



**APT Petroleum Pipelines
Limited**

Access Arrangement

Effective
12 April 2012 – 30 June 2017



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1 Introduction

1.1 *General*

This Access Arrangement is established pursuant to the National Gas Law and Part 8 of the National Gas Rules and sets out the policies and the terms and conditions applying to third party access to such parts of the Roma to Brisbane Pipeline (**RBP**) that are a Covered Pipeline under the National Gas Law.

Under the National Gas Rules, the owner or operator of a Covered Pipeline is required to lodge an Access Arrangement with (and have it approved by) the Australian Energy Regulator.

An Access Arrangement must, as a minimum, contain the elements described in Rule 48. These include:

- (a) the terms and conditions on which Service Provider will provide each Reference Service; and
- (b) capacity trading and queuing requirements, as well as how extensions and expansions will be treated for the Pipeline.

The Access Arrangement must be accompanied by applicable Access Arrangement Information (Rule 43).

1.2 *Owner of Pipeline*

The Pipeline is owned by APT Petroleum Pipelines Limited ACN 009 737 393. If a different entity becomes Service Provider of the Pipeline during the Access Arrangement Period, that new entity will be the new Service Provider.

1.3 *Covered Pipeline*

The RBP consists of:

- (a) the mainline pipeline from Wallumbilla (near Roma) to Brisbane and associated facilities (**Mainline**);
- (b) the lateral pipeline known as the Caltex Lateral located at Lytton (**Lytton Lateral**); and
- (c) the lateral pipeline from Arubial on the Mainline to Peat / Scotia, and associated facilities (**Peat Lateral**).



A map of the Pipeline is at Schedule 7, and can be viewed at <http://www.apa.com.au/our-business/economic-regulation/qld-gas-assets.aspx>.

The entire Pipeline, as configured as at July 2012, is the Covered Pipeline¹. **Existing Capacity** refers to the capacity of the pipeline as at 1 January 2006.

1.4 Capacity to which Access Arrangement applies

This Access Arrangement applies to:

- (a) the Existing Capacity; and
- (b) any future capacity or geographic extension to the Pipeline which is Covered and subject to this Access Arrangement under Extensions and Expansions in section 7 of this Access Arrangement.

1.5 Commencement of this Access Arrangement

This Access Arrangement will commence on the date on which the approval of the AER takes effect under Rule 62.

1.6 Revisions

Service Provider will submit revisions to this Access Arrangement on or before 1 July 2016, or four years from the commencement date of this Access Arrangement, whichever is the later (**Revisions Submission Date**).

Those revisions to the Access Arrangement will commence on the later of 1 July 2017 and the date on which the approval by the AER of the revisions to the Access Arrangement takes effect under the National Gas Rules (**Revisions Commencement Date**).

1.7 Definitions and Interpretation

Schedule 2 to this Access Arrangement sets out the defined terms used in this Access Arrangement and the rules of interpretation that apply.

¹ The Mainline was included in Schedule A to the National Third Party Access Code for Natural Gas Pipeline Systems and is therefore a Covered Pipeline. Service Provider voluntarily Covered the Peat Lateral from 1 January 2006. Service Provider voluntarily Covered the Lytton Lateral from 24 November 2009, to be provided as a Negotiated Service.



1.8 Structure of this Access Arrangement

This Access Arrangement is set out as follows:

- Section 1:** **Introduction** sets out an overview of this Access Arrangement including its structure, commencement date and revisions date.
- Section 2:** **Pipeline Services** describes the Services offered under this Access Arrangement and the procedure to obtain access to the Services.
- Section 3:** **Determination of Total Revenue** describes the Rules relevant for determining the total revenue requirement, and additional matters regarding New Capital Expenditure.
- Section 4:** **Reference Tariffs and Charges** describes the Reference Tariff and general charges applicable to the Reference Service.
- Section 5:** **Capacity Trading** sets out how the User may assign its Contracted Capacity and change its Delivery Points and Receipt Points.
- Section 6:** **Queuing** describes the order in which capacity will be allocated to Prospective Users where there is insufficient Capacity in the Pipeline to satisfy all Requests for Service.
- Section 7:** **Extensions and Expansions** describes the manner in which extensions or expansions to the Pipeline will be dealt with under this Access Arrangement.
- Schedule 1** Details
- Schedule 2** Definitions and Interpretation
- Schedule 3** Terms and Conditions applying to the Firm Service
- Schedule 4** Connection of Facilities to the Pipeline
- Schedule 5A** Gas Specification
- Schedule 5B** Prior Gas Specification
- Schedule 6A** Request for Service
- Schedule 6B** Registration of Interest for Services to be provided by Existing Capacity or Developable Capacity
- Schedule 7** Pipeline Map



2 Pipeline Services

2.1 Services under Access Arrangement

The following Services are offered under this Access Arrangement:

- (a) **Firm Service** - Reference Service, as described in section 2.2; and
- (b) **Negotiated Services** – non-Reference Services, as described in section 2.3.

2.1.1 Transportation Agreement

Service Provider will provide the Services on the terms and conditions set out in a Transportation Agreement for the relevant Service from time to time. The provision of the Services by Service Provider under a Transportation Agreement is subject to the User complying with its obligations under the Transportation Agreement.

2.1.2 Access and Request for Service

In order to obtain access to a Service, a Prospective User must:

- (a) follow the procedures set out in Schedule 6A;
- (b) meet the Prudential Requirements set out in Schedule 6A and clause 2 of the Terms and Conditions; and
- (c) enter into a Transportation Agreement specific to that User and that Service.

Where there is insufficient capacity to satisfy a Request, the Queuing arrangements in section 6 of this Access Arrangement will apply.

2.1.3 Right to Access

Service Provider will act in a Non-Discriminatory Manner in providing Services.

2.2 Firm Service

2.2.1 General

The Firm Service is a service for the receipt, transportation and delivery of Gas through any length of the Pipeline in the direction from Wallumbilla or Peat to Brisbane.



Service Provider must provide the Firm Service on the following basis:

- (a) the receipt by Service Provider at the Receipt Points of quantities of Gas Nominated by the User, not exceeding the applicable Receipt Point MDQ and in aggregate not exceeding the Firm MDQ, at a rate per Hour not exceeding the applicable Receipt Point MHQ;
- (b) the transportation of the Gas referred to in paragraph (a) on a firm basis and without interruption, except as is expressly permitted under the Transportation Agreement; and
- (c) the delivery by Service Provider to, or on account of, User at the Delivery Points of quantities of Gas Nominated by User, not exceeding the applicable Delivery Point MDQ and in aggregate not exceeding the Firm MDQ, at a rate per Hour not exceeding the applicable Delivery Point MHQ,

as Scheduled in accordance with clauses 11 to 14 (inclusive) of the Terms and Conditions.

Despite paragraphs (a) to (c) above (inclusive) and 2.2.4, the transportation of Gas received at Receipt Points by Service Provider under the Firm Service is, for STTM purposes, to the Brisbane hub or, if Scheduled by Service Provider in accordance with clauses 11 to 14 (inclusive) of the Terms and Conditions, to Delivery Points upstream of the Brisbane hub.

The Firm Service is provided at the Reference Tariff.

The Firm Service includes the following:

- (a) ability of User to request an Authorised Overrun; and
- (b) for installations owned and operated by Service Provider, the measurement of gas quantity and quality and of gas pressures as detailed in the Terms and Conditions.

2.2.2 MDQ and MHQ

- (a) At the commencement of the Transportation Agreement the User will be required to establish for each Contract Year a Firm MDQ and a Firm MHQ which fairly reflect the User's expected requirements.
- (b) The Firm Service may include multiple Receipt Points or Delivery Points and in those circumstances the User must also establish an MDQ and MHQ for each Receipt Point and each Delivery Point which fairly reflect the User's expected requirements at that Receipt Point and Delivery Point.



- (c) The MHQ in either case will be no greater than the figure produced by the formula:

$$MDQ \div 24 \times 1.1$$

- (d) Except as an Authorised Overrun, Service Provider will not be obliged:
 - (i) on any Day, to receive or deliver a quantity of Gas greater than the Firm MDQ;
 - (ii) on any Day, to receive at a Receipt Point a quantity of Gas, excluding System Use Gas and the User's Linepack, greater than the applicable Receipt Point MDQ or to deliver at any Delivery Point a quantity of Gas greater than the applicable Delivery Point MDQ; or
 - (iii) in any Hour to receive or deliver a quantity of gas greater than the User's MHQ; or
 - (iv) in any Hour, to receive at a Receipt Point a quantity of Gas greater than the MHQ for that Receipt Point, or to deliver at any Delivery Point a quantity of Gas greater than the MHQ for that Delivery Point.

2.2.3 Adjustment in MDQ for Gross Heating Value

If on any Day, because of a reduction below 40MJ/m³ in the average Gross Heating Value of the gas presented by a User at any Receipt Point, Service Provider is reasonably of the opinion that the aggregate quantities of gas to be delivered on behalf of all Users may exceed the capacity of the Pipeline:

- (a) the obligation of Service Provider to receive gas for or on behalf of the User for that Day and the obligation of Service Provider to deliver gas for and on behalf of the User on that Day are adjusted by using the following formula:

$$\text{Service Provider's obligation} = MDQ * [1 + 0.020 * (AHV - 40)]$$

- (b) the Throughput Charge for the User is adjusted for the Day using the following formula:

$$\text{Adjusted Throughput Charge} = \text{Throughput Charge} * [1 + 0.020 * (40 - AHV)]$$

- (c) the Capacity Charge for the User is adjusted for the Day using the following formula:



$$\text{Adjusted Capacity Charge} = \text{Capacity Charge} * [1 + 0.020 * (40 - \text{AHV})]$$

where AHV is the average Gross Heating Value of gas in MJ/m³ received on the Day this formula is applied.

