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

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

SUBMISSION VERSION
9 JULY 2004

Epic Energy Queensland Pty Ltd
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Perth WA 6000
CONTACT: Anthony Cribb
TELEPHONE: 9492 3803

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Drafted and approved by the¶
Australian Competition and
Consumer Commission¶
under section 2.20(a) of the ¶
National Third Party Access
Code for Natural Gas Pipeline
Systems¶

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SWQP PROPOSED REVISED ACCESS ARRANGEMENT

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1. INTRODUCTION

1.1 This proposed revised Access Arrangement ("Access Arrangement") for the Ballera to Wallumbilla Pipeline System (also known as the South-west Queensland Pipeline ("SWQP")) is being submitted by Epic Energy Queensland Pty Ltd ("Epic Energy") pursuant to section 2.28 of the National Third Party Access Code for Natural Gas Pipeline Systems ("the Code").

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1.2 It contains proposed revisions to the access arrangement drafted and approved on 4 June 2002 by the Regulator ("Original Access Arrangement").

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1.3 This Access Arrangement sets out the policies and basic terms and conditions applying to third party access to services provided by Epic Energy in relation to the SWQP.

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1.4 The terms and conditions upon which Epic Energy will grant parties access to Full Forward Haul Service in the SWQP are those terms and conditions contained in the Gas Transportation Agreement Terms and Conditions.

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1.5 The Gas Transportation Agreement Terms and Conditions are made up of the Access Principles (Annexure A) read with the Additional Terms and Conditions (Annexure B) and the Definitions (Annexure C).

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1.6 The Definitions at Annexure C contain the definitions of all terms defined in this Access Arrangement and the Additional Terms and Conditions.

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2. BACKGROUND

2.1 Annex I of the Natural Gas Pipelines Access Agreement provides the basis of this Access Arrangement. In so far as Annex I relates to the SWQP, it requires the Access Arrangement to:

- (a) be in accordance with the Code and, for this purpose, the tariff and tariff-related sections of the existing access principles for the SWQP are to be rewritten as reference tariffs (and reference tariff policy) for reference services to conform, as closely as possible, to the Code, while preserving the existing tariff principles embodied in the original access arrangements;**
- (b) be submitted to the Regulator, as required by the Code, under the following conditions:**
 - (i) reference tariffs (and reference tariff policy) will be those taken from the existing access principles and will be included in the deeming provisions of the Queensland access legislation; they will not be subject to public and Regulator scrutiny until the nominated review date in the access arrangement; and**
 - (ii) non-tariff related matters will be submitted to the Regulator for consideration in the normal manner.**

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2.2 The SWQP was constructed between Ballera and Wallumbilla in South-West Queensland in 1996 by Epic Energy Queensland Pty Ltd (ABN 67 066 656 219).¶

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<#>From 1996 to 19 May 2000 the SWQP operated under third party access rules as set out in the Petroleum Act 1923 (Qld). The Petroleum Act continues to govern the SWQP until the date the Access Arrangement is approved by the Regulator. The Petroleum Act sets out an access regime including reference tariffs to apply to facilitate competition and access to gas pipelines. The regime was flexible in nature and allowed Shippers and pipeline owners to negotiate terms and conditions of service. .

¶
<#>The Law came into force on 19 May 2000. Section 58 of the Law allowed the Queensland Minister for Mines and Energy to approve, by gazettal notice, the Access Principles containing the Reference Tariff and Reference Tariff Policy within 30 days of the Law coming into effect. .

