or *Bond Amount* calculated in accordance with section 5.6.1(b)(1) or 5.6.2(d) has otherwise increased or decreased,

then *Country Energy Gas* will notify the *User* of the revised *Credit Support Amount* or *Bond Amount* and:

- (c) if the *Credit Support Amount* or *Bond Amount* has decreased, within 5 *Business Days* *Country Energy Gas* will repay the *User* part of the *Bond* or agree to the reduction in the *Credit Support Amount*; or
- (d) if the *Credit Support Amount* or *Bond Amount* has increased, the *User* will pay *Country Energy Gas* an additional amount of *Bond* or provide additional *Credit Support* within 5 *Business Days* such that the total amount of *Bond* or *Credit Support* is restored to the revised *Bond Amount* or *Credit Support Amount*.

### 5.6.6 Drawing on Bond or Credit Support

- (a) *Country Energy Gas* may draw on the *Bond* or *Credit Support* in respect of an *Outstanding Amount* where all of the following circumstances apply:
  - (i) *Country Energy Gas* has given the *User* a notice of intention to draw on the *Bond* or *Credit Support* stating:
    - (1) the date of the notice;
    - (2) that *Country Energy Gas* intends to draw on the *Bond* or *Credit Support*;
    - (3) the date, being not less than 5 *Business Days* from the date of the notice, on which it will draw on the *Bond* or *Credit Support*.
  - (ii) 5 *Business Days* have elapsed since *Country Energy Gas* provided the notice of intention to draw on the *Bond* or *Credit Support*;
  - (iii) and the *Outstanding Amount* remains unpaid on the date at which *Country Energy Gas* draws on the *Bond* or *Credit Support*.

Where *Country Energy Gas* draws on the *Bond* or *Credit Support* with the effect that the remaining amount of the *Bond* or *Credit Support* is less than the *Bond Amount* or *Credit Support Amount* then the *User* must within 24 hours provide an additional amount of *Bond* or *Credit Support* such that the *Bond* or *Credit Support* is restored to the *Bond Amount* or *Credit Support Amount*.

- (b) Drawing on the *Bond* or *Credit Support* does not limit *Country Energy Gas's* rights under the *Agreement* or operate as a waiver by *Country Energy Gas* of the *User's* breach of the *Agreement*.

### 5.6.7 Releasing the Bond or Credit Support

In the event of the termination of an *Agreement* with a *User*, *Country Energy Gas* will release the *Bond* or *Credit support*, less any *Outstanding Amounts* payable in accordance with this section 5.6. Neither the provision of a *Bond* or *Credit Support*, nor any amount drawn on them by *Country Energy Gas*, will prevent *Country Energy Gas* from claiming from the *User* any amount payable under an *Agreement* in circumstances where the *Bond* or *Credit Support* was insufficient to satisfy such amount.

## 5.7 Users with existing Agreements

### 5.7.1 Grant of Options to Renew

A *User* seeking a *Reference Service* or a *Negotiated Service* after the *Agreement* in respect of that service has expired or been terminated shall be treated as a *Prospective User* seeking to obtain that service, unless in the case of a *Negotiated Service Agreement* the terms of that agreement include an option to renew the *User's* right to obtain the *Service*. Any such option will only grant that *User* with priority in relation to the *Service* currently provided by *Country Energy Gas* under the relevant *Negotiated Service Agreement* or such other service which does not utilise *Capacity* greater than that provided for under the relevant *Service Agreement*. A *Reference Service* will not include an option to renew the *Terms and Conditions* under which *Country Energy Gas* provides that *Reference Service* to a *User*.

### 5.7.2 Small Customers

Notwithstanding section 5.7.1, agreed *Terms and Conditions* with a *User* that relates to the supply of natural gas to *Small Retail Customers* may grant the *User* concerned rights to renew the agreed *Terms and Conditions* or obtain *Capacity* in priority to other *Users* to the extent necessary to ensure the reasonable security of supply to the relevant *Small Retail Customers*.

# 6 QUEUING REQUIREMENTS

## 6.1 Queuing

- (a) These *Queuing Requirements* explain how *Country Energy Gas* manages *Network Connection Applications* when there is insufficient capacity in the *Network* to satisfy requests.
- (b) This policy applies to requests for access to both *Developable Capacity* and *Spare Capacity*.
- (c) The trigger is the submission of a *Network Connection Application* form.

### 6.1.1 Forming a queue

- (a) If and when *Country Energy Gas* receives a *Network Connection Application* form from a *Prospective User*, and if there is insufficient *Capacity* to supply the request, then *Country Energy Gas* will advise the *Prospective User* that its request will be placed in a queue. The *Prospective User* must advise *Country Energy Gas* if it wishes to proceed with the request. If there is an existing queue *Country Energy Gas* will add the request to the queue. Otherwise, a new queue will be formed by *Country Energy Gas*.
- (b) When a request is placed in a queue *Country Energy Gas* will advise the *Prospective User* of its position in the queue, the aggregate capacity of the requests which are ahead of the *Prospective User's* request in the queue, *Country Energy Gas's* estimate of when *Capacity* may come available, and the amount of any *capital contribution* which may apply.
- (c) When the position of a request changes relative to other requests which are ahead in the queue (such as where a request ceases to be in the queue) or where the timing of availability of a new tranche of *Developable Capacity* or *Spare Capacity* changes, *Country Energy Gas* will provide revised information to the *Prospective User*.
- (d) Where a request is made for a service to a *Delivery Point* and *Country Energy Gas* is satisfied that the request is for the same tranche of *Capacity* as that sought by another *Prospective User*, then *Country Energy Gas* may elevate that request in the queue and make that tranche of *Capacity* available before satisfying any other requests in the queue.

### 6.1.2 Conditions applicable on queue

The following conditions apply:

- (a) a *Prospective User* may reduce, but not increase, the *Capacity* sought in a request that is in a queue;
- (b) once every 2 Months, *Country Energy Gas* may seek confirmation from a *Prospective User* that it wishes to continue with a request or requests. If the *Prospective User* fails to respond within 10 working days, the relevant request or requests will lapse;

- (c) a *Prospective User* will advise *Country Energy Gas* if it does not wish to proceed with a request, which will then lapse;
- (d) a lapsed request will be removed from the queue and priority will be lost;
- (e) if either party raises a dispute under the *NGL* in connection with a request, the request will not lapse, and will retain its priority in the queue pending the resolution of the dispute in accordance with the *NGL*;
- (f) if a request is placed in a queue, the *Prospective User* will, on request, demonstrate to *Country Energy Gas*' reasonable satisfaction that it will have access to a sufficient supply of gas at the time it is anticipated that the *Prospective User* will be offered access to the service;
- (g) a *Prospective User* may only assign a request in a queue to a bona fide purchaser of the *Prospective User*'s business or assets. Any such assignment is subject to the purchaser:
  - (i) meeting *Country Energy Gas* reasonable requirements concerning licensing, and technical and financial capacity; and
  - (ii) providing *Country Energy Gas* with any security reasonably requested by *Country Energy Gas*.

### 6.1.3 Procedure when Capacity can be made available

If *Capacity* becomes available it will be offered to the *Prospective Users* in the queue:

- (a) whose request requirements can be fully satisfied by the available *Capacity*; and
- (b) in order of their respective priorities in the queue.

### 6.1.4 Priority of Users in obtaining services

- (a) *Country Energy Gas* will advise a *Prospective User* if its request is incomplete.
- (b) the priority of the request for queuing purposes will be determined by *Country Energy Gas* based on the time and date on which *Country Energy Gas* first received the request.
- (c) a request for a *Reference Service* will have priority over a request for a *Negotiated Service*.

### 6.1.5 Requirement for Agreement

- (a) A *Prospective User* must have an *Agreement* with *Country Energy Gas* for a service before an offer of *Capacity* may be offered.
- (b) If *Capacity* becomes available, but a *Prospective User* has not entered into an *Agreement* with *Country Energy Gas* for the relevant service, the *Prospective User*'s request for *Capacity* will lose priority to other *Prospective Users* who have entered into an *Agreement* relevant to their request.
- (c) Alternatively, *Country Energy Gas* may agree to reserve *Capacity* for the *User* for a period nominated by *Country Energy Gas*, to enable an *Agreement* to be finalised. In that case, the *Prospective User* will not lose priority.