2.2.4 Overruns

- (a) An Unauthorised Overrun will occur where the User incurs an Overrun Quantity on a Day or in an Hour which is not an Authorised Overrun.
- (b) An Authorised Overrun is:
 - (i) the receipt by Service Provider at the Receipt Points of quantities of Gas Nominated by the User, in excess of the applicable Receipt Point MDQ or in aggregate exceeding the Firm MDQ, at a rate per Hour nominated by the User;
 - (ii) the transportation of the Gas referred to in paragraph (i) on an interruptible basis; and
 - (iii) the delivery by Service Provider to the User at the Delivery Points of quantities of Gas Nominated by the User, in excess of the applicable Delivery Point MDQ or in aggregate exceeding the Firm MDQ, at a rate per Hour Nominated by the User.
- (c) An Authorised Overrun is requested by the User as part of the User's Nomination for the Firm Service by the User requesting an amount greater than the User's Firm MDQ or relevant Receipt Point or Delivery Point MDQ (as the case may be).
- (d) Service Provider is not obliged to provide an Authorised Overrun, or to provide an Authorised Overrun in respect of quantities or at a rate Nominated by the User where:
 - (i) the provision of the Authorised Overrun for the transportation of the requested quantities would cause the Service Provider to curtail a service under a Transportation Agreement:
 - (A) for another User up to its MDQ on that Day; or
 - (B) already Scheduled for transportation to another User at the time the User's Nomination is received; or
 - (ii) clauses 11 to 14 (inclusive) of the Terms and Conditions operate to exclude or reduce the provision of the Authorised Overrun.



- (e) If User requests an Authorised Overrun it must give Service Provider a Nomination for that Day.
- (f) Upon receipt of the Nomination, Service Provider must review the availability of the Authorised Overrun and must, as soon as possible, advise User that:
 - (i) the Authorised Overrun is available;
 - (ii) the Authorised Overrun is available for the relevant Day but not as requested, together with the Authorised Overrun that is available on the relevant Day; or
 - (iii) the Authorised Overrun is not available for the relevant Day.
- (g) If pursuant to paragraph (f)(i), Service Provider advises the User that the Authorised Overrun is available then the User's request constitutes a Nomination for an Authorised Overrun in accordance with this Access Arrangement.
- (h) Within one hour of receipt of an advice under paragraph (f)(ii), the User may request provision of the Authorised Overrun described by Service Provider in its advice under that paragraph and the request constitutes a Nomination for the Authorised Overrun in accordance with this Access Arrangement.
- (i) The User acknowledges that Service Provider cannot advise User of the availability of an Authorised Overrun under this section 2.2.4 prior to Scheduling pursuant to clause clauses 11 to 14 (inclusive) of the Terms and Conditions for the relevant Day.
- (j) The User will be liable to pay Charges for Overruns (whether an Authorised Overrun or Unauthorised Overrun) as set out in section 4.3.1.
- (k) The User will be liable to Service Provider and will indemnify the Service Provider for any loss or damage suffered by Service Provider as a consequence of an Unauthorised Overrun.
- (l) If in any Contract Year:
 - (i) on more than 12 occasions the User has an Overrun (including an Authorised Overrun) which exceeds by more than 5% a Receipt Point or Delivery Point MDQ for that Contract Year (as the case may be); then
 - (ii) Service Provider may determine that the relevant Receipt Point MDQ or Delivery Point MDQ under the Transportation Agreement for the remainder of that Contract Year will be equal to the average



of the 12 highest daily quantities of Gas delivered or received (as the case may be) made by the User during that Contract Year and the Charges payable by the User will be adjusted accordingly.

2.2.5 Term

The term of the Firm Service will be three years from the commencement of the Firm Service or such longer period ending on an anniversary of the commencement of the Firm Service as the User elects.

2.2.6 Term beyond Revisions Commencement Date

Where the term of a Firm Transportation Agreement extends beyond the Revisions Commencement Date, the tariffs applicable to the Service after the Revisions Commencement Date will be the Reference Tariff for a comparable Service under the then applicable Access Arrangement.

2.2.7 Charges

Charges for the Firm Service are specified in section 3.

2.3 Negotiated Services

If a Prospective User's requirements and circumstances vary from the conditions of the Firm Service, including where the Prospective User seeks access to capacity other than the Existing Capacity, the Prospective User may seek to negotiate different terms and conditions, including tariff, as a Negotiated Service.

Negotiated Services will have priority agreed to in a Non-Discriminatory Manner in accordance with the Terms and Conditions set out in Schedule 3, but will not be higher than Firm Service.



3 Determination of Total Revenue

3.1 Principles

Where required under the National Gas Law or Rules, the building block components used to determine Total Revenue have been derived in accordance with the revenue and pricing principles set out in subsections (2) – (7) of section 24 of the National Gas Law.

Total Revenue is calculated using a building block approach in accordance with Rule 76.

In addition, Total Revenue may vary during the Access Arrangement Period, as Reference Tariffs are varied (see section 4).

Reference Tariffs were determined using a nominal weighted average cost of capital resulting in a return on capital over the Access Arrangement Period as detailed in the Access Arrangement Information.

The expected revenue has been allocated to Reference Tariffs on the basis of Rule 95.

3.2 New Capital Expenditure

Reference Tariffs have been determined on the basis of:

- (a) the Capital Base; and
- (b) New Capital Expenditure that is part of the Covered Pipeline that is forecast to occur within the Access Arrangement Period and is reasonably expected to satisfy the requirements of Rule 79 (**Forecast Capital**).

Service Provider may increase the Capital Base for the Pipeline for any part of the New Capital Expenditure that satisfies Rule 79.

Service Provider may undertake New Capital Expenditure that does not satisfy Rule 79. Where Service Provider does so, Service Provider may increase the Capital Base for any part of that New Capital Expenditure that does satisfy Rule 79. Service Provider may also increase the Capital Base for Capital Contributions under Rules 82(2) and (3).



Where Capital Contributions are rolled into the Capital Base under Rule 82(2), the following mechanism is applied to ensure that Service Provider does not receive any benefit through increased revenue from that User's contribution to the Capital Base.²

Capital Contributions are treated as revenue in the Year in which they are received. The forecast amount of Capital Contributions is then deducted from the Total Revenue requirement in determining the revenue requirement to be recovered through tariffs. Through this process, Service Provider returns to customers, by way of lower tariffs, the full benefit associated with the return on and return of contributed capital. The up-front reduction in tariff revenue exactly equals, in present value terms, the return on and return of capital over the life of the capital investment.

The amount that does not satisfy the requirements of Rule 79, to the extent that it is not to be recovered through a Surcharge on Users or a Capital Contribution, forms part of the Speculative Capital Expenditure Account (as contemplated by Rule 84). Service Provider may increase the Capital Base in accordance with Rule 84(3) if a part of the Speculative Capital Expenditure Account subsequently satisfies the requirements of Rule 79.

Any increase in the Capital Base under this section 3.2, or in accordance with Rule 80, may only take effect from the Revisions Commencement Date, or in accordance with the operation of the Cost Pass-through Reference Tariff Adjustment Mechanism.

3.3 Surcharge

Service Provider may charge Users a Surcharge where permitted by the National Gas Rules. Service Provider will notify the AER of any proposed Surcharge to be levied on Users of incremental services and designed to recover 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.

3.4 Capital Contributions

Service Provider may charge Users a Capital Contribution to new capital expenditure where permitted by the National Gas Rules (see Rule 82).

3.5 Capital Redundancy Mechanism

In accordance with Rule 85, the Opening Capital Base at 1 July 2017 shall be reduced based on the following principles:

² As required under Rule 82(3)



- (a) any assets that cease to contribute to the delivery of Services to Users shall be removed from the Capital Base; and
- (b) costs associated with a decline in the volume of sales of Services provided by means of the Covered Pipeline will be shared between Service Provider and Users.

Subject to the New Capital Expenditure criteria under Rule 79, if, after the reduction of the Capital Base by the value of assets identified as redundant, the assets later contribute to the delivery of Services, the assets will be treated as New Capital Expenditure (for the purposes of Rules 79, 81 and 84) equal to the value of the assets identified as redundant increased annually on a compounded basis by the weighted average cost of capital from the time the assets identified as redundant were removed from the Capital Base.

3.6 Depreciation for opening Capital Base for next access arrangement period

The depreciation schedule for establishing the Opening Capital Base at 1 July 2017 will be based on forecast capital expenditure.



4 Reference Tariffs and Charges

4.1 *General*

In developing its Services and Reference Tariffs in this Access Arrangement, Service Provider has focused on the following objectives:

- (a) consistency with existing contracts and practices, and recognition of previous regulatory regimes and outcomes under those regimes;
- (ii) providing encouragement for Service Provider to respond to the growth of natural gas markets by allowing Negotiated Services including negotiated tariffs to underpin expansions or extensions to the Pipeline; and
- (iii) encouraging efficient use of the Pipeline.

4.2 *Charges for Reference Service*

4.2.1 Reference Service and Tariffs

The amount payable by the User for the Firm Service (Reference Service) consists of the sum of the:

- (a) Capacity Charge; and
- (b) Throughput Charge.

Users will also pay any other applicable Tariff Charges specified in section 4.2.4.

4.2.2 Capacity Charge

The Capacity Charge for each Day is the product of:

- (a) the Capacity Tariff; and
- (b) the Firm MDQ (expressed in GJ) specified in the Transportation Agreement.

4.2.3 Throughput Charge

The Throughput Charge for each Day is the product of:

- (a) the Throughput Tariff; and



- (b) the actual quantity of gas (expressed in GJ) delivered to or to the account of the User on that Day.

4.2.4 Other Tariff Charges

The User may also be required to pay the following charges:

- (a) Overrun Charges as set out in section 4.3.1;
- (b) Imbalance Charge as set out in section 4.3.2;
- (c) Daily Variance Charge as set out in section 4.3.3; and
- (d) Charges in respect of Receipt Points and Delivery Points as set out in section 4.3.4.

4.2.5 Capacity and Throughput Tariffs

The Capacity Tariff and Throughput Tariff to apply in the first Year of the Access Arrangement Period are set out in the Details, and will be adjusted each Year in accordance with the Reference Tariff Adjustment Mechanism set out in section 4.5.

4.3 Other Charges

4.3.1 Overrun Charges

The User must pay an Overrun Charge for Overruns at a Delivery Point, except to the extent that Service Provider solely caused the Overrun without the prior approval of the User.

- (a) A different charge applies to Authorised and Unauthorised Overruns, as set out in the Details.
- (b) The Authorised Overrun Charge is the product of:
 - (i) the Authorised Overrun Rate set out in the Details; and
 - (ii) the relevant Authorised Overrun Quantity (expressed in GJ).
- (c) The Unauthorised Overrun Charge is the product of:
 - (i) the Unauthorised Overrun Rate set out in the Details; and
 - (ii) the relevant Unauthorised Overrun Quantity (expressed in GJ).