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<#>The Minister made the derogations from the Code pursuant to Section 58 of the Law for the SWQP on 9 June 2000 [... [1]

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2.2 The Gas Pipelines Access (Queensland) Act 1998 implemented the Gas Pipelines Access Law in Queensland. Consistent with Annex I, section 58 of the 1998 Act required that:

- (a) the Queensland Minister for Mines and Energy approve, by gazettal notice, a tariff arrangement for the SWQP within 30 days of the Gas Pipelines Access Law coming into effect;**
- (b) the approved tariff arrangement be taken to be approved under the Gas Pipelines Access Law as the reference tariff and reference tariff policy for the access arrangement to be submitted under the law for the SWQP until the revisions commencement date for the access arrangement established in accordance with the Code; and**
- (c) the revisions submission date and the revisions commencement date set out in the reference tariff policy be taken to be the revisions submission date and the revisions commencement date for the access arrangement established in accordance with the Code.**

2.3 On 9 June 2000, the Queensland Minister for Mines and Energy approved a tariff arrangement for the SWQP, and the approval was gazetted on 16 June 2000. The approved tariff arrangement was taken to be the reference tariff and reference tariff policy of the Access Arrangement. The reference tariff and reference tariff policy were set out in the Access Principles attached to the Access Arrangement as Annexure A.

2.4 The Revisions Submission Date in the Original Access Arrangement – consistent with Annex I – required revisions relating to AFT Services to be submitted by 11 June 2004, and all other revisions to the Original Access Arrangement to be submitted by 30 June 2016.

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2.5 This Access Arrangement contains revisions relating to AFT Services.

2.6 The Gas Pipelines Access Law is the governing regime for the SWQP (in respect of the matters contained in the Law), but does not affect Gas Transportation Agreements entered into before 4 June 2002 (being the date on which the Regulator approved the Original Access Arrangement).

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3. THE SWQP (DESCRIPTION OF PIPELINE SYSTEM)

3.1 The SWQP is as described in the Pipeline Licence PL24 (as it was at the time of lodgement of the Original Access Arrangement), contained within the Petroleum Act 1923 (Qld), together with any extensions or modifications to the SWQP which are included pursuant to Paragraph 12.

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3.2 A detailed description of the SWQP is contained in the Access Arrangement Information.

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4. COMMENCEMENT

The Access Arrangement commences on the later of:

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- (a) the date the approval under section 2.42 of the Code becomes effective (under section 2.48); and
- (b) 11 December 2004.

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5. APPLICATIONS FOR ACCESS

5.1 The Application Form

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(a) Prospective Shippers must apply for access in the form specified by Epic Energy from time to time in the Access Guide (as amended) ("**Access Guide**") the current version of which forms part of the Information Package required by Section 5.1 of the Code.

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(b) The procedures applying to applications are detailed in the Access Guide.

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(c) An Access Request must be accompanied by the Prescribed Fee.

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5.2 Criteria for Assessment of Applications

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(a) Epic Energy will assess an Access Request as a reasonable and prudent pipeline operator based on the information provided to Epic Energy with the Access Request in the form specified in the Access Guide.

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(b) In addition to the matters set out in the Access Guide, Epic Energy may request such further detail and information from a Prospective Shipper as Epic Energy reasonably considers necessary to assess the Prospective Shipper's Access Request.

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(c) If a Prospective Shipper fails to comply with a reasonable request by Epic Energy for further information within 20 Days of receipt of such request, then the Prospective Shipper's Access Request is (subject to any extension of time granted by Epic Energy) rejected. A new Access Request by that Prospective Shipper will rank behind all other current Access Requests.

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(d) Nothing requires Epic Energy to accept an Access Request if it does not meet the requirements of paragraphs 5.1 and 5.2 (a) to (c).

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(d) If a Prospective Shipper has submitted an Access Request and that Access Request is accepted by Epic Energy in the manner set out in the Access Guide, then a Gas Transportation Agreement between Epic Energy and the Prospective Shipper is formed which is binding on both parties.

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5.3 Queuing Policy

(a) Access Requests are to have priority determined by the order in which they are received by Epic Energy. However, Epic Energy may deal with Access Requests out of order provided that the Access Requests which were first in time are not ultimately disadvantaged.

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(b) If an Access Request is rejected, that Access Request's priority is lost.

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(c) An Access Request may be rejected at any stage prior to its acceptance by Epic Energy.