# 7 EXTENSIONS AND EXPANSIONS

## 7.1 Coverage

### 7.1.1 Extensions

- (a) Subject to this clause, an extension of the *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.
- (b) *Country Energy Gas* may apply to the *Regulator* in writing for a declaration by the *Regulator* that paragraph (a) will not apply to the extension referred to in the application.
- (c) After considering an application and undertaking such consultation as the *Regulator* considers appropriate, the *Regulator* must advise *Country Energy Gas* whether or not it makes the declaration.
- (d) A declaration may be made on such reasonable conditions determined by the *Regulator* and will have the operation specified in the declaration.

### 7.1.2 Expansions

Any expansion of the *Capacity* of the *Network* will be treated as part of the *Network* and accordingly will be the subject of coverage under this *Access Arrangement*.

## 7.2 Extensions/Expansions and Tariffs

- (a) No extension or expansion will affect *Reference Tariffs*. *Country Energy Gas* will offer *Reference Services* at the *Reference Tariffs* in respect of extensions or expansions that are to be treated as part of the *Covered Pipeline*.
- (b) *Country Energy Gas* may levy a *Surcharge* in respect of such *Reference Services* where a *Surcharge* is permitted under *NGR 83*.
- (c) *Country Energy* will notify the *Regulator* of any proposed *Surcharge* for incremental services and when recovering non-conforming capital expenditure or a specified portion of non-conforming capital expenditure (non-conforming capital expenditure which is recovered by means of a *Surcharge* will not be rolled into the capital base).
- (d) Despite sections 7.2 (a) and (b), nothing prevents *Country Energy Gas* and a *Prospective User* or *Users* of a third party from agreeing that the *Prospective User* or *Users* or a third party will contribute to the funding of an extension or expansion. In such cases, the level of funding and subsequent tariff arrangements will be as agreed between the parties.



## 7.3 New Developments

### 7.3.1 Payment or Construction by Developers

Where an extension or expansion is required to be undertaken in order to provide services to a *New Development*, then *Country Energy Gas* may require:

- (a) the *Developer* to reimburse *Country Energy Gas* for part or all of the cost of the extension or expansion located within the geographic boundary of the *New Development*; and/or
- (b) the *Developer* to pay for and arrange for the construction of the extension or expansion located within the geographic boundary of the *New Development*; and/or
- (c) where the provision of gas to the *New Development* would otherwise not pass the new capital expenditure criteria of *NGR 79*, the *Developer* to contribute to the cost of the extension or expansion outside the geographic boundary of the *New Development* required to the extent that the new capital expenditure criteria is met.

### 7.3.2 Payment by Developers

Where *under section 7.3.1* a *Developer* is required to contribute to the cost of an extension or expansion then:

- (a) *Country Energy Gas* will be the owner of the extension or expansion; and
- (b) the amount of the capital expenditure entering the *Capital Base* will be the total cost of the project less the contribution from the *Developer*.

### 7.3.3 Construction by Developers

Where *under section 7.3.1(b)* the *Developer* is required to pay for and arrange the construction of an extension or expansion then:

- (a) the *Developer* and/or any persons engaged by the *Developer* to construct the extension or expansion must be approved by *Country Energy Gas* and must comply with any guidelines, rules, codes and conditions established by *Country Energy Gas* and relevant *Laws*. *Country Energy Gas* reserves the right to supervise the work and to charge the *Developer* for the cost of that supervision; and
- (b) the capital expenditure will not be included in the *Capital Base* for the purposes of calculating *Reference Tariffs*.

## 8 CAPACITY MANAGEMENT

Consistent with existing arrangements in NSW the *Network* will be managed primarily by requiring *Users* to enter into a contractual arrangement for a specified quantity of service.

# 9 CAPACITY TRADING

The capacity trading requirements in this *Access Arrangement* are consistent with NGR 105.

## 9.1 Capacity Trading

A *User* will be entitled to make a *Capacity Transfer*, by way of subcontract, of all or part of its *MDQ* to another party (the *Third Party*) without *Country Energy Gas*' consent so long as the transferee notifies *Country Energy Gas* of:

- (a) the subcontract and its likely durations;
- (b) the identity of the *Third Party*;
- (c) the amount of the *MDQ* which was transferred or assigned.

## 9.2 Other Transfers

### 9.2.1 Conditions for Other Transfers

Where a *User* wishes to transfer or assign some or all of its *MDQ* other than by way of *Capacity Transfer* the *User* may do so with *Country Energy Gas*' prior written consent. *Country Energy Gas* will only withhold its consent or make its consent subject to conditions on reasonable commercial or technical (including safety) grounds, including where:

- (a) there is not sufficient *Capacity* either before or as a result of the transfer or assignment to enable the amount of the *MDQ* transferred or assigned to be delivered to the proposed new *Delivery Point*; or
- (b) the effect of the transfer or assignment would be that *Country Energy Gas* would receive less revenue as a result of the transfer or assignment; or
- (c) where the proposed transferee is unable to satisfy *Country Energy Gas* that it is able to meet the relevant requirements set out in section 5.2.

### 9.2.2 Application for Other Transfers

Where a *User* wishes to transfer or assign some or all of its *MDQ* other than by way of *Capacity Transfer* it must provide sufficient information to *Country Energy Gas* in order to assess whether the transfer or assignment is reasonable on commercial or technical (including safety) grounds, including:

- (a) the *User* who proposes to make the transfer or assignment;
- (b) the amount of the *MDQ* which is to be transferred or assigned;
- (c) the location of the *Delivery Point* from which the relevant amount of the *MDQ* is to be transferred or assigned;
- (d) the location of the *Delivery Point* to which the relevant amount of the *MDQ* is to be transferred or assigned;
- (e) the dates and number of *Days* to which the transfer or assignment is to relate; and

- (f) the ability of the transferee to meet the requirements set out in section 5.2

as soon as it is practicable to do so before the transfer or assignment is proposed to take place (and in any event not later than 14 *Business Days* prior to the date of the proposed trade). If at the time the application is made the *User* informs *Country Energy Gas* that due to hardship the *User* requires an urgent reply to its application, *Country Energy Gas* will use reasonable endeavours to respond to the application within two *Business Days* of receiving it.

### 9.3 Original User Continues to Pay

For the avoidance of doubt, a *User* who transfers or assigns any of its *MDQ*, whether by way of a *Capacity Transfer* or any other transfer, remains liable to *Country Energy Gas*, for all charges or other amounts payable to *Country Energy Gas* in respect of the part of the *MDQ* transferred or assigned unless *Country Energy Gas* expressly agrees in writing that some other person will be liable for some or all of those charges or other amounts, and the other person concerned has agreed to be liable to *Country Energy Gas* in respect of those amounts.

### 9.4 Change of Delivery Point

#### 9.4.1 Conditions for Changes in Delivery Point

A *User* will be entitled to change the *Delivery Point* specified in the agreed *Terms and Conditions* with *Country Energy Gas*' prior written consent. *Country Energy Gas* may refuse its consent or make the granting of consent subject to conditions where this is commercially or technically reasonable including where:

- (a) a reduction in the *User's MDQ* at the original *Delivery Point* will not result in a corresponding increase in *Country Energy Gas*' ability to provide that *Service* to the alternative *Delivery Point*; or
- (b) *Country Energy Gas* would not, after the change, receive at least the same amount of revenue it would have received before the change.

#### 9.4.2 Application for Change in Delivery Point

Where a *User* wishes to change a *Delivery Point* it must provide sufficient information to *Country Energy Gas* in order to assess whether the change is reasonable on commercial or technical (including safety) grounds, including:

- (a) the locations of the *Delivery Points* which are to be changed;
- (b) the amount of the *MDQ* which is the subject of the change;
- (c) the proposed date upon which the change in *Delivery Points* is to occur,

as soon as it is practicable to do so before the proposed change in *Delivery Point* (and in any event not later than 14 *Business Days* prior to the date of the proposed change in *Delivery Point*).