- (d) The parties acknowledge that the Unauthorised Overrun Charge is a pre-estimate of Service Provider's loss or damage (other than Consequential Loss) incurred or suffered by Service Provider in receiving, transporting or delivering Unauthorised Overrun Quantities.
- (e) User must also indemnify Service Provider for all Consequential Loss suffered or incurred by Service Provider in respect of the receipt, transportation or delivery of Unauthorised Overrun Quantities.

4.3.2 Imbalance Charge

- (a) The provisions relating to Imbalances are set out in clauses 21 to 25 inclusive of the Terms and Conditions.
- (b) Service Provider may charge the User an Imbalance Charge for each Day on which an Imbalance, the absolute value of which exceeds the Imbalance Allowance, occurs, calculated by multiplying the Imbalance Rate by the amount which the aggregate of the absolute value of Unauthorised Imbalances for a Day exceed the Imbalance Allowance for the Day.

4.3.3 Daily Variance Charges

- (a) A **Daily Variance** occurs when the quantity of gas:
 - (i) received from or on behalf of the User at a Receipt Point during a Day is different from the quantity of Gas Scheduled for that Receipt Point; or
 - (ii) delivered to or for the account of the User at a Delivery Point during a Day is different from the quantity of Gas Scheduled for that Delivery Point,

the quantity of which at each Delivery Point and Receipt Point (as applicable), in GJ, is the **Daily Variance Quantity**.

- (b) The User must pay to Service Provider the Daily Variance Charge, for each Day on which the Daily Variance Quantity:
 - (i) at a Receipt Point exceeds the Daily Variation Allowance; and
 - (ii) at a Delivery Point exceeds the Daily Variation Allowance,

excluding any portion of that variation that has been caused by Service Provider or a Force Majeure Event.



- (c) The **Daily Variance Charge** for a Day is calculated by multiplying the Daily Variance Rate by the Daily Variance Quantity for that Day for a Receipt Point or a Delivery Point (as applicable) for which the Daily Variance Charge is payable under paragraph (b) and aggregating the amounts calculated above for each relevant Receipt Point and Delivery Point.

4.3.4 Charges in Respect of Additional Receipt Points or Delivery Points

Section 4 and clauses 69 to 74 of the Terms and Conditions make provision for the addition of Receipt Points and Delivery Points and the costs involved.

4.3.5 General

Any charge payable by a User in respect of an Overrun, Imbalance or Daily Variance or other charge specified above is payable in addition to, and not in substitution for, any other charge payable by the User and does not affect the Firm MDQ, Firm MHQ, Receipt or Delivery Point MDQ or Receipt of Delivery Point MHQ (as the case may be) specified in the Transportation Agreement except as provided for in clause 2.2.4.

4.4 GST

All tariffs, charges and amounts payable under this Access Arrangement are expressed to be exclusive of GST. In addition to any tariff, charge or amount payable under this Access Arrangement by a User or Prospective User, the User or Prospective User will pay any applicable GST calculated by multiplying the relevant tariff, charge or amount by the prevailing GST rate.

4.5 Reference Tariff Adjustment Mechanism

4.5.1 Annual Reference Tariff adjustment formula mechanism

The Capacity Tariff and the Throughput Tariff for the Firm Service to apply on 1 July 2013 and on each subsequent 1 July, will be adjusted according to the following formula:

$$RT_n = RT_{n-1} \times \left[1 + \frac{CPI_{n-1} - CPI_{n-2}}{CPI_{n-2}} \right] \times (1 - X)$$

Where:

RT_n means Capacity Tariff or the Throughput Tariff (as relevant) in Year n



- n means the Year in which the adjusted Capacity Tariff or the Throughput Tariff is to be applied
- RT_{n-1} means the Capacity Tariff or the Throughput Tariff in Year $n - 1$
- CPI means Consumer Price Index (All Groups — weighted Average Eight Capital Cities) published quarterly by the Australian Bureau of Statistics. If the Australian Bureau of Statistics ceases to publish the quarterly value of that index, then CPI means the quarterly values of another Index which Service Provider reasonably determines most closely approximates that Index.
- CPI_{n-1} means the CPI published for the March quarter in Year $n-1$
- CPI_{n-2} means the CPI published for the March quarter in Year $n-2$
- X means the factors for each year set out in the Details

4.5.2 Cost Pass-through Reference Tariff Adjustment Mechanism

Subject to the approval of the AER under the National Gas Rules, Reference Tariffs may be adjusted after one or more Cost Pass-through Event/s occurs, in which each individual event materially increases or materially decreases, or is reasonably expected to materially increase or decrease, the cost of providing the Reference Service. Any such adjustment will take effect from the next 1 July.

In making its decision on whether to approve the proposed Cost Pass-through Event adjustment, the AER must take into account the following:

whether:

- (a) the costs to be passed through are for the delivery of pipeline services;
- (b) the costs are incremental to costs already allowed for in Reference Tariffs;
- (c) the total costs to be passed through are building block components of total revenue;
- (d) the costs to be passed through meet the relevant National Gas Rules criteria for determining the building block for total revenue in determining Reference Tariffs;
- (e) any other factors the AER considers relevant and consistent with the National Gas Rules and National Gas Law.



For the purpose of any defined event, an event is considered to materially increase or materially decrease costs where the incurred or expected costs of that individual event meet the Materiality Threshold defined below.

Cost Pass-through Events are:

- an insurance cap event;
- an insurer credit risk event;
- a natural disaster event;
- a regulatory change event;
- a service standard event;
- a tax change event; and
- a terrorism event.

Where:

Insurance cap event—means:

An event that would be covered by an insurance policy but for the amount that materially exceeds the policy limit, and as a result Service Provider must bear the amount of that excess loss. For the purposes of this Cost Pass-through Event, the relevant policy limit is the greater of the actual limit from time to time and the limit under Service Provider’s insurance cover at the time of making this Access Arrangement. This event excludes all costs incurred beyond an insurance cap that are due to Service Provider’s Gross Negligence/Wilful Misconduct. This also excludes all liability arising from the Service Provider’s unlawful conduct.

Insurer credit risk event—means:

An event where the insolvency of the insurers of Service Provider occurs, as a result of which Service Provider:

- (a) incurs materially higher or materially lower costs for insurance premiums than those allowed for in the Access Arrangement; or
- (b) in respect of a claim for a risk that would have been insured by Service Provider’s insurers, is subject to a materially higher or lower claim limit or a materially higher or lower deductible than would have applied under that policy; or



- (c) incurs additional costs associated with self funding an insurance claim, which, would have otherwise been covered by the insolvent insurer.

Natural disaster event—means:

Any major fire, flood, earthquake, or other natural disaster beyond the control of Service Provider (but excluding those events for which external insurance or self insurance has been included within Service Provider’s forecast operating expenditure) that occurs during the Access Arrangement Period and materially increases the costs to Service Provider of providing the Reference Service.

Regulatory change event—means:

An imposition of, a change in, or the removal of a regulatory obligation or requirement that:

- (a) falls within no other category of Cost Pass-through Event; and
- (b) occurs during the course of the Access Arrangement Period; and
- (c) affects the manner in which Service Provider provides the Reference Service (as the case requires); and
- (d) materially increases or materially decreases the costs of providing the Reference Service.

Service standard event—means:

A legislative or administrative act or decision that:

- (a) has the effect of:
 - (i) varying, during the course of the Access Arrangement Period, the manner in which Service Provider is required to provide the Reference Service; or
 - (ii) imposing, removing or varying, during the course of an Access Arrangement Period, minimum service standards applicable to the Reference Service; or
 - (iii) altering, during the course of an Access Arrangement Period, the nature or scope of the Reference Service, provided by Service Provider; and
- (b) materially increases or materially decreases the costs to Service Provider of providing the Reference Service.

Tax change event—means:



A tax change event occurs if any of the following occurs during the course of the Access Arrangement period for Service Provider:

- (a) a change in a Relevant Tax, in the application or official interpretation of a Relevant Tax, in the rate of a Relevant Tax, or in the way a Relevant Tax is calculated;
- (b) the removal of a Relevant Tax;
- (c) the imposition of a Relevant Tax; and

In consequence, the costs to Service Provider of providing the Reference Service are materially increased or decreased.

Terrorism event—means:

An act (including, but not limited to, the use of force or violence or the threat of force or violence) of any person or group of persons (whether acting alone or on behalf of in connection with any organisation or government), which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons (including the intention to influence or intimidate any government and/or put the public, or any section of the public, in fear) and which materially increases the costs to Service Provider of providing a Reference Service.

Materiality threshold—means:

For the purpose of any defined Cost Pass-through Event, an event is considered to materially increase or materially decrease costs where that event has an impact of one per cent of the smoothed forecast revenue specified in the Access Arrangement Information, in the years of the Access Arrangement Period that the costs are incurred.

4.5.3 Notification and approval of cost pass through events

Service Provider will notify the AER of a Cost Pass-through Event within 90 business days of the Cost Pass-through Event occurring, whether the Cost Pass-through Event would lead to an increase or decrease in Reference Tariffs.

When the costs of the Cost Pass-through Event incurred are known (or able to be estimated to a reasonable extent), then those costs shall be notified to the AER. When making such notification to the AER, Service Provider will provide the AER with a statement, signed by an authorised officer of Service Provider, verifying that the costs of any pass through events are net of any payments made by an insurer or third party which partially or wholly offsets the financial impact of that event (including self insurance).



The AER must notify Service Provider of its decision to approve or reject the proposed adjustments within 90 business days of receiving the notification. This period will be extended for the time taken by the AER to obtain information from Service Provider, obtain expert advice or consult about the notification.

However, if the AER determines the difficulty of assessing or quantifying the effect of the relevant Cost Pass-through Event requires further consideration, the AER may exceed the 90 business day limit. The AER will notify Service Provider of the extension, and its duration, within 90 business days of receiving a notification from Service Provider.

4.5.4 Annual Reference Tariff Adjustment Process

Service Provider will notify the AER in respect of any Reference Tariff adjustments such that adjustments occur on the first of July of any Year. The notification will be made at least 50 Business Days before the date of implementation and include:

- (a) the proposed adjustments to the Reference Tariffs; and
- (b) an explanation and details of how the proposed adjustments have been calculated.