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6. SERVICES POLICY

6.1 Services

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(a) Epic Energy ~~offers~~ the following ~~Services on the SWQP:~~

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(i) Reference Service – the Forward Haul Service (Class FH1), in accordance with the Tariff Arrangement approved by the Minister pursuant to section 58 of the Gas Pipelines Access (Queensland) Act 1998;

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(ii) Non Reference Services - Epic Energy will, subject to operational availability and commercial feasibility (as determined by Epic Energy in its absolute discretion), make available to a Prospective Shipper, as a Non Reference Service, on terms and conditions to be negotiated, any of the following Services:

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<#>Forward Haul Service (Class FH1)¶

(A) Back Haul Service (Class BH1)

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(B) Interruptible Transportation Service (Class IT1)

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(C) Forward Part Haul Service (Zonal) (Class FZ1)

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(D) Back Part Haul Service (Zonal) (Class BZ1)

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(E) Interruptible Part Haul Service (Zonal) (Class IZ1)

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(b) These ~~S~~ervices are described in detail in section 3 of Annexure A ~~of this Access Arrangement.~~

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~~(c)~~ Epic Energy is prepared to negotiate to provide a Prospective Shipper with any other (Non Reference) Service (for example Park and Loan Service).

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6.2 Full Forward Haul Service

(a) Full Forward Haul Service means the service described in paragraph 3.1 of the Access Principles and described therein interchangeably as "Forward Haul Service" and "Class FH1 Service".

(b) The minimum period for a Gas Transportation Agreement for Full Forward Haul Service is two years. Prospective Shippers must nominate the Gas Transportation Agreement Period when lodging an Access Request for Full Forward Haul Service.

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6.3 Limitation on Upstream Delivery Points

If Epic Energy agrees to provide a Back Haul Service (Class BH1) or Back Part Haul Service (Zonal) (Class BZ1), ("Upstream Deliveries") the Gas Transportation Agreement between Epic Energy and the Shipper will provide that if, on a Day, the total quantity of gas transported for all shippers with a Delivery Point downstream of their Receipt Point is insufficient to maintain Upstream Deliveries without the need to change the normal direction of gas flow in the SWQP, Epic Energy may restrict Upstream Deliveries in its absolute discretion without liability to the Shipper provided that Epic Energy provides the Shipper with prior notice at a time and in a manner that is reasonable under the existing conditions, and should that notice be verbal, it will be confirmed in writing as soon as is reasonably practicable.

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7. REFERENCE TARIFF POLICY

The Access Principles set out the Reference Tariff Policy.

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8. REFERENCE TARIFF STRUCTURE AND CHARGES

The Access Principles set out the reference tariff structure and charges.

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9. **SHARED REVENUE**

The Access Principles make provision for Shared Revenue.

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10. TERMS AND CONDITIONS

10.1 The terms and conditions upon which Epic Energy will grant parties access to the SWQP for the Reference Service are those terms and conditions contained in the Gas Transportation Agreement Terms and Conditions.

10.2 For the avoidance of doubt, nothing in this Access Arrangement obliges Epic Energy to grant parties access to the SWQP for Non Reference Services in accordance with the Gas Transportation Agreement Terms and Conditions.

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10.3 The Gas Transportation Agreement Terms and Conditions are set out in the Access Principles at Annexure A read with the Additional Terms and Conditions in Annexure B and the Definitions in Annexure C.

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11. TRADING POLICY

11.1 Transfer

Epic Energy will permit:

- (a) a Bare Transfer of a Gas Transportation Agreement in accordance with Section 3.10(a) of the Code; and
- (b) an assignment of a Gas Transportation Agreement in accordance with clause 22 of the Additional Terms and Conditions.

11.2 Conditional Transfer

Epic Energy will permit the Shipper to transfer or assign its Contracted Capacity under a Gas Transportation Agreement in accordance with Section 3.10(b) of the Code.