Any costs incurred as a result of a change of *delivery point* will be charged to the *User*.

## 9.5 Change of Receipt Point

### 9.5.1 Conditions for Changes in Receipt Point

A *User* will be entitled to change the *Receipt Point* from that specified in the agreed *Terms and Conditions* with *Country Energy Gas*' prior written consent. *Country Energy Gas* may withhold its consent only on reasonable commercial or technical grounds, and may make the consent subject to reasonable commercial and technical conditions.

### 9.5.2 Application for Change in Receipt Point

Where a *User* wishes to change a *Receipt Point* it must provide sufficient information to *Country Energy Gas* in order for it to assess whether the change is reasonable on commercial or technical (including safety) grounds, including:

- (a) the locations of the *Receipt Points* which are to be changed;
- (b) the amount of the *MDQ* which is the subject of the change;
- (c) the proposed date upon which the change in *Receipt Points* is to occur,

as soon as it is practicable to do so before the proposed change in *Receipt Point* (and in any event not later than 14 *Business Days* prior to the date of the proposed change in *Receipt Point*).

# 10 REVIEW OF ACCESS ARRANGEMENT

## 10.1 Revisions Commencement Date

The date upon which revisions to the *Access Arrangement* are intended to commence (the *Revisions Commencement Date*) is 1 July 2015.

In the event that proposed revisions to the *Access Arrangement* are not approved by the *Regulator* and put into effect by the *Revisions Commencement Date*, then:

- (a) this *Access Arrangement*, including the *terms and conditions*, will continue to apply; and
- (b) *Reference Tariffs* and other fees set out in this *Access Arrangement* will remain unchanged

## 10.2 Revisions Submission Date

The date upon which revisions to this *Access Arrangement* will be submitted to the *Regulator* (the *Revisions Submission Date*) is 1 July 2014.

## 10.3 Trigger Event

In accordance with *NGR 51 Country Energy Gas* proposes the following trigger events:

- (a) a new service has been sought by a significant part of the market; or
- (b) a significant extension, expansion or interconnection occurs.



# 11 TARIFFS

## 11.1 General

*Reference Tariffs* listed in this *Access Arrangement* are exclusive of GST. A full schedule of indicative prices is attached as Appendix 2. A new schedule with revised *Reference Tariffs* will be published each year by Country Energy Gas in accordance with section 13.

### 11.1.1 Date of application of Reference Tariffs

*Reference Tariffs* will apply from the date on which the approval of the *Regulator* takes effect.

## 11.2 Reference Tariff Structure

### 11.2.1 Contract Transportation Service

The *Reference Tariff* for the *Contract Transportation Service* will depend upon the *Zone* in which the relevant *Delivery Point* is located, and consists of:

- (a) A *Monthly Capacity Charge* based on the *MDQ* for that *Delivery Point*. The *MDQ* for a *Delivery Point* is established in accordance with sections 11.2.3 and 11.2.4. The initial *Monthly Capacity Charge* is set out in Appendix 2; and
- (b) A *Monthly Metering Charge* designed to recover the specific costs of providing, maintaining and operating the *Metering Facilities* at a *Delivery Point* as well as the costs associated with remotely reading that *meter* on a daily basis and forwarding that data to the *User* and other entities in accordance with the *Retail Market Procedures*. *Monthly Metering Charges* are specific to the *Metering Facilities* at a *Delivery Point*. The initial *Monthly Metering Charges* are set out in, or calculated in accordance with the approach detailed in, Appendix 2.

### 11.2.2 Volume Transportation Service

The *Reference Tariff* for the *Volume Transportation Service* consists of:

- (a) a *Monthly Fixed Charge* based on the flow rate of the *Metering Facilities* at the *Delivery Point* provided in accordance with section 11.2.5. The initial *Monthly Fixed Charge* is set out in Appendix 2; plus
- (b) a *Volumetric Charge* for each GJ of gas delivered to the *Delivery Point*. The initial *Volumetric Charge* is set out in Appendix 2.

### 11.2.3 Nomination of MDQ and MHQ

Prior to the provision of a *Contract Transportation Service* to a *Delivery Point* each *User* must ensure that the relevant *Contract Customer* nominates to *Country Energy Gas* the proposed *MDQ* and *MHQ* of natural gas to be delivered to the *Delivery Point* serving that *Customer*.

#### 11.2.4 Overruns and Increase in MDQ

- (a) Subject to sections 11.2.4(b) and 11.2.4(c), a *User* may apply in writing to *Country Energy Gas* at least 24 hours prior to an *Overrun* occurring to have that *Overrun* authorised.
- (b) *Country Energy Gas* may authorise such an *Overrun* providing that in the opinion of *Country Energy Gas* the *Overrun*:
  - (i) does not compromise the safety of the *Network*;
  - (ii) does not impact on *Country Energy Gas*' commercial obligations; and
  - (iii) there are no capacity constraints in the *Network*.

Such authorisation does not have any effect unless the authorisation is expressed in writing by *Country Energy Gas*.

- (c) The *User* may not apply to have an *Overrun* authorised if five *Overruns* have been already authorised in that *Year*.
- (d) If an *Overrun* that has not been authorised occurs more than three times in any one month or a maximum of five in that *Year*, then *Country Energy Gas* will reset the *MDQ* established in accordance with section 11.2.3 to a level consistent with the highest unauthorised *Overrun* that occurred in that month. The revised *MDQ* shall be used to calculate *Capacity Charges* for the duration of the *Agreement* including the month in which the unauthorised *Overruns* occurred.
- (e) *Country Energy Gas* will notify the *User* in writing in the event that the *MDQ* has been adjusted in accordance with section 11.2.4(d).
- (f) no unauthorised *Overrun* will be deemed to have occurred if it is not possible to determine the quantity of natural gas withdrawn at the *Delivery Point* because of a failure or unavailability of *Metering Facilities*, even if it is subsequently established that an *Overrun* would have occurred on the basis of the quantities subsequently estimated to have been withdrawn on that *Day*.

#### 11.2.5 Provision of Maximum Hourly Flow Rate

Upon *connection* to the *Network*, each *User* must ensure that each of its *Customers* provides to *Country Energy Gas* the hourly *Maximum Meter Flow Rate* of the *Metering Facilities* at the *Delivery Point* serving that *Customer*. The *User* must:

- (a) in respect of a *Customer* that is already connected to the *Network*, advise *Country Energy Gas* of any proposed change to the hourly *Maximum Meter Flow Rate* of the *Metering Facilities*; and
- (b) ensure that the hourly *Maximum Meter Flow Rate* of the *Metering Facilities* is not exceeded, other than by prior written agreement with *Country Energy Gas*.

#### 11.3 Additional Services

The initial charges for *Additional Services* are set out in Appendix 2.

# 12 DEPRECIATION

*Country Energy Gas* proposes to use the allowed depreciation in this *Access Arrangement* to determine the opening *Capital Base* for the *Access Arrangement* commencing on 1 July 2015.

# 13 ANNUAL CHANGES IN REFERENCE TARIFFS

## 13.1 Annual Changes in Reference Tariffs

The manner in which the *Reference Tariffs* for the *Contract Transportation Service* and the *Volume Transportation Service* will change annually on 1 July 2010 and 1 July in each Year thereafter throughout this *Access Arrangement* is set out in section 8 of the *Access Arrangement Information*. In broad terms, *Reference Tariffs* for *Transportation Services* will change consistent with a  $(1+CPI-X)$  mechanism applying to a weighted average tariff basket of services. It should be noted that the weighted average tariff basket excludes *Monthly Metering Charges* and *Additional Services*, which will change in the manner set out in section 13.2.

## 13.2 Annual Changes in Monthly Metering Charges and tariffs for Additional Services

*Monthly Metering Charges* and tariffs for *Additional Services* will change on 1 July each Year by the *Change in the CPI*.