If Service Provider proposes adjustments to the Reference Tariffs (other than as a result of a Cost Pass-through Event) and those adjustments have not been approved by the next 1 July, then the Reference Tariffs will be adjusted with effect from that next 1 July, until such time as adjustments to Reference Tariffs are approved by the AER.

If a past annual tariff adjustment contains a material error or deficiency because of a clerical mistake, accidental slip or omission, miscalculation or mis-description, the AER may change subsequent tariffs to account for these past issues.

Within 30 business days of receiving Service Provider's tariff adjustment notice, the AER will inform Service Provider in writing of whether or not it has verified the proposed Reference Tariffs.

The 30 business day period may be extended for time taken by the AER to obtain information from Service Provider, obtain expert advice or consult about the notification. However, the AER must assess a cost pass-through application within 90 business days, including any extension of the decision making time.

4.6 Reference Tariff after 30 June 2017

In the event that the Revisions Commencement Date is later than 30 June 2017, the tariff in effect at 30 June 2017 shall continue to apply to the provision of the Firm Service between 30 June 2017 and that later Revisions Commencement Date.



If the Reference Services under the revised Access Arrangement are different to those in this Access Arrangement, the applicable Reference Tariff and terms for an existing Service being supplied to a User are those as at the Revisions Commencement Date.



5 Capacity Trading

5.1 Governing provisions

Transfers of Contracted Capacity will be undertaken:

- (a) where the relevant parties are registered as participants in a particular gas market - in accordance with rules or procedures governing the relevant market; or
- (b) if the relevant parties are not so registered, or the relevant rules or procedures do not deal with capacity trading - in accordance with Rule 105 and sections 5.2 and 5.3.

5.2 Assignment of Contracted Capacity by subcontract

The User may, without Service Provider's consent, assign, by way of subcontract, all or any of the User's Contracted Capacity to another person (the **third party**) with the following consequences:

- (a) the User's rights against, and obligations to, Service Provider are (subject to paragraph (b)) unaffected by the assignment; and
- (b) the User must immediately give notice to Service Provider of:
 - (i) the subcontract and its likely duration; and
 - (ii) the identity of the third party; and
 - (iii) the amount of the Contracted Capacity assigned and any other details (other than price) reasonably requested by Service Provider.

Service Provider is not under any obligation to the User or the third party in respect of an assignment under this section 5.2 unless and until the User notifies Service Provider in accordance with paragraph (b)(ii) above.

5.3 Other assignments

The User may, with Service Provider's prior written consent which must not be unreasonably withheld, assign its Receipt MDQ or Delivery MDQ (or both), other than an assignment under section 5.2, provided that:

- (a) the User pays Service Provider's reasonable costs and expenses (including legal costs, internal costs and other costs as reasonably



- determined) in respect of application for consent (whether or not the assignment proceeds to completion) and any assignment;
- (b) Service Provider and the assignee execute a Transportation Agreement acceptable to Service Provider in relation to the Receipt MDQ or Delivery MDQ in a form and substance similar to the User's Transportation Agreement;
 - (c) the Receipt MDQ or Delivery MDQ to be assigned relates to the Receipt Points and Delivery Points or, if different receipt points or delivery points are proposed, the assignee meets Service Provider's reasonable requirements;
 - (d) the assignee agrees with any other User using the relevant Receipt Points and Delivery Points to sharing of the use of facilities and any conditions and charges, at no additional cost to Service Provider;
 - (e) the assignee confirms in writing that it has made all necessary arrangements with producers of Gas for the assignee, purchasers of Gas from the assignee and any other party relating to that service, including all Gas purchase, Gas sale, operating and multi-party Receipt Point and Delivery Point arrangements;
 - (f) if the assignment of part or all of the Receipt MDQ or Delivery MDQ to the assignee requires additional facilities at the Receipt Point or Delivery Point, the User or the assignee (or both) agree to pay Service Provider for the cost of construction on terms and conditions reasonably determined by Service Provider;
 - (g) the User agrees to comply with any other reasonable commercial or technical conditions of Service Provider.

Service Provider may withhold its consent to an assignment under this section 5.3 on reasonable commercial and technical grounds. An example might be if Service Provider would not receive at least the same amount of revenue it would have received before the change.

An assignment made under this section 5.3 does not affect rights or liabilities that had accrued under, or in relation to, the Transportation Agreement before the relevant assignment took effect.

5.4 Changing delivery and receipt points

The User may, by giving at least 45 Days written notice before the proposed change, request substitution of all or part of an existing Receipt Point MDQ for a Receipt Point or Delivery Point MDQ for a Delivery Point to another Delivery Point or Receipt Point (respectively) provided the proposed substitution is to a Receipt Point



or Delivery Point which has all the necessary facilities required to be located at the applicable Delivery Point or Receipt Point.

Service Provider may withhold its consent to all or part of the above request on reasonable commercial or technical grounds or make its consent subject to conditions which are on reasonable commercial or technical grounds. An example of such grounds might be if a reduction in the amount of the Delivery Point MDQ at the initial Delivery Point will not result in a corresponding increase in Service Provider's ability to provide that service to the alternative Delivery Point.

Service Provider will notify the User, within 30 Days of receiving the User's notice, whether it can consent to all or part of the User's request.

If the Receipt Point MDQ for a Receipt Point or a Delivery Point MDQ for a Delivery Point is substituted, the amount payable under the Transportation Agreement will be no less than what was payable prior to the substitutions having been made.



6 Queuing

6.1 Queuing requirements – determination of the order of priority

6.1.1 Registration of interest for Services to be provided by Existing Capacity or Developable Capacity

- (a) Prospective Users may lodge with Service Provider a registration of interest for Services. A registration of interest must be made in the form set out in Schedule 6b. A registration of interest may specify that the registration of interest is made in respect of Existing Capacity and/or Developable Capacity
- (b) A registration of interest is valid for 12 months from receipt of the registration of interest by Service Provider.
- (c) A Prospective User may submit a revised registration of interest at any time and the registration of interest as revised will be valid for a period of 12 months.
- (d) The order of receipt of registrations of interest does not determine and is not relevant to the priority of any request.

6.1.2 Service Provider to respond to registrations of interest

Upon receipt of a registration of interest pursuant to section 6.1.1 Service Provider must notify the Prospective User:

- (a) that the registration of interest has been received and the date of its receipt;
- (b) of its estimate as to when the Existing Capacity or Developable Capacity sought may become available; and
- (c) if the registration of interest is for Existing Capacity, whether the Service sought may be able to be provided by Developable Capacity and any estimate of when that Developable Capacity may become available.

6.1.3 Service Provider to keep registrations of interest for Services under review

Service Provider will keep registrations of interest under review in order to determine whether there is likely to be sufficient demand for Services that could be provided by means of Developable Capacity.



6.2 Unutilised Existing Capacity

6.2.1 Unutilised Existing Capacity – less than 2 terajoules

- (a) Where the volume of unutilised Existing Capacity that is, or is likely to become, available is less than 2 terajoules Service Provider may elect not to run an open season and auction process for that Existing Capacity, and if so, Service Provider must make that unutilised Existing Capacity available by placing it on the spare capacity register maintained pursuant to Rule 111.
- (b) Unutilised Existing Capacity that is placed on the spare capacity register pursuant to section 6.2.1(a) will be made available to Prospective Users on a first-come-first-served basis who will enter into an agreement for that unutilised Existing Capacity within 2 Months of it becoming unutilised and at a rate which is at or above the Reference Tariff.

6.2.2 Existing Capacity – open season

- (a) Where unutilised Existing Capacity is or is likely to become available the Service Provider must conduct an open season process in respect of that Existing Capacity by:
 - (i) providing all Prospective Users who have submitted a registration of interest for Existing Capacity with an Existing Capacity Notice; and
 - (ii) publishing on the Service Provider's website a copy of the Existing Capacity Notice.
- (b) Service Provider may deal with Existing Capacity that is or is likely to become available at different times in the one open season process where it is efficient to do so.
- (c) The Existing Capacity Notice must advise that expressions of interest for Services to be provided by Existing Capacity are to be received by Service Provider by a date not less than 30 Days after the date that the Existing Capacity Notice is published in the national daily newspaper (**Open Season Existing Capacity Closing Date**).
- (d) Where all expressions of interest for Services to be provided by Existing Capacity can be met with the available Existing Capacity, Service Provider will enter into negotiations with all Prospective Users that lodge expressions of interest, for the provision of Services using the available Existing Capacity. Service Provider may deal with complying



expressions of interest in any order provided that no complying expression of interest is ultimately disadvantaged as a result.

6.2.3 Auction for unutilised Existing Capacity

- (a) In the event Service Provider determines that there is sufficient demand to proceed with an auction for the unutilised Existing Capacity (and that the available Existing Capacity is not sufficient to meet the expressions of interest for Services to be provided by Existing Capacity), Service Provider will notify all Prospective Users that lodged expressions of interest for Existing Capacity in response to the Existing Capacity Notice that Service Provider will accept bids for unutilised Existing Capacity (**Notice of Auction for Existing Capacity**).
- (b) Service Provider may deal with Existing Capacity that is or is likely to become available at different times in the one auction process where it is efficient to do so.
- (c) The Notice of Auction for Existing Capacity must identify the unutilised Existing Capacity that will be the subject of the auction and specify the date by which bids must be lodged. The date for the lodgement of bids must be at least 30 Days after the date of the Notice of Auction for Existing Capacity.
- (d) Service Provider may provide the following documents or information together with the Notice of Auction for Existing Capacity:
 - (i) an auction application registration form;
 - (ii) the form of financial security required to participate in the auction, which may take the form of a parent company guarantee, bank guarantee or similar security as reasonably determined by Service Provider and in the amount reasonably determined by the Service Provider. The form and amount of security required may vary as between Prospective Users, with any variation to be reasonably based; and
 - (iii) the terms and conditions upon which the unutilised Existing Capacity may be made available. These terms and conditions may vary depending on the category or categories of Services that may be provided by the unutilised Existing Capacity.
- (e) In order to submit a complying bid, Prospective Users must complete and provide to Service Provider by the date specified in the Notice of Auction for Existing Capacity:
 - (i) the completed auction application registration;



- (ii) the required financial security in the form and amount specified by the Service Provider; and
- (iii) the terms and conditions relevant to the Service to which the bid applies in a form that is capable of immediate acceptance by the Service Provider.