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12. EXTENSIONS/EXPANSIONS POLICY

12.1 Epic Energy will extend or expand the Capacity of the SWQP to meet the gas transportation needs of Prospective Shippers where Epic Energy believes the tests in Sections 6.22(b) and (c) of the Code have been met. However, nothing in this Access Arrangement compels Epic Energy to:

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- (i) fund all or part of the expansion of or extension to the SWQP;
- (ii) extend the geographical range of the SWQP; or
- (iii) make a Prospective Shipper become the owner of the SWQP or a part of the SWQP, or any extension to or expansion of it.

12.2 If Epic Energy proposes to extend or expand the SWQP the extension or expansion is not to become part of the Covered Pipeline unless Epic Energy elects otherwise by providing notice in writing to the Regulator.

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12.3 If an expansion of the SWQP becomes part of the Covered Pipeline, the expansion will not affect the Reference Tariff.

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(a) in the case of an expansion of the Capacity of the SWQP by installation of compression facilities before 30 December 2016, before the Nominal Capacity of the SWQP is exceeded; or

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(b) otherwise, before 30 December 2016.

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12.4 If an extension of the SWQP becomes part of the Covered Pipeline, the extension will not affect the Reference Tariff without Epic Energy first lodging revisions to the Access Arrangement.

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12.5 Subject to clauses 12.3 and 12.4 of this Access Arrangement, Epic Energy may from time to time seek Surcharges or Capital Contributions from Prospective Shippers in respect of New Facilities Investment.

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12.5 . Except where Epic Energy imposes a Surcharge or seeks a Capital Contribution, Shipper's using incremental capacity will pay the Reference Tariff.¶

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13. REVIEW DATES

(a) The Revisions Submission Date is:

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(i) 1 July 2006 for revisions relating to AFT Services; and

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(ii) 30 June 2016 for all other revisions to the Access Arrangement.

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(b) The Revisions Commencement Date is:

(i) for revisions relating to AFT services, the later of 1 January 2007, and the date the Regulator's approved access arrangement becomes effective pursuant to section 2.48 of the Code; and

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(ii) 30 December 2016 for all other revisions to the Access Arrangement.

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(i) the interconnection of another pipeline with the SWQP; or¶
(ii) the introduction of a significant new source of gas supply to one of the SWQP's markets;¶

that substantially changes the types of Services that are likely to be sought by the market or has a substantial effect on the direction of the flow of natural gas through all or part of the pipeline.¶

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14. CAPACITY MANAGEMENT POLICY

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2.1 Tenneco Gas Australia (now Epic Energy Queensland Pty Ltd) and Tenneco Energy Australia (now Epic Energy Australia Pty Ltd) entered into a competitive tender process for the construction of the SWQP in 1994. Their tender offer was successful.

2.2 The SWQP was constructed between Ballera and Wallumbilla in South-West Queensland in 1996 by Epic Energy Queensland Pty Ltd (ABN 67 066 656 219).

2.3 From 1996 to 19 May 2000 the SWQP operated under third party access rules as set out in the Petroleum Act 1923 (Qld). The Petroleum Act continues to govern the SWQP until the date the Access Arrangement is approved by the Regulator. The Petroleum Act sets out an access regime including reference tariffs to apply to facilitate competition and access to gas pipelines. The regime was flexible in nature and allowed Shippers and pipeline owners to negotiate terms and conditions of service.

2.4 The Law came into force on 19 May 2000. Section 58 of the Law allowed the Queensland Minister for Mines and Energy to approve, by gazettal notice, the Access Principles containing the Reference Tariff and Reference Tariff Policy within 30 days of the Law coming into effect.

2.5 The Minister made the derogations from the Code pursuant to Section 58 of the Law for the SWQP on 9 June 2000. The derogations were gazetted on 16 June 2000. The Reference Tariff and Reference Tariff Policy are set out in the Access Principles and attached to this Access Arrangement as Annexure A.

2.6 Part 8 of the Petroleum Act will cease to be of force and effect to the SWQP when the Access Arrangement for the SWQP is approved by the Regulator. The Law will be the governing regime for the SWQP from this date (in respect of the matters contained in the Law), but will not affect Gas Transportation Agreements entered into before this date.