## 13.3 Notification of Annual Changes in Reference Tariffs

*Country Energy Gas* will notify *Users* in writing of the annual changes to *Reference Tariffs* at least twenty *Business Days* prior to 1 July each year.

## 13.4 Pass Throughs

*Reference Tariffs* may be varied if there is a material impact on the cost to *Country Energy Gas* of providing *Reference Services* as a result of one or more of the pass through events listed below (*Pass Through Events*), where that cost was not incorporated in the determination of *Reference Tariffs* incorporated in this *Access Arrangement* or, if there has been a previous review of the *Reference Tariffs*, at that review. Pass Through Events are:

- a Regulatory Change event;
- a Service Standard change event;
- a Tax Change event;
- a Terrorism or Natural Disaster event;
- Force Majeure;
- An Insurance event;
- a Retail Project event; or
- a Climate Change (Carbon Pollution Reduction Scheme) event

The proposed Pass Through Events are defined below:

- *Regulatory Change event*  
Means an event which is mandated by a government or regulatory department, body, instrumentality, minister, agency or authority or any body which is the successor to the administrative responsibilities of that department, body, instrumentality, minister, agency or authority.
  
- *Service Standard change event*  
Means any decision made by the *Regulator* or any other *Authority*, or any introduction of or amendment to applicable law or *NGL*, which has the effect of:
  - (a) imposing or varying standards (including network design and operational standards) on *Country Energy Gas* relevant to the provision of *Reference Services*, that are more onerous than the standards in effect at 1 July 2010; or
  - (b) altering the nature or scope of services that comprise any one or more of the services; or
  - (c) substantially altering the manner in which *Country Energy Gas* is required to undertake any activity forming part of, or ancillary to, any one or more of the *Reference Services* (including through rules for the operation of competitive gas markets).
  
- *Tax Change event*  
A change in any royalty, duty, excise, tax, impost, levy, and fee charge, (including, but without limitation, any GST) imposed by any *Authority* in respect of the repair, maintenance, administration or management of the *Network* (or any part of it) or in respect of the provision of *Reference Services*, but excluding:
  - (a) income tax (or State equivalent income tax) and capital gains tax;
  - (b) stamp duty, financial institutions duty, bank account debits tax or similar taxes or duties;
  - (c) voluntary membership fees or voluntary contributions payable to membership bodies;
  - (d) penalties and interest for late payment relating to any tax, royalty, duty, excise, impost, levy, fee or charge; and
  - (e) any tax or charge which replaces the taxes or charges referred to in (a) to (d);Means
  
- *Terrorism or Nature Disaster event*  
Means an act of terrorism or a natural disaster (including fire, flood or earthquake, storm or other weather-related event or natural disaster)
  
- *Force Majeure*  
Means any act of God, riot, civil disorder or rebellion or other similar cause beyond the reasonable control of *Country Energy Gas*.

- *Insurance Event*  
An insurance event is an event for which the risk of its occurrence is the subject of insurance taken out by or for *Country Energy Gas*, and in respect of which:
  - a) the cost of the premium paid or required to be paid by *Country Energy Gas* materially increases or decreases; or
  - b) the risk eventuates and, as a consequence, *Country Energy Gas* incurs or will incur all or part of a deductible where the amount so incurred or to be so incurred in a *Year* is materially higher or lower than the allowance for the deductible (if any) that is provided for in the determination of *Reference Tariffs* for that *Year* by an amount of more than the materiality threshold for that *Year*; or
  - c) insurance becomes unavailable to *Country Energy Gas*; or
  - d) insurance becomes available to *Country Energy Gas* on terms materially different terms to those existing as at the time that *Reference Tariffs* were determined (other than as a result of any act or omission of *Country Energy Gas* which is inconsistent with good gas industry practice).
- *Retail project event*  
Means any legislative or administrative act of the NSW Government to separate the retail gas business of *Country Energy* in whole or in part from the gas distribution function of the Network (including by way of a sale of *Country Energy's* retail business), which materially changes the costs to the Network of providing reference services in the next *Access Arrangement Period*
- *Climate change (Carbon Pollution Reduction Scheme)*  
Means an event which results in the imposition of legal obligations on the Network arising from the introduction or operation of a carbon emissions trading scheme imposed by the Commonwealth or NSW Government during the course of the next *Access Arrangement Period* and which:
  - (a) falls within no other category of pass through event; and
  - (b) materially increases the costs of providing *Reference Services*

#### 13.4.1 Materiality Threshold

The materiality threshold for a *Pass Through Event* is that where the annualised cost incurred, or forecast to be incurred, by *Country Energy Gas* as a result of the event occurring, exceeds the annual revenue requirement for *Country Energy Gas* for that regulatory year by 1 per cent (in 2009-10 dollar terms) or the proposed capital expenditure exceeds 5 per cent of the aggregate annual revenue requirement in the first year of this *Access Arrangement*.

#### 13.4.2 Giving effect to a Pass Through Event

- (a) At any time during the *Access Arrangement Period*, *Country Energy Gas* may apply to the *Regulator* to amend *Reference Tariffs* as a result of a *Pass Through Event*, with the changes to take effect in conjunction with the annual change in *Reference Tariffs*.

- (b) An application under section 13.4.1(a) must state:
  - (i) the nature of the *Pass Through Event or Events*;
  - (ii) the financial impact of the *Pass Through Event or Events* on *Country Energy Gas* (separately identified for each *Pass Through Event*);
  - (iii) the current *Reference Tariffs*; and
  - (iv) the proposed *Reference Tariffs* as a consequence of the *Pass Through Event or Events* and how the financial impact of each *Pass Through Event* has varied the *Reference Tariffs*.

### 13.4.3 Procedure for Pass-Through

- (a) An application under section 13.4.1 by *Country Energy Gas* to the *Regulator* to amend *Reference Tariffs* as a result of a *Pass Through Event* must be made at least 50 business days prior to the date on which *Users* are notified of a change in *Reference Tariffs* under section 13.4.4.
- (b) If the *Regulator* receives an application under section 13.4.1 it must advise *Country Energy Gas* whether it agrees the *Pass Through Event* has occurred or is likely to occur, or not. If the *Regulator* agrees that the *Pass Through Event* has occurred or is likely to occur, the *Regulator* must decide the amount by which *Reference Tariffs* are to be amended as a result of the *Pass Through Event* and will notify *Country Energy Gas* of its decision.
- (c) If the *Regulator* does not give a notice to *Country Energy Gas* under section 13.4.2(b) within 30 *Business Days* of receiving an application from *Country Energy Gas*, on the 31st *Business Day* the *Regulator* is deemed to have notified *Country Energy Gas* that the proposed amendments to *Reference Tariffs* are to apply as specified in the application.
- (d) If the *Regulator* gives a notice to *Country Energy Gas* under section 13.4.2(b) that it does not agree that the *Pass Through Event* has occurred or is likely to occur, then the *Regulator* must provide the reasons for this decision.
- (e) If the *Regulator* believes a *Pass Through Event* has occurred, but has not received an application from *Country Energy Gas* within 3 months of it occurring, the *Regulator* may decide that *Reference Tariffs* should be amended and the amount by which they should be amended.
- (f) At least 14 days prior to making a decision under section 13.4.2(e), the *Regulator* must notify *Country Energy Gas* of its intention to make a decision and the proposed amendments to *Reference Tariffs*. The *Regulator* must consider any submission made by *Country Energy Gas* prior to making its decision and must notify *Country Energy Gas* in writing upon making a decision.
- (g) The *Regulator* may appoint an independent auditor to review the estimated financial effect of the *Pass Through Event* on *Country Energy Gas*. The cost of the auditor shall be borne by the *Regulator*.



#### 13.4.4 Factors which the Regulator must consider

In deciding the amount by which *Reference Tariffs* are to be amended under section 13.4.2 the *Regulator* must ensure that:

- (a) the financial effect on *Country Energy Gas* is neutral; and
- (b) the burden of the amendments to *Reference Tariffs* is allocated between *Reference Services* in a manner consistent with the basis upon which costs were allocated in order to develop the *Reference Tariffs*, or in a manner prescribed by law.