6.2.4 If complying bids do not exceed unutilised Existing Capacity

- (a) This section 6.2.4 applies only if the aggregate of all complying bids for Existing Capacity in the auction does not exceed the unutilised Existing Capacity stated in the Notice of Auction for Existing Capacity.
- (b) In such case, each complying bid for Existing Capacity will be deemed to be an irrevocable request for Existing Capacity capable of immediate acceptance.
- (c) Service Provider may deal with complying bids for Existing Capacity in any order provided that no complying bid is ultimately disadvantaged as a result.
- (d) Existing Capacity that has not been taken up in the auction will be placed on the RBP spare capacity register maintained pursuant to Rule 111 and will be made available on a first come first served basis to Prospective Users. A Prospective User seeking to take up unutilised Existing Capacity made available under this clause must contract for that capacity within 2 Months of it being offered to the Prospective User, otherwise that Prospective User will lose its priority in respect of that capacity.

6.2.5 If complying bids exceed unutilised Existing Capacity

- (a) This section 6.2.5 applies if the aggregate of all complying bids received on or before the auction cannot be satisfied by the unutilised Existing Capacity stated in the Notice of Auction for Existing Capacity.
- (b) Immediately after the auction, Service Provider will rank the applications on the basis of its assessment of the net present value of the respective bids, taking into account all of the terms of the offers and commercial factors including risk, from highest to lowest. The assessment process may result in bids for Negotiated Services at tariffs that exceed the Reference Tariff having priority over bids for the Reference Service.
- (c) Service Provider will then allocate the unutilised Existing Capacity amongst all of the auction participants on the basis of the ranking performed pursuant to section 6.2.5(b).



6.2.6 Reserve price

Service Provider may set a reserve price for the auction. For the provision of Reference Services the reserve price will not exceed the Reference Tariff. If a reserve price applies this must be stated in the Notice of Auction for Existing Capacity.

6.3 *Developable Capacity*

6.3.1 Service provider to undertake investigations to determine if Developable Capacity is available

- (a) If Service Provider determines on the basis of the registrations of interest for Services and any other available information that there is likely to be sufficient demand for a category or categories of Services that could be provided by means of Developable Capacity, and investigations are required to determine whether Developable Capacity can be made available, Service Provider will notify each Prospective User that has lodged a registration of interest that Service Provider may commence to undertake such investigations.
- (b) Service Provider may notify Prospective Users that have not lodged a registration of interest that it may be commencing investigations to determine whether Developable Capacity can be made available and that if the Prospective User wishes to acquire Services provided by that Developable Capacity in the event that it becomes available, that the Prospective User should lodge a registration of interest with Service Provider within 30 Days.
- (c) Where Service Provider decides that it will undertake an investigation to determine whether Developable Capacity can be made available, Service Provider will advise each of the Prospective Users that have lodged registrations of interest of the nature, likely duration and, where Service Provider is seeking contributions to the cost of the investigations, the cost of the investigations.
- (d) Service Provider may seek contributions to the cost of the investigations referred to in subsection (c). In these circumstances, and where there is more than one Prospective User considering participating in the investigation, Service Provider will advise the Prospective User of its share of the estimated cost of the investigations, with such share to be determined on a fair and equitable basis taking into account expected capacity utilisation.
- (e) Where Service Provider is seeking contributions to the cost of the investigations, Service Provider is only obliged to undertake



investigations if one or more Prospective Users agree to bear the costs of the investigation.

- (f) Prospective Users will, on entering into appropriate confidentiality arrangements, receive a written report that:
 - (i) describes the options considered to provide the Developable Capacity; and
 - (ii) describes Service Provider's preferred option to provide the Developable Capacity or provides reasons why no recommendation is made.

Where Service Provider sought contributions to the cost of investigations and a Prospective User elected not to contribute to the cost of those investigations, Service Provider is not required to provide that Prospective User with a copy of the report.

6.3.2 Procedures when Services can be provided with investment in Developable Capacity

- (a) Where Service Provider has determined on the basis of the investigations undertaken and the registrations of interest for Services that have been lodged that Developable Capacity may be made available, Service Provider may conduct negotiations with Prospective Users with respect to that Developable Capacity or hold an auction to determine the allocation of that Capacity in the event that the investment in the Developable Capacity proceeds.

6.3.3 Negotiations for Developable Capacity

- (a) Where Service Provider has determined that it will conduct negotiations with Prospective Users for Developable Capacity, the order of priority between Prospective Users will be determined on the basis of Service Provider's assessment of the net present value of the respective bids, taking into account all of the terms of the offers and commercial factors including risk, from highest to lowest.

6.3.4 Auction for Developable Capacity

- (a) Where Service Provider has determined that it will hold an auction for Developable Capacity, Service Provider must advise each of the Prospective Users that lodged registrations of interest for the relevant category or categories of Services that could be provided by means of Developable Capacity of its plans to undertake the investment and invite



bids to be made for the Developable Capacity (**Notice of Auction for Developable Capacity**).

- (b) The Notice of Auction for Developable Capacity must specify:
 - (i) the date for the lodgement of bids, which must be at least 30 Days after the date of the Notice of Auction for Developable Capacity;
 - (ii) the approximate Developable Capacity that Service Provider has determined that it may develop;
 - (iii) an indication of the tariff, or range of tariffs, that may apply to any of the Services that may be provided by means of the Developable Capacity; and
 - (iv) the date or dates from which Services may be able to be provided by means of the Developable Capacity.
- (c) Service Provider may provide the following documents or information together with the Notice of Auction for Developable Capacity:
 - (i) an auction application registration form;
 - (ii) the form of financial security required to participate in the auction, which may take the form of a parent company guarantee, bank guarantee or similar security as reasonably determined by Service Provider and in the amount reasonably determined by Service Provider. The form and amount of security required may vary as between Prospective Users, with any variation to be reasonably based; and
 - (iii) the terms and conditions upon which the Developable Capacity may be made available. These terms and conditions may vary depending on the category or categories of Services that may be provided by the Developable Capacity.
- (d) In order to submit a complying bid, Prospective Users must complete and provide to Service Provider by the date specified in the Notice of Auction for Developable Capacity:
 - (i) the completed auction application registration;
 - (ii) the required financial security in the form and amount specified by Service Provider; and
 - (iii) the terms and conditions relevant to the Service to which the bid applies in a form that is capable of immediate acceptance by Service Provider.



6.3.5 If complying bids for Developable Capacity do not exceed Developable Capacity

- (a) This section 6.3.5 applies only if the aggregate of all complying bids for Developable Capacity does not exceed the Developable Capacity stated in the information accompanying the invitation to bid.
- (b) In such case, each complying bid for Developable Capacity will be deemed to be an irrevocable request for Developable Capacity capable of immediate acceptance.
- (c) Service Provider may deal with complying bids for Developable Capacity in any order provided that no complying bid for Developable Capacity is ultimately disadvantaged as a result.
- (d) Service Provider may enter into bilateral negotiations with any Prospective Users with respect to any part of the Developable Capacity that is not taken up through the auction process.

6.3.6 If complying bids exceed Developable Capacity

- (a) This section 6.3.6 applies if the aggregate of all complying bids for Developable Capacity cannot be satisfied by the Developable Capacity stated in the information accompanying the invitation to bid.
- (b) Immediately after the close of the auction, Service Provider will rank the applications on the basis of its assessment of the net present value of the respective bids, taking into account all of the terms of the offers and commercial factors including risk, from highest to lowest.
- (c) Service Provider will then allocate the Developable Capacity amongst all of the auction participants on the basis of the ranking performed pursuant to section 6.3.6(b).

6.3.7 Service Provider not bound to undertake development of capacity

- (a) Regardless of the outcome of an auction process for Developable Capacity, Service Provider is not bound to undertake the relevant development.

6.3.8 Reserve price

- (a) Service Provider may set a reserve price for the auction. For the avoidance of doubt, the reserve price may exceed the Reference Tariff.



6.4 Provision of auction materials to the AER

6.4.1 Service provider to provide auction materials to the AER

- (a) Where Service Provider proposes to conduct an auction to determine the allocation of Existing Capacity or Developable Capacity, the Service Provider will provide the AER with the Notice of Auction for Existing Capacity and the Notice of Auction for Developable Capacity, together with the other relevant information that is provided to Prospective Users who may be participating in the auction.
- (b) Following the close of an auction for Existing Capacity or Developable Capacity, the Service Provider will provide to the AER a report detailing the outcome of the auction process.

6.5 Queues formed under previous access arrangement queuing requirements

6.5.1 Existing queues set aside

- (a) To the extent queues have been formed under queuing requirements in previous access arrangements, those queues are set aside and have no effect as from the commencement date of this Access Arrangement.



7 Extensions and Expansions

7.1 *Extensions to the Pipeline*

- (a) If Service Provider proposes an extension of the Covered Pipeline, it must apply to the AER in writing to decide whether the proposed extension will be taken to form part of the Covered Pipeline and whether this Access Arrangement will apply to the incremental services provided by the proposed extension.

A notification given by Service Provider under this section 7.1 must:

- (i) be in writing
- (ii) state whether Service Provider intends for the proposed pipeline extension to be covered by this Access Arrangement
- (iii) describe the proposed pipeline extension and describe why the proposed extension is being undertaken; and
- (iv) be given to the AER before the proposed pipeline extension comes into service.

Service Provider is not required to notify the AER under this section 7.1 to the extent that the cost of the proposed pipeline extension has already been included and approved by the AER in the calculation of Reference Tariffs.

After considering Service Provider's application, and undertaking such consultation as the AER considers appropriate, the AER will inform Service Provider of its decision on Service Provider's proposed coverage approach for the pipeline extension.

The AER's decision referred to above, may be made on such reasonable conditions as determined by the AER and will have the effect stated in its decision on Service Provider's proposed coverage approach for the pipeline extension.

- (b) Where this Access Arrangement applies to the incremental Services provided by an extension that is covered by this Access Arrangement under the process described in clause 7.1(a), Service Provider will elect whether access to incremental Services provided through that extension will be offered as part of the Reference Service at the Reference Tariff, or as a Negotiated Service at a negotiated tariff.



- (c) This Access Arrangement will not apply to new services provided as the result of the interconnection of a new lateral to the pipeline to serve a market or connect a source of gas without an existing connection to the Pipeline.
- (d) The capital investment, operating costs and demand associated with incremental Services offered as a Negotiated Service will not be considered in the calculation of the Reference Tariff.

7.2 Expansion of Capacity above the Existing Capacity

- (a) In the event that Service Provider expands the capacity of the Pipeline above the Existing Capacity, this Access Arrangement will apply to the incremental Services provided as a result of the Expansion at the time it comes into operation, unless Service Provider proposes and the AER agrees that this Access Arrangement will not apply to the incremental Services provided as a result of that Expansion.
- (b) Where this Access Arrangement applies to the incremental Services provided by an expansion, Service Provider will elect whether access to incremental Services provided using that Capacity will be offered as part of the Reference Service at the Reference Tariff, or as a Negotiated Service at a negotiated tariff.
- (c) The capital investment, operating costs and demand associated with an expansion offered as a Negotiated Service will not be considered in the calculation of the Reference Tariff.
- (d) These provisions will not apply to the extent that the costs of the expansion above the Existing Capacity has already been included and approved by the AER in the calculation of Reference Tariffs.

7.3 Reference Tariffs

Reference Tariffs in the Access Arrangement Period will not be affected by any extension or expansion made.

7.4 Fixed Principles

Clauses 7.1(d) and 7.2(c) are fixed principles for the purpose of Rule 99 for the period commencing on the date on which this and subsequent Access Arrangements come into effect and ending 20 years after that date or such other date as advised, in respect of capital investment, operating costs and demand associated with extensions or expansions made in reliance of this provision.



1 Details

Pipeline: Roma to Brisbane Pipeline the subject of Pipeline Licence no. 2 originally granted under the *Petroleum Act 1923* (QLD)

Service Provider: APT Petroleum Pipelines Limited

Reference Tariffs, X-factors, rates and allowances:

Capacity Tariff at 1 July 2012: \$0.5586 per GJ of MDQ/Day

Throughput Tariff at 1 July 2012: \$0.0283 per GJ

X-factors:

	1 July 2013	1 July 2014	1 July 2015	1 July 2016
X	-13.0	-13.0	-13.0	-13.0

Authorised Overrun Rate: 120% of Capacity Tariff +Throughput Tariff

Unauthorised Overrun Rate: 250% of Capacity Tariff +Throughput Tariff

Imbalance Rate: 250% of Capacity Tariff +Throughput Tariff

Imbalance Allowance: 5% (either positive or negative) of the sum of the MDQ for all Delivery Points

Daily Variance Rate: 250% of Capacity Tariff +Throughput Tariff

Daily Variance Allowance: 5% (either positive or negative) of the MDQ for the applicable Delivery Point or Receipt Point

Notes on Tariffs:

1. *Capacity Tariff and Throughput Tariff apply from the date on which the approval of the AER takes effect under Rule 62.*
2. *These tariffs apply as at 1 July 2012 to the Firm Service. For other services and shorter terms, tariffs will be determined by negotiation.*
3. *The minimum term for the Firm Service is 3 years.*
4. *Refer to section 4 of this Access Arrangement for details of the charges to which the above rates and tariffs apply and the basis upon which they will be adjusted.*
5. *These tariffs are quoted on a GST-exclusive basis.*



Payment Date: Within 15 Days after the receipt by the User of the Service Provider's valid tax invoice.

Contact details:

National Head of Contract Management and Commercial Operations
Level 11, 26 Wharf Street
Brisbane Qld 4000
Phone: 07 3223 3333
Fax: 07 3223 3321



2 Definitions and Interpretation

2.1 Definitions

These definitions apply to this Access Arrangement unless the context requires otherwise:

Access Arrangement has the meaning given to it in the National Gas Law and refers to this Access Arrangement.

Access Arrangement Information has the meaning given to it in the National Gas Law and refers to the Access Arrangement Information approved by the AER for the Pipeline.

Access Arrangement Period has the meaning given to it in the Rules.

AEMO means the Australian Energy Market Operator Limited ACN 072 010 327.

Affected Party has the meaning given to it in clause 100.

APA Group means Australian Pipeline Limited ACN 091 344 704, as responsible entity for the Australian Pipeline Trust and the APT Investment Trust, and its Related Bodies Corporate (which includes Service Provider).

Approval means the consents, authorisations, registrations, certificates, permissions, permits, licences, approvals, registrations, determinations, administrative decisions or exemptions which are required from, by or with any Authority or under any law (including any conditions or requirements under any of them).

Annual Reference Tariff Adjustment Formula has the meaning given to it under section 4.

Australian Energy Regulator or **AER** means the Australian Energy Regulator established by section 44AE of the *Competition and Consumer Act 2010* of the Commonwealth.

Australian Statistician means the Australian Bureau of Statistics or any equivalent body which replaces it.

Authorised Imbalances means one or more of the following:

- (a) any Imbalance caused by the User providing User's Line Pack share in accordance with the Transportation Agreement; or
- (b) any Imbalance caused by the User providing System Use Gas in accordance with the Transportation Agreement.



Authorised Overrun has the meaning given to it in section 2.2.4(b) of this Access Arrangement.

Authorised Overrun Quantity means the amount of an Overrun Quantity which is attributable to an Authorised Overrun.

Authorised Overrun Rate has the meaning given to it in the Details.

Authority means:

- (a) any national, federal, state, provincial, territory or local government (and all agencies, authorities, departments, ministers or instrumentalities or any of them);
- (b) any:
 - (i) administrative or judicial body; or
 - (ii) public tribunal, commission, corporation, authority, agency or instrumentality,

having jurisdiction or authority in respect of a Transportation Agreement or this Access Arrangement (as applicable); and

- (c) without limiting or being limited by paragraphs (a) or (b), Australian Energy Regulator, AEMO, their successor or replacement entities and any other entities authorised under legislation from time to time to regulate, operate or administer the operations of gas pipelines or gas markets.

Base Line Pack has the meaning given in clause 30 of the Terms and Conditions.

Brisbane hub has the meaning set out in the STTM Rules.

Business Day means a day other than a Saturday, Sunday or public holiday in the capital city of the relevant jurisdiction.

Capital Base has the meaning given in the National Gas Rules.

Capital Contribution is a contribution made by a User under Rule 82.

Change in Control of an entity occurs if a person who did not previously do so acquires or holds, directly or indirectly:

- (a) securities conferring 50% or more of the voting or economic interests in the entity;



- (b) the power to control the appointment or dismissal of the majority of the entity's directors; or
- (c) the capacity to control the financial or operating policies or management of the entity.

Charge means tariffs, charges and other amounts pursuant to the Reference Service as set out in section 4.

Confidential Information means information (whether or not recorded in a material form) that is not publicly available and that becomes available to a Party in respect of this Access Arrangement, including (without limitation) the terms and conditions of the Transportation Agreement.

Consequential Loss means any of the following, however arising and even if it is reasonably contemplated by the Parties, at the date of the Transportation Agreement, as a probable result of breach of the Transportation Agreement:

- (a) loss or damage which does not arise directly or naturally from a breach of the Transportation Agreement;
- (b) indirect, incidental, special, remote, unforeseeable or consequential loss or damage;
- (c) direct or indirect loss of revenue, profit, income, bargain, opportunity or anticipated savings;
- (d) costs or expenses incurred to prevent or reduce loss or damage which otherwise may be incurred or suffered by a third party; or
- (e) direct or indirect loss or damage incurred or suffered by a third party.

Consumer Price Index or **CPI** has the meaning given in section 4.5.

Contracted Capacity means that part of the capacity of the Pipeline which has been reserved by a User or Users pursuant to a Transportation Agreement entered into with Service Provider.

Contract Year means the period of a Year commencing on the first Day of the Term of a Transportation Agreement (which shall in turn be the first Day of a Month), or on the anniversary of the first Day.

Corporations Act means the *Corporations Act 2001* (Cth).

Cost Pass-through Reference Tariff Adjustment Mechanism means the mechanism for adjustment of the Reference Tariff set out in sections 4.5.2 and 4.5.3.



Covered Pipeline has the meaning given to it in the National Gas Law.

Daily Variance, Daily Variance Charge, Daily Variance Quantity have the meanings given in section 4.3.3.

Daily Variance Allowance has the meaning given to it in the Details.

Daily Variance Rate has the meaning given to it in the Details.

Day means a period of 24 consecutive hours beginning at 8:00 am Australian Eastern Standard Time.

Delivery MDQ means the Firm MDQ.

Delivery Point MDQ means the MDQ applicable to a particular Delivery Point.

Delivery Points means the Delivery Points, as specified in the Transportation Agreement, to which the Gas will be delivered under the Transportation Agreement. The term includes a reference to equipment connected to, or forming part of, the Pipeline that facilitates delivery of Gas at the Delivery Points. Although the Brisbane hub is comprised of Delivery Points the Brisbane hub is not a Delivery Point.

Details means the details set out in Schedule 1 of this Access Arrangement.

Developable Capacity means Pipeline capacity which, in Service Provider's opinion, is economic to develop taking into account its operational and technical requirements.

Existing Capacity has the meaning given to it in section 1.3.

Existing Capacity Notice is the notice issued by Service Provider pursuant to section 6.2.2.

Firm MDQ means the maximum quantity of Gas which the Service Provider is from time to time obliged to deliver across all Delivery Points to or on account of the User on any Day under the Firm Service.

Firm MHQ means the maximum quantity of Gas which the Service Provider is from time to time obliged to deliver across all Delivery Points to or on account of the User in any Hour under the Firm Service.

Firm Service means the services provided by Service Provider to the User in accordance with section 2.2.

Firm Transportation Agreement means a Transportation Agreement (including the agreement with the User) which provides for transportation services on a similar basis to the Firm Service.



Forecast Capital has the meaning given to it in section 3.2.

Force Majeure Event has the meaning set out in clause 92 of the Terms and Conditions.

Gas means gas which meets the specifications required under the Transportation Agreement.