#### 13.4.5 Notification of Users

*Country Energy Gas* must notify *Users* of any amendment to *Reference Tariffs* pursuant to this section 13.4 within 14 days of a notice being received (or being deemed to be received) in accordance with section 13.4.2(b), (c) or (f).

#### 13.4.6 Pass-Throughs not taken into account in price control calculation

An amendment to *Reference Tariffs* that occurs under this section 13.4 is not taken into account in deciding whether *Reference Tariffs* comply with the formula in Section 8 of the *Access Arrangement Information*.

#### 13.5 Notification and Approval of Reference Tariff Variations

- (a) When *Country Energy Gas* proposes to vary tariffs, it is required to provide the *Regulator* with 50 *Business Days* notice prior to the effective date of the variation.
- (b) If the *Regulator* receives an application under section 13.1 it must advise *Country Energy Gas* whether it agrees with the tariff variations within 30 *business days*.
- (c) If the *Regulator* does not give notice to *Country Energy Gas* under section 13.5(b) within 30 *Business Days* of receiving an application from *Country Energy Gas*, on the 31<sup>st</sup> *Business Day* the *AER* is deemed to have notified *Country Energy Gas* that the proposed amendments to *Reference Tariffs* are to apply as specified in the application.
- (d) Deemed approval under section 13.5(c) of the *access arrangement* does not occur where the *Regulator* has requested information.
- (e) All variations are subject to the *Regulator's* approval (deemed or otherwise) (as provided under *NGR 97(4)*, and (except for those proposed under section 13.1 of the *access arrangement*) reasonable satisfaction that each variation is based on incremental and efficient costs.

- (f) The information to be provided to the *Regulator* in a variation notice must include:
  - (1) the effective date of the variation
  - (2) an explanation of how the proposed variation is consistent with the approved variation method
- (g) The information to be provided to the *Regulator* in a variation notice should include:
  - (1) details of the financial impact on *Country Energy Gas* and *Users* with supporting documentary evidence, including a demonstration that costs are incremental and efficient.
  - (2) an explanation of how the variation is to be recovered through tariffs.

## 13.6 Addition and Deletion of Reference Tariffs

### 13.6.1 Addition and Deletion of Tariffs

*Country Energy Gas* may introduce new *Reference Tariffs* and/or *Reference Tariff Components*, and delete existing *Reference Tariffs* and/or *Reference Tariff Components* during the *Access Arrangement Period* with prior approval from the *Regulator*.

### 13.6.2 Addition of Reference Tariffs for Transportation Services

- (a) Where *Country Energy Gas* is proposing to introduce new *Reference Tariffs* and/or new *Reference Tariff Components* for *Transportation Services* the  $Q^{t-2}_{ij}$  term in section 8.2.2.1 of the *Access Arrangement Information* will be interpreted in relation to:
  - (i) the estimates of the quantities that would have been sold, in relevant units, if the *Reference Tariff Components* had existed in Year  $t-2$ ;
  - (ii) the *Reference Tariff Components* of the parent *Reference Tariff* in Year  $t-2$ ;
- (b) Where *Country Energy Gas* has introduced new *Reference Tariffs* and/or new *Reference Tariff Components* in Year  $t-1$ , the  $P^{t-1}_{ij}$  term in section 8.2.2.1 of the *Access Arrangement Information* will be interpreted in relation to the estimates of the quantities that would have been distributed, in relevant units if the *Reference Tariff Components* had existed in Year  $t-2$ .

### 13.6.3 Deletion of Reference Tariffs

- (a) Where *Country Energy Gas* is proposing to withdraw a *Reference Tariff* and to reassign only one other *Reference Tariff* to the *Delivery Points* to which the *Reference Tariff* to be withdrawn applied, the  $P^{t}_{ij}$  term in section 8.2.2.1 of the *Access Arrangement Information* for the *Reference Tariff* that is proposed to be withdrawn will be interpreted in relation to the *Reference Tariff Components* of the *Reference Tariff* which will be reassigned to those *Delivery Points* in Year  $t$ .

- (b) Where *Country Energy Gas* is proposing to withdraw a *Reference Tariff* and to reassign more than one other *Reference Tariff* to the *Delivery Points* to which the *Reference Tariff* to be withdrawn applied:
- (i) the  $P^{t_{ij}}$  term in section 8.2.2.1 of the *Access Arrangement Information* for the *Reference Tariff* that is proposed to be withdrawn will be interpreted separately in relation to the *Reference Tariff Components* of each of the *Reference Tariffs* which will be reassigned to those *Delivery Points* in Year  $t$ ; and
  - (ii) the  $Q^{t-2_{ij}}$  term in section 8.2.2.1 of the *Access Arrangement Information* for the *Reference Tariff* that is proposed to be withdrawn in Year  $t$  will be the actual quantities, in relevant units of each *Reference Tariff Component*, that were distributed under the parent *Reference Tariff* at those *Delivery Points* to which the same *Reference Tariff* was assigned in Year  $t$ ; and
  - (iii) the  $Q^{t-2_{ij}}$  term in section 8.2.2.1 of the *Access Arrangement Information* for the *Reference Tariff* that has been withdrawn in Year  $t-1$ , will be the actual quantities, in relevant units of each *Reference Tariff Component*, that were distributed under the parent *Reference Tariff* at those *Delivery Points* to which the same *Reference Tariff* was assigned in Year  $t-1$ .

# 14 CAPITAL REDUNDANCY

## 14.1 Capital Redundancy Mechanism

- (a) The *Regulator* may reduce the *Capital Base* with effect from the commencement of the next *Access Arrangement Period* (immediately following 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*:
- (1) the assets have been sold or disposed of by *Country Energy Gas* or *Country Energy Gas* has entered into a binding agreement for their sale or disposal; or
  - (2) the assets have otherwise ceased to contribute in any way to the delivery of services
- (b) In determining whether to reduce the *Capital Base* under paragraph (a), and the amount (to be determined by the *Regulator*) by which the *Capital Base* should be reduced, the *Regulator* may take into account:
- (1) the value at which the assets were first included in the *Capital Base*; and
  - (2) the depreciated value of the assets within the *Capital Base* at the time of their sale or disposal, or the time at which they ceased to contribute.
- (c) In assessing the reduction in the *Capital Base* due to a decreased utilisation of assets resulting from a decline in the volume of sales of a *Reference Service*, the *Regulator* may take into account the reduction in total revenue and any possible increases in *Reference Tariffs* paid by *Users* resulting from the decline in utilisation of assets.
- (d) *Country Energy Gas* is not aware of any material assets that have become redundant in the past nor does it expect to have redundant assets in this *Access Arrangement*.

*Country Energy Gas* has not included a capital redundancy mechanism in this *Access Arrangement* due to the uncertainty such a mechanism would impose on the *Network* and its *Customers*.

# 15 GLOSSARY

Unless the context otherwise requires, the following expressions have the following meanings when used in this *Access Arrangement*:

**Acceptable Credit Criteria** means, in relation to an entity, that the entity:

- (a) is resident in, or has a permanent establishment in Australia
- (b) is not under external administration (as defined in the *Corporations Act*) or under a similar form of administration under any laws applicable to it in any jurisdiction;
- (c) is not immune from suit;
- (d) is capable of being sued in its own name in a court in Australia; and
- (e) maintains an unqualified credit rating of not less than:
  - (1) BBB from Standard and Poors (Australia) Pty Limited; or
  - (2) Baa from Moodys Investor Service Pty Limited; or
  - (3) an equivalent credit rating as determined by *Country Energy Gas*.

**Access Arrangement** means an Access Arrangement lodged by *Country Energy Gas* and approved by the *Regulator*.

**Access Arrangement Information** means a document entitled *Access Arrangement Information* which accompanies an *Access Arrangement*.

**Access Dispute** has the same meaning as in the *NGL 178*.

**Additional Charge** means any charge imposed on *Country Energy Gas* by an *Authority* which is referable to the *User* or a *Customer*, and where such charge is referable to a class of *Users* or *Customers* rather than an individual *Users* or *Customer*, that charge will be allocated between the *Users* or *Customers* (as the case may be) on a fair and reasonable basis by *Country Energy Gas*, provided that *Country Energy Gas* is not prohibited from passing through that charge to *Users* or *Customers* under the *Regulatory Instruments*.