Gas Law means the *National Gas (Queensland) Act 2008*, *National Gas Law, Petroleum and Gas (Production and Safety) Act 2004*, *Gas Supply Act 2003*, *Petroleum Act 1923* and any other applicable market, industry or technical code, any licence issued under applicable law, and any other statute, regulation, ordinance, code or other law, whether territory, state or federal, including any lawfully binding determination, decree, edict, declaration, ruling, order or other similar.

Gas Specification means the gas specifications in Schedule 5A and 5B of this Access Arrangement

Good Engineering and Operating Practice means generally accepted practices, methods, acts and omissions practised in the Australian pipeline industry at the relevant time to operate, maintain and repair a pipeline, exercising reasonable judgement, lawfully, safely, reliably, efficiently and economically, having regard to the type, size, design, configuration, location and other attributes and operating conditions of the applicable pipeline.

Goods and Services Tax or GST has the meaning given in the *A New Tax System (Goods and Services) Tax Act 1999* (Cth).

Gross Heating Value means the energy produced by the complete combustion of one cubic metre of gas with air, at an absolute pressure of 101.325 kPa and temperature of 15 degrees Celsius, with the gas and air free of all water vapour, the products of combustion cooled to a temperature of 15 degrees Celsius and the water vapour formed by combustion condensed to the liquid state.

Gross Negligence/Wilful Misconduct means an intentional and conscious breach of any obligation owed by the relevant person or such wanton and reckless conduct or action, or failure to act, as constitutes an utter disregard of, or wanton indifference to, the harmful, foreseeable and avoidable consequences which such person or entity knew, or should have known, would have resulted from that conduct, action or inaction, but does not include any error of judgement or mistake made in good faith.

Hour means a period of 60 consecutive minutes, beginning on the hour, in any Day.

hub has the meaning set out in the STTM Rules.

Imbalance means, in respect of a period of time, the difference between the quantity of Gas received from or on account of the User at the Receipt Points during that period and the aggregate of the quantity of Gas transported to the Brisbane hub



to or for the account of the User and the quantity of Gas delivered to or for the account of the User at the Delivery Points upstream of the Brisbane hub during that period.

For any period, an Imbalance is **positive** when receipt quantities exceed delivery quantities, and **negative** when delivery quantities exceed receipt quantities, during the period.

Imbalance Allowance has the meaning given to it in the Details.

Imbalance Rate has the meaning given to it in the Details.

Information Interface means any secure, web-based interface operated by the Service Provider and used by the User for:

- (a) submitting Nominations under the Transportation Agreement; and
- (b) obtaining access to information regarding receipts, delivery, balances and gas flows under the Transportation Agreement.

Insolvent means in relation to a Party:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- (b) it has had a controller appointed or is in liquidation, in provisional liquidation, under administration or wound up or has had a receiver or receiver and manager appointed to any part of its property; or
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other Party); or
- (d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to the agreement reasonably deduces it is so subject); or
- (g) it is otherwise unable to pay its debts when they fall due; or



- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Interconnect Party means the User or another person that operates facilities that are located up stream or down stream of the Interconnection Facilities.

Interconnection Facilities means those pipeline facilities that are required to connect the Pipeline to the facilities of another person.

Line Pack means the quantity of Gas, other than quantities of Gas being transported and System Use Gas, which the Service Provider determines is necessary to be in the Pipeline for the physical operation of the Pipeline from time to time in order to ensure that the Service Provider meets its obligations under all Transportation Agreements.

Maximum Allowable Operating Pressure means:

- (a) 10,200 kPa (g) at the Scotia Receipt Point and Peat Receipt Point; or
- (b) 9,600 kPa (g) at all other Receipt Points.

MDQ means the maximum quantity of Gas which the Service Provider is from time to time obliged to receive at a Receipt Point and/or deliver at a Delivery Point (as applicable) to or on account of the User on any Day, and if in respect to a particular Service, the quantity for that particular Service. Where the term is used in relation to a Transportation Agreement other than the User's Transportation Agreement, the term means the maximum quantity of Gas which the Service Provider is obliged to deliver on any Day under that Transportation Agreement or the relevant Service under that Transportation Agreement (as applicable).

Metering and Measurement Requirements means specifications published by Service Provider from time to time in relation to metering and measurement in relation to the Pipeline which are made available to the User.

Metering Equipment means all the equipment and facilities required to be installed or provided at each Receipt Point to conform to the Metering and Measurement Requirements.

MHQ means the maximum quantity of Gas which the Service Provider is from time to time obliged to receive at a Receipt Point and/or deliver at a Delivery Point (as applicable) to or on account of the User in any Hour, and if in respect to a particular Service, the quantity for that particular Service. Where the term is used in relation to a Transportation Agreement other than the User's Transportation Agreement, the term means the maximum quantity of Gas which the Service Provider is obliged to deliver in any Hour under that Transportation Agreement.

Month means the period beginning on the first Day of the calendar month and ending on the first Day of the succeeding calendar month.



MOS decrease offer has the meaning set out in the STTM Rules.

MOS Decrease Quantity for a Day means the quantity of MOS gas allocated to the User, in respect of the User's MOS decrease offers for that Day, in accordance with the STTM Rules.

MOS gas has the meaning set out in the STTM Rules.

MOS increase offer has the meaning set out in the STTM Rules.

MOS Increase Quantity for a Day means the quantity of MOS gas allocated to the User, in respect of the User's MOS increase offers for that Day, in accordance with the STTM Rules.

National Gas Law (NGL) means the gas law implemented under the National Gas (South Australia) Act 2008 in South Australia and made applicable in the relevant jurisdiction (other than South Australia) under the relevant mirror application legislation.

National Gas Rules (NGR) has the meaning given in the National Gas Law and **Rules** has a similar meaning.

Natural Gas has the meaning given to it in the National Gas Law.

Negotiated Service means a pipeline service provided on terms and conditions different to those of a Reference Service.

New Capital Expenditure has the meaning given to it under Rule 79.

Nomination means a request by the User to the Service Provider for Services under the Transportation Agreement (including a request to transport Gas to the Brisbane hub under the applicable Service), given in accordance with the Transportation Agreement, in the manner and form (which may include by digital interface) advised by the Service Provider from time to time, including intra-day nominations. **Nominate** has a corresponding meaning.

Nomination Deadline means 4.00 pm Australian Eastern Standard Time on the Day prior to which the Nomination relates (or such other time as the Service Provider advises the User in writing from time to time).

Non-Discriminatory Manner means that Service Provider will act in a manner which is consistent for each Service offered and between each Service offered, subject to differences which Service Provider, in good faith, considers to arise from legitimate economic, commercial and technical considerations.

Notice of Auction for Developable Capacity is the notice issued by Service Provider pursuant to section 6.3.4(a).



Notice of Auction for Existing Capacity is the notice issued by Service Provider pursuant to section 6.2.3(a).

Off-Specification Gas means gas offered by the User for transportation on the Pipeline which fails to meet the quality specifications referred to in clause 45 of the Terms and Conditions.

Opening Capital Base has the meaning given to it under Rule 77.

Open Season Existing Capacity Closing Date has the meaning given in section 6.2.2(c).

Overrun includes Authorised Overrun and Unauthorised Overrun.

Overrun Charge means an Authorised Overrun Charge or an Unauthorised Overrun Charge (as the case may be).

overrun MOS has the meaning set out in the STTM Rules.

Overrun Quantity means each quantity of Gas which is delivered to or on account of the User at each Delivery Point:

- (a) on a Day in excess of:
 - (i) if Service Provider curtails deliveries in accordance with clause 15 of the Terms and Conditions, the quantity of Gas (if any) Scheduled for transportation on a firm basis up to the Delivery Point MDQ and not curtailed; or
 - (ii) otherwise, the lesser of the Delivery Point MDQ and the quantity of Gas (if any) Scheduled for transportation on a firm basis; or
- (b) at a rate per Hour in excess of the Delivery Point MHQ for the relevant Delivery Point (or, if Service Provider curtails deliveries in accordance with clause 15 of the Terms and Conditions, at a rate per Hour in excess of the curtailed rate).

Party means either the Service Provider or the User and Parties means them collectively.

Pipeline includes all facilities associated with the Pipeline, such as Receipt Points and Delivery Points and their respective facilities, Interconnection Facilities, odourisation facilities, pipeline control facilities, lateral pipelines and compressors. Where the context requires, a reference to 'Pipeline' will only relate to the part which is the Covered Pipeline.

Pipeline Licence means the pipeline licence issued by the relevant Authority, as amended or replaced, to construct and operate the Pipeline.



Prior Agreement has the meaning given to that term in clause 48 of the Terms and Conditions.

Prior Gas Specifications means the gas quality specifications under the Prior Agreements referred to in clause 48 of the Terms and Conditions, and as set out in Schedule 5B.

Prospective User has the meaning given to it in the National Gas Law.

RBP means the Roma to Brisbane Pipeline.

Receipt MDQ means the Firm MDQ.

Receipt Point MDQ means the applicable MDQ at a particular Receipt Point on the Pipeline.

Receipt Points means the Receipt Points, as specified in the Transportation Agreement, at which the Gas will be received by the Service Provider under the Transportation Agreement. The term includes a reference to equipment connected to, or forming part of, the Pipeline that facilitates receipt of Gas at the Receipt Points.

Reference Service means the Firm Service referred to in section 2.2.

Reference Tariff means the Capacity Tariff and the Throughput Tariff applying to the Firm Service.

Reference Tariff Adjustment Mechanism means the Cost Pass-through Reference Tariff Variation Mechanism and the Annual Reference Tariff Adjustment Formula.

Related Body Corporate means a related body corporate as defined in the Corporations Act.

Relevant Tax means any Tax payable by Service Provider, other than:

- (a) income tax and capital gains tax;
- (b) stamp duty, financial institutions duty and bank accounts debits tax;
- (c) penalties, charges, fees and interest on late payments, or deficiencies in payments, relating to any tax; or
- (d) any tax that replaces or is the equivalent of or similar to any of the taxes referred to in paragraphs (a) and (b) (including any State equivalent tax).

Request means a Request for Service as described in section 2.1.2.



Revisions Commencement Date has the meaning given in section 1.6.

Revisions Submission Date has the meaning given in section 1.6.