**Additional Services** means *Residential Meter Testing Service*, the *Special Meter Reading Service*, the *Reconnection Service*, the *Disconnection Service*, the *Business Disconnection/Reconnection Service*, the *After Hours Reconnection Service* and the *Deactivation Service*.

**AEMO** means Australian Energy Market Operator Limited (ACN 072 101 327).

**After Hours Reconnection Service** has the meaning given to it in section 4.3.3.

**Agreement** means an agreement between *Country Energy Gas* and a *User* in relation to the provision of a *Transportation Service* or an *Additional Service* and which, in the case where a *Reference Service* is provided, incorporates the *Terms and Conditions* set out in Appendix 1

**Authority** means:

- (a) government or regulatory department, statutory corporation (including the *Regulator* and the *AEMO*, body instrumentality, minister, agency or other authority; or
- (b) body which is the successor to the administrative responsibilities of that department, statutory corporation, body, instrumentality, minister, agency or authority.

**Basic Metering Equipment** has the same meaning as given in the *Retail Market Procedures*

**Bomen Receipt Point** means the outlet immediately downstream of the *Metering Facilities* owned and operated by the *Transmission Operator* located at the Wagga Wagga gate station at Lot 2 Byrnes Road, Bomen.

**Bond** means a payment by a *Prospective User* or *User* to *Country Energy Gas* under section 5.7.1(b)(1).

**Bond Amount** means the amount of a *Bond* required to be posted under section 5.7.1(b)(1) or section 5.7.5.

**Business Day** means a day other than a Saturday, Sunday or a declared public holiday in New South Wales.

**Business Disconnection/Reconnection Service** has the meaning given to it in section 4.3.3.

**Capacity** means at a point in time the capability of the *Network* or a particular section of the *Network* to transport natural gas between defined points, taking into account the configuration of the *Network* and its operational requirements, as determined by *Country Energy Gas* using its then current load flow model of the *Network*.

**Capacity Entitlement** means in relation to a *User* and a *Delivery Point* of that *User*, the *MDQ* of that person in relation to that *Delivery Point* plus the amount, if any, of any *Contracted Capacity* of any other *Users* that has been transferred or assigned to the first mentioned *User* less the amount, if any, of any *Contracted Capacity* of the first mentioned *User* in relation to that *Delivery Point* that is transferred or assigned to another *User*.

**Capacity Transfer** means in respect of a *User* a transfer or assignment of all or part of the *MDQ* of a *User* to the extent that:

- (a) the *Users* obligations under the agreement remain in full force and effect after the transfer or assignment; and
- (b) the terms of the agreed *Terms and Conditions* are not altered as a result of the transfer or assignment.

**Capital Base** has the same meaning as in the *NGR 69*.

**Capital Contribution** has the same meaning as in the *NGR*.

**Change in the CPI** for a *Year t* means the average of the *CPI* for the four quarters to the December quarter immediately preceding that *Year* divided by the average of the *CPI* for the four quarters to the December quarter immediately preceding *Year t-1*.

**Charges** means the charges payable by the *User* to *Country Energy Gas* under clause 6 of the *Terms and Conditions* and includes:

- (a) the amount determined from the application of the *Reference Tariffs* in respect of the *Reference Services* provided to the *User* in respect of its *Customers* or such other amount as agreed in writing;
- (b) where *Additional Services* other than *Reference Services* are provided by *Country Energy Gas*, as set out in section 4.3.3;
- (c) *Connection Charges*; and
- (d) *Additional Charges*.

**Claim** means any claim, action, dispute, proceeding, loss, liability, demand, cost or expense whether arising in contract, tort (including negligence), equity or otherwise in respect of an event occurring after the Commencement Date.

**Commencement Date** means in respect of an *Agreement*, the date of execution of the *Agreement*.

**Communications Equipment** means any device that communicates with *Country Energy Gas Network*

**Confidential Information** means information that is by its nature confidential or is known by the *Country Energy Gas* to be confidential and includes:

- (a) any information relating to the financial position of a *User* or *Prospective User* and, in particular, includes information relating to the assets or liabilities of the *User* or *Prospective User* and any other matter that affects or may affect the financial position or reputation of the *User* or *Prospective User*;
- (b) information relating to the internal management and structure of the *User* or *Prospective User* or the personnel, policies and strategies of a *User* or *Prospective User*;
- (c) information of a *User* or *Prospective User* to which *Country Energy Gas* has access, other than information referred to in paragraphs (a) and (b), that has any actual or potential commercial value to the *User* or *Prospective User* or the person or corporation which supplied that information; and
- (d) any information in the *Country Energy Gas* possession relating to the *Users* or *Prospective Users Customers* or suppliers and like information.

**Connection** means the provision of a new facility (forming part of the *Distribution System*) in relation to, and the joining of a gas installation to the *Distribution Supply Point*, to allow the flow of Gas to the gas installation through the *Distribution Supply Point* (but does not include Turn On).

**Contract Customer** has the meaning given in section 4.3.1.

**Contracted Capacity** means, in respect of a *User*, that part of the *Capacity* which has been reserved by that *User* pursuant to an agreement entered into with *Country Energy Gas*.

**Contract Transportation Service** means the provision of the service set out in section 4.3.1 to a *Contract Customer* in accordance with the *Terms and Conditions*.

**Contracted Capacity** means, in respect of a *User* of the *Network*, that part of the *Capacity* of the *Network* which has been reserved by that *User* pursuant to a contract entered into with *Country Energy Gas*.



**Controller** has the same meaning as defined in the Corporations Act

**Corporations Act** means the Corporations Act 2001.

**Country Energy Gas** means Country Energy Gas Pty Ltd ACN 083 199 839

**Covered Pipeline** has the same meaning as the NGL.

**CPI** means the Consumer Price Index: All Groups, index number weighted average of eight capital cities published by the Australian Bureau of Statistics from time to time and if the Australian Bureau of Statistics ceases to calculate and publish such an index then CPI will mean any index that substantially replaces that index.

**Credit Support** has the meaning given in section 5.6.2.

**Credit Support Amount** means the amount of *Credit Support* required to be posted under section 5.6.1(b) or section 5.6.5

**Credit Support Provider** means a person who has provided *Credit Support* to a *User* and who satisfies the requirements in section 5.7.4.

**Customer** means a person that uses *Gas* at a *Delivery Point*.

**Customer MHQ** means the maximum hourly quantity of *Gas*, expressed in gigajoules per hour, for delivery to a *DPI* initially nominated by the *User* to *Country Energy Gas* and agreed to by *Country Energy Gas* in writing and then as agreed from time to time between the parties to an *Agreement*.

**Customer Supply Contract** has the same meaning as in the *Gas Supply (Natural Gas Retail Competition) Regulation 2001* (NSW).

**Day** means (unless otherwise advised by *Country Energy Gas*) a period of 24 hours beginning at 06.30 Eastern Standard Time.

**Data Consent Form** means the form of that name included as Annexure A to the *Network Code*, as amended from time to time.

**Deactivation** means the act of removing a *meter* from a *Distribution Supply Point* and associated pipe work from the *Distribution System*.

**Deactivation Service** has the meaning given in section 4.3.3.

**Default Rate** means on any date the rate in percent per annum of the Commonwealth Bank of Australia corporate overdraft reference applying for that day.

**Defendant Party** has the meaning given in clause 13.18 of the *Terms and Conditions*.

**Delivery Point** means the point on the *Network* nominated or defined in the agreed *Terms and Conditions* at which natural gas is withdrawn from the *Network* by a *User* for use by a *Customer*. A *Delivery Point* may in certain circumstances consist of one, two or more sets of *Metering Facilities* servicing a particular *Customer's* site or premises, or servicing a third party network.

**Department** means the New South Wales Department of Water and Energy.

**Developable Capacity** has the same meaning as in the NGL.

**Developer** means in relation to a *New Development*, the person or persons responsible for undertaking the development, including the agent or agents of that person or persons.

**Disconnection** means the carrying out of work to prevent the withdrawal of *Gas* at a *Distribution Supply Point*.

**Disconnection Request** means a written notice by the *User* requesting the *disconnection* of the *Customer's Delivery Point* from the *Distribution System*.

**Disconnection Service** has the meaning given to it in section 4.3.3.

**Disputed Invoice** has the meaning given in clause 6.26 of the *Terms and Conditions*.

**Disputing Party** has the meaning given in clause 6.26 of the *Terms and Conditions*.

**Distribution Area** means the area described in *Country Energy Gas Reticulators Authorisation*.

**Distribution Pipeline** has the same meaning as in the *NGL*.

**Distribution Supply Point** means a point on the *Distribution System* at which Gas is capable of being withdrawn from the *Distribution System* for delivery to a *Customer*, which is normally located at the outlet of the *Meter*.

**Distribution System** means that part of the *Gas Distribution System* which is more particularly described in the plan of the *Distribution System* lodged with the *Regulator* and any *Extension* or *Expansion* of the *Distribution System* that is covered by the *Access Arrangement*.

**DPI** means the numeric name of a *Customers Delivery Point*.

**Emergencies Number** means the telephone number identified in or otherwise notified under clause 8.2 of the *Terms and Conditions*.

**Expansion** means the process of upgrading capacity or service potential of a *Distribution System* by:

- (a) replacing or enhancing existing plant or equipment; or
- (b) adding new plant or equipment.

**Extension** means extending a *Distribution System* to enlarge the area to which Gas may be, or is, supplied, including (to avoid doubt) extensions which connect together pre-existing distribution systems.

**First Party** has the meaning given in clause 8.14 of the *Terms and Conditions*.

**Force Majeure Event** has the meaning given in section 9 of the *Terms and Conditions*

**Gas** means natural gas, as that term is defined in the *NGL*.

**Gas Act** means the Gas Supply Act 1996 (NSW).

**Gas Installation** has the meaning given to that term in the *Gas Act*.

**Gas Leak** means a leakage of gas from the *Distribution System*.

**GJ** means gigajoules.

**Indemnified Party** has the meaning given in clause 12.14 of the *Terms and Conditions*.

**Insolvency Event** means the happening of any of the following events in relation to a party to an *Agreement*:

- (a) an order is made that it be wound up or that a *Controller* be appointed to it or any of its assets;
- (b) a resolution that it be wound up is passed;
- (c) a liquidator, provisional liquidator, *Controller* or any similar official is appointed to, or takes possession or control of, all or any of its assets or undertakings;
- (d) an administrator is appointed to it (other than by the Regulator pursuant to the party's Authorisation under the Gas Act) or a resolution that an administrator be appointed to it is passed;
- (e) it enters into, or resolves to enter into, an arrangement, compromise or assignment for the benefit of any of, or any class of, its creditors or shareholders, or an assignment for the benefit of any of, or any class of, its creditors in relation to a potential Insolvency Event in subparagraphs (a) to (d) or (f) to (g) occurring;
- (f) any action is taken by the Australian Securities and Investments Commission to cancel its registration or to dissolve it;
- (g) it is insolvent within the meaning of Section 94A of the Corporations Act, as disclosed in its accounts or otherwise, states that it is unable to pay its debts or it is presumed to be insolvent under any applicable law; or
- (h) it stops or suspends:
  - (i) the payment of all or a class of its debts;
  - (ii) the conduct of all or a substantial part of its business; or

the *User* is constituted in another jurisdiction, any event having a substantially similar effect to any of the events specified in the preceding paragraphs happens to it under the law of that other jurisdiction.

**Interruption** means the planned or unplanned temporary stoppage of *Supply* to one or more *Distribution Supply Points*.

**IPART** means the Independent Pricing and Regulatory Tribunal on New South Wales.

**kPa** means kilopascals.

**Last Resort Supply Event** means the events set out in section 70(1) of the Gas Supply (Natural Gas Retail Competition) Regulation 2001.

**Laws** means all laws including statutes, regulations, licenses, authorisations and codes as well as any determinations of any governmental agency under such laws applying from time to time.

**Load Shedding Procedures** means the procedures for the progressive shedding of loads supplied by the *Network* in the event of a failure in the *Network* or a failure in supply to the *Network* as set out in section 5.4 of this *Access Arrangement*.

**Maximum Meter Flow Rate** means in respect to a *Delivery Point*, the maximum volume flow of natural gas that can pass through the *Metering Facilities* at that *Delivery Point*.

**MDQ** or **Maximum Daily Quantity** means the maximum daily quantity of natural gas which *Country Energy Gas* is required to transport and which the *User* may withdraw under agreed *Terms and Conditions* (excluding *Overruns*).

**Meter** has the same meaning as in the *Retail Market Procedures*.

**Meter Reading** has the same meaning as in the *Retail Market Procedures*.

**Metering Facilities** means the *Meter(s)* and any associated filter(s), regulator(s) or other equipment, and pipework, by which the natural gas delivered to the *User* is conditioned, controlled, and metered, and includes any supporting infrastructure including enclosures.

**Metering Installation** means the *meter* and associated equipment and installations which may include correctors, regulators, filters, data loggers and telemetry in relation to a *Receipt Point*.

**MHQ or Maximum Hourly Quantity** means the maximum hourly quantity of natural gas which *Country Energy Gas* is required to transport and which the *User* may withdraw under agreed *Terms and Conditions* (excluding *overruns*).

**Minimum Delivery Pressure** means:

- (a) in respect of a *Delivery Point* which delivers gas to a *Contract Customer*, 7 kPa; and
- (b) in respect of any other *Delivery Point*, 1.5 kPa.

**Monthly Capacity Charge** means the monthly charge payable under the *Reference Tariff* for the *Contract Transportation Service* based on the *MDQ* of a *Delivery Point*, as set out in section 11.2.1(a).

**Monthly Fixed Charge** has the meaning given in section 11.2.2(a).

**Monthly Metering Charge** has the meaning given in section 11.2.1(b).

**National Gas Law (NGL)** means the National Gas (South Australia) Act 2008

**National Gas Regulations** means National Gas (South Australia) Regulations under Part 3 of the National Gas (South Australia) Act 2008

**National Gas Rules (NGR)** means the Subordinate Legislation No 294 of 2008

**Negotiated Service** means a service negotiated between *Country Energy Gas* and a *User* in respect of the *Network* that is not a *Reference Service*.

**Negotiated Service Agreement** means an *Agreement* between a *User* and *Country Energy Gas* relating to the provision of a *Negotiated Service*.

**Network** means *Country Energy Gas* natural gas *distribution system* serving Wagga Wagga and surrounding areas in place at 1 January 2010, plus any additions to the *Network* that are covered in accordance with section 7.

**Network Code** means the gas network code for full retail competition, originally issued by the New South Wales Ministry of Energy and Utilities in December 2001, as amended from time to time.

**Network Connection Application** means the form of this name published on *Country Energy Gas* web site as amended from time to time.

**New Development** means a subdivision of one or more residential, commercial or industrial lots for the purposes of sale or disposal by a *Developer*.

**Notice of Dispute** has the meaning given in clause 6.26 of the *Terms and Conditions*.

**Ombudsman** means the New South Wales Energy and Water Ombudsman.

**Outstanding Amount** means any amount specified in an invoice for *Transportation Services* which is unpaid by the due date for payment.

**Overrun** means where the withdrawals by a particular *User* at a *Delivery Point* on a *Day* exceeds or is forecast to exceed the *Capacity Entitlement* of that *User* for that *Delivery Point* on that *Day*.

**Pass Through Event** has the meaning given in section 13.4

**Pipelines** means a pipe, or system of pipes, or part of a pipe, or part of a system of pipes, for transporting natural gas, and any tanks, reservoirs, machinery or equipment directly attached to the pipe, or system of pipes, but does not include:

- (a) anything upstream of an exit flange on a pipeline conveying natural gas from a gas processing plant;
- (b) a gathering system operated as part of an upstream producing operation;
- (c) any tanks, reservoirs, machinery or equipment used to remove or add components to or change natural gas (other than odourisation facilities) such as a gas processing plant;
- (d) anything downstream of the *Delivery Point* of a *Customer*; or
- (e) anything upstream of a *Receipt Point*.

**Pipeline Operator** has the meaning given in the *Retail Market Procedures*.

**Priority Date** means the date at which a completed *Network Connection Application* is received by *Country Energy Gas*.

**Prospective User** means any person who submits a *Network Connection Application* (and in respect of that *Network Connection Application* includes any *User* who submits a *Network Connection Application*).

**Quantity** means, in relation to *Gas*, the energy content of that *Gas* calculated by multiplying its volume in cubic metres at a temperature of 15 degrees Celsius and an absolute pressure of 101.325kPa by its Heating Value.

**Queuing Requirements** has the meaning given to it in section 6.

**Receipt Point** means either the *Bomen Receipt Point* or the *Uranquinty Receipt Point*.

**Reconnect** means the *Turn On* for or in respect to a *Customer* following the *Disconnection* of the *Distribution Supply Point* at which *Gas* was prior to *Disconnection*, withdrawn by or in respect of that *Customer*.

**Reconnection Service** has the meaning given to it in section 4.3.3.

**Reference Services** are the *Contract Transportation Service* and the *Volume Transportation Service*.

**Reference Tariff** means the tariff for a *Transportation Service* or an *Additional Service*, as set out in or established pursuant to, this *Access Arrangement*.

**Reference Tariff Component** means an individual price element comprising part of a *Reference Tariff*.

**Reference Tariff Variation Mechanism** has the meaning given in clause 92(2) of the *NGR*

**Regulator** means the Australian Energy Regulator (AER).

**Regulatory Instruments** means the *NGL*, the *NGR*, the *Network Code*, the *Retail Market Procedures*, the *Gas Act* and *Gas Supply (Natural Gas Retail Competition) Regulation 2001*.

**Relevant Action** has the meaning given in clause 11.9 of the *Terms and Conditions*.

**Required Bank Guarantee Amount** has the meaning given in Schedule 1 of the *Terms and Conditions*.

**Residential Customer** means a *Customer* who uses *Gas* primarily for domestic purposes.

**Residential Meter Testing Service** has the meaning given to it in section 4.3.3.



**Responsible Party** has the meaning given in clause 12.14 of the *Terms and Conditions*.

**Retailer of Last Resort** means the supplier to whose authorisation is attached a retailer of last resorts endorsement in respect of the *Network*.

**Retail Market Procedures** means the *Retail Gas Market (NSW and ACT) Procedures* for the NSW and ACT retail gas market made and amended in accordance with the *NGR*.

**Reticulators Authorisation** has the meaning given to that term in the *Gas Act*.

**Revisions Commencement Date** has the meaning given in section 10.1.

**Revisions Submission Date** has the meaning given in section 10

**Rules** has the meaning the National Gas Rules.

**Safety and Operating Plan** means *Country Energy Gas Safety and Operating Plan* as required by the Gas Supply (Safety and Operating Plans) Regulations 1997 (NSW).

**Second Party** has the meaning given in clause 8.14 of the *Terms and Conditions*.

**Small Retail Customer** has the meaning given to the term in *Gas Act*.

**Spare Capacity** has the same meaning as in the *NGL*.

**Special Meter Reading Service** has the meaning given to it in section 4.3.3

**Specifications** refers to the quality specifications prescribed by Australian Standard AS4564 – Specification for General Purpose Natural Gas.

**Suppliers Authorisation** has the same meaning as in the *Gas Act*.

**Supply** means the delivery of Gas.

**Surcharge** has the same meaning as in the *NGR 83*.

**Terms and Conditions** means the *terms and conditions* contained in Appendix 1 of this document.

**Third party claim** has the meaning given in clause 13.19 of the *Terms and Conditions*.

TJ means terajoules.

**Transmission Operator** means the owner of the transmission pipeline located upstream of the *Receipt Points*.

**Transportation Service** means a *Contract Transportation Service* or a *Volume Transportation Service*.

**Turn On** means the act of turning on the *Supply* including the removal of any locks or plugs used to isolate *Supply* or reinstallation of a *meter* if it has been removed.

**Unaccounted for Gas** means the amount of natural gas metered as received at a *Receipt Point* which is not metered as delivered at a *Delivery Point*, being natural gas which is lost through leakages in the *Network* or not accounted for due to metering errors or theft.

**Uranquinty Receipt Point** means the outlet immediately downstream of the *Metering Facilities* owned and operated by the *Transmission Operator* located at Uranquinty Cross Road, Uranquinty.

**User** means a person to whom *Country Energy Gas* provides a service under this *Access Arrangement*.

**Volume Customer** has the meaning given in section 4.3.2.

**Volume Transportation Service** means the provision of the services set out in section 4.3.2 to a *Volume Customer* in accordance with the agreed *Terms and Conditions*.

**Volumetric Charge** has the meaning given in section 11.2.2(b).

**Year** means each twelve month period from 1 July to 30 June.

**Zone** means the Bomen Zone or the Central Zone, as set out in Appendix 4 to this Access Arrangement.



# Appendix 1 – Terms and Conditions

# Appendix 2 – Reference Tariffs and Charges

## A2.1 Initial Reference Tariffs, Metering Charges and Additional Services Charges

Reference Tariffs, (including Monthly Metering Charges) and charges for Additional Services will change over time in accordance with the procedures and formulae set out in section 13 of this Access Arrangement and section 8 of the Access Arrangement Information.

All charges are exclusive of GST.

## A2.2 Indicative Reference Tariffs

The Reference Tariffs for the period 1 July 2010 to 30 June 2011 along with indicative Reference Tariffs for the remainder this Access Arrangement are detailed in the table below.

\$ (nominal), excl GST	Maximum Meter Flow Rate (m <sup>3</sup> /hr)	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Volume</b>						
Small	10					
Annual Charge \$		215.00	236.50	260.15	286.17	314.78
\$/GJ		8.01	8.17	8.32	8.43	8.52
Medium	30					
Annual Charge \$		330.49	347.01	364.36	382.58	401.71
\$/GJ		1.66	1.65	1.63	1.62	1.61
Large	150					
Annual Charge \$		1,054.45	1,054.45	1,054.45	1,054.45	1,054.45
\$/GJ		1.78	1.79	1.81	1.82	1.84
<b>Contract</b>						
(\$/GJ of MDQ/year)						
Bomen	N/A	102.23	105.34	108.45	111.56	114.67
Central	N/A	154.05	154.05	154.05	154.05	154.05

### A2.3 Monthly Metering Charges

Monthly Metering Charges for Contract Customers with the meter types in the table below at a Delivery Point, as at 1 July 2010 are:

Meter Type	Initial Monthly Metering Charge \$ (nominal) excl GST
6GT	559.21
4GT	543.63
AL5000	585.85
AL2300	553.63
AL1000	488.95
7M175	492.32
5M175	483.71
3M175	511.40

Monthly Metering Charges for Customers who become Contract Customers after 1 July 2010 will be established on a case-by-case basis by Country Energy Gas and will be set to recover:

- the capital cost of the *Metering Facilities* at the *Delivery Point* over a 15 year period as well as a rate of return on those *Metering Facilities*;
- Plus, annual operations, maintenance and testing costs, which will be set at 5 per cent of the capital cost of the *Metering Facilities*;
- Plus, the cost of electronic meter reading of the *Metering Facilities*, subject to any increase under section 13.

### A2.4 Additional Services

Additional Service	Initial Charges 1 July 2010 (\$nominal) excl GST
Meter Testing Service	241.97
Special Meter Reading Service	41.88
Reconnection Service	48.86
Disconnection Service	41.88
Business Disconnection/Reconnection Service	98.88
After Hours Reconnection Service	116.33
Deactivation Service	453.96

# Appendix 3 (Confidential) – Map of Network