Schedule, for a Day, means a determination made prior to the Day by the Service Provider (acting reasonably, in accordance with the Transportation Agreement and having regard to nominations of (and appropriate receipt point and delivery point allocations between) all Users, the capacity of the Pipeline, rights and obligations under Transportation Agreements and Good Engineering and Operating Practice) of the Service Provider's intended Schedules of receipt quantities and delivery quantities of Gas and quantities of Gas transported to the Brisbane hub on that Day under Transportation Agreements, as amended by the Service Provider for intra-day nominations (before or on the Day) or for operational reasons.

Service means a service provided by Service Provider in relation to the Pipeline under a Transportation Agreement, including but not limited to the Reference Service.

Speculative Capital Expenditure Account has the meaning given in Rule 84.

STTM means the short term trading market for the supply of Natural Gas and related services to be operated and administered by AEMO.

STTM Rules means Chapter 2, Part 6, Division 2A of the National Gas Law, Part 20 of the short term trading market rules and procedures applicable in accordance with the National Gas Rules, the STTM Procedures (as defined in the National Gas Law) and any other provisions of the National Gas Law or National Gas Rules applicable to the regulation, operation or administration of the STTM.

STTM Shipper has the meaning set out in the STTM Rules.

Surcharge has the meaning given to it in Rule 83.

System Use Gas means the quantities of gas:

- (a) used as compressor fuel and for other purposes necessary for the management, operation and maintenance of the Pipeline; or
- (b) otherwise lost and unaccounted for in connection with the operation of the Pipeline,

other than Line Pack and Gas lost through the negligence of the Service Provider.

Tax means any tax, levy, impost, deduction, charge, rate, rebate, duty, fee or withholding which is levied or imposed by an Authority.

Term means, unless otherwise agreed, the period specified in the Transportation Agreement for the provision of a Service.



Terms and Conditions means the terms and conditions applying to the Firm Service, as set out in Schedule 3.

Total Revenue has the meaning given in Rule 76.

Transportation Agreement means any contract entered into between the Service Provider and a User for Services for that User.

Unauthorised Overrun has the meaning given to it in section 2.2.4.

Unauthorised Overrun Quantity means the amount of an Overrun Quantity which is attributable to an Unauthorised Overrun.

Unauthorised Imbalance means any Imbalance which is not an Authorised Imbalance.

User has the meaning given to it in the National Gas Law.

User's Line Pack means the quantity of Gas, in the Pipeline at any time, received by the Service Provider on account of the User under the Transportation Agreement, other than quantities of Gas Scheduled for transportation and System Use Gas.

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

2.2 *Interpretation*

Subject to the definitions above, the terms used in the Details (such as Pipeline) have the meaning set out in the Details.

Unless the context requires otherwise:

- (a) a reference to a 'Rule' is a reference to a Rule of the National Gas Rules;
- (b) a reference to a 'section' or a 'schedule' is a reference to a section in, or schedule to, this Access Arrangement;
- (c) a reference to a 'clause' is a reference to a clause in Schedule 3;
- (d) the singular includes the plural and the opposite also applies; and
- (e) references to any statute, regulations or other statutory instrument, standard or by-laws are deemed to be references to the statute, regulations, statutory instrument, standard or by-laws as are from time to time amended, consolidated, re-enacted or replaced, including substituted provisions that substantially correspond to those referred to.





3 Terms and Conditions applying to the Firm Service

Obligation to provide the Firm Service

- 1 Service Provider will provide the Firm Service to Users with whom it has a Transportation Agreement to provide the Firm Service, in accordance with the terms and conditions set out in this Schedule 3.

Prudential requirements

- 2 Service Provider may:
 - (a) require the User to provide, prior to commencement of the Firm Service and thereafter as reasonably required, financial security in the form of a parent company guarantee, bank guarantee or similar security as reasonably determined by Service Provider for the performance of the User's obligations under the Transportation Agreement; and
 - (b) where the User:
 - (i) fails to pay when due any amounts payable under the Transportation Agreement, excepting any contested amounts; or
 - (ii) fails to obtain and maintain any Approvals required to meet its obligations under the Transportation Agreement; or
 - (iii) has a material adverse change to its credit rating or credit worthiness during the term of the Transportation Agreement and does not provide Service Provider with additional financial security as reasonably required to reflect this change in circumstance,

subject to providing at least 7 days written notice to the User, refuse to provide or suspend the provision of the Firm Service, without liability to the User.

Nominations

- 3 The User must give to Service Provider, at least 3 Days before the beginning of each Month, a completed Nomination for the Firm Service for each day of the Month about to commence. If the User fails to provide such a Nomination by this time then its Nomination for each Day it has failed to give a Nomination will be deemed to be zero GJ.
- 4 The User may revise its Nomination:
 - (a) for the Firm Service for a Day; or



- (b) for a Receipt Point for a Day in order to correct an Imbalance, by giving Service Provider an updated Nomination for that Day prior to the Nomination Deadline.
- 5 Service Provider is not liable to provide Services Nominated by the User (other than to process that Nomination in accordance with the relevant nomination provisions of the Transportation Agreement) except to the extent that Service Provider Schedules the Firm Service for the User in accordance with the Transportation Agreement.
- 6 Service Provider will not be obliged to receive or deliver on any Day a quantity of gas in excess of the quantities Scheduled.
- 7 Each of Service Provider and the User must comply with its obligations under the STTM Rules as relevant to the transportation of Gas under this Access Arrangement.
- 8 The User must promptly comply with all reasonable directions of Service Provider, including by making or varying Nominations, given in order to facilitate compliance with:
 - (a) the STTM Rules; or
 - (b) any direction or requirement of an Authority.
- 9 Any Nomination by the User for Services which involve transportation of Gas to the Brisbane hub must specify the quantity of Gas to be transported to the Brisbane hub by the User on a Day in respect of that Service.
- 10 The quantity of Gas specified in the User's Nominations pursuant to clause 9 for transportation to the Brisbane hub must not exceed, in aggregate, the Firm MDQ.

Scheduling

- 11 Following the receipt of the User's Nomination, Service Provider must (subject to any adjustments Service Provider (acting reasonably) deems necessary to maintain the operational integrity of the Pipeline or to comply with any laws or STTM Rules and subject to certain other exceptions specified in these Terms and Conditions) Schedule Gas transported to the Brisbane hub and Schedule for acceptance at the Receipt Points and Delivery Points the lesser of:
 - in respect of Receipt Points,
 - (a) the quantity of Gas Nominated by the User for receipt at the Receipt Points; and



- (b) the aggregate quantity of Gas confirmed for supply on account of the User at the Receipt Points by the Interconnect Parties at the Receipt Points; and

in respect of Delivery Points,

- (c) the quantity of Gas Nominated by the User for delivery at the Delivery Points; and
- (d) the quantity of Gas confirmed for acceptance on account of the User at the Delivery Points by the Interconnect Party at the Delivery Points.

12 If there is not sufficient capacity to transport all the quantities of Gas nominated by all Users on a Day, then the Service Provider will (subject to STTM Rules, other laws and the operability of applicable gas markets and pipeline networks) Schedule the quantities nominated by Users (including the User) in the following priority and sequence:

- (a) First — quantities nominated by Users under Firm Transportation Agreements, not to exceed their respective MDQs for firm transportation services. If the capacity available is not sufficient to serve all such Users' nominated quantities, then the available capacity will be allocated among Users pro rata on the basis of their respective MDQs. To the extent reasonably practicable, such scheduling limitations will be applied only to the portion or portions of the Pipeline that are capacity constrained.
- (b) Second – quantities nominated by Users with Transportation Agreements for Negotiated Services, not to exceed their respective MDQs for Negotiated Services. If the capacity available is not sufficient to serve all Users' nominations pursuant to those Negotiated Services, then the available capacity will be allocated among those Users pro rata based on their nominations for those Negotiated Services.
- (c) Third – quantities accepted for transportation by Service Provider from Users as an Authorised Overrun under the User's Transportation Agreement or authorised overruns under other Transportation Agreements for Firm Services or Negotiated Services (as the case may be). If the capacity available is not sufficient to serve all Users' nominations pursuant to authorised overruns, then the available capacity will be allocated among those Users pro rata based on their nominations for those authorised overruns.
- (d) Fourth— quantities accepted for transportation by Service Provider from Users under Transportation Agreements for Negotiated Services in excess of their respective MDQs for Negotiated Services. If the capacity available is not sufficient to serve all Users requesting that service, then



the Service Provider will allocate the available capacity first on the basis of the highest tariff being paid, second on a first-come, first-served basis, based upon the date of execution of the Transportation Agreement for Negotiated Services and third on a pro rata basis among Users who have entered into a Transportation Agreement for Negotiated Services on the basis of nominated quantities.

- 13 In accordance with clauses 11 to 14, Service Provider may Schedule or re-Schedule at any time receipts and deliveries Nominated by the User, without liability to the User.
- 14 If, on Service Provider's request, the User does not provide a schedule of its nomination priorities for the purpose of Scheduling then Service Provider may, without liability to the User, select which Nominated receipts or deliveries will not be Scheduled to balance the User's Scheduled receipts and deliveries.

Curtailment

- 15 If on any Day the capacity of the Pipeline or any portion of it, or the capacity of any Receipt Point or the Delivery Point, is insufficient to serve all the quantities of Gas Scheduled for all Users, then the Service Provider may curtail or interrupt the receipt, transportation or delivery of Gas (as the case may be) in accordance with the sequence and priorities set out below to the extent necessary to provide transportation services within the capacity of the Pipeline on the Day (subject to STTM Rules, other laws and the operability of applicable gas markets and pipeline networks):
 - (a) First – Unauthorised Overrun Quantities under the User's Transportation Agreement and unauthorised overrun quantities under other Transportation Agreements.
 - (b) Second – quantities Scheduled pursuant to Transportation Agreements for Negotiated Services for Users in excess of their respective MDQs for Negotiated Services except for quantities referred to in paragraph (c). If the capacity available is not sufficient to serve all Users requesting such services, then the Service Provider will allocate the available capacity first on the basis of the highest tariff being paid, second on a first-come, first-served basis, based upon the date of execution of the Transportation Agreement for Negotiated Services and third on a pro rata basis among Users who have entered into Transportation Agreements for Negotiated Services on the basis of Scheduled quantities.
 - (c) Third – quantities accepted for transportation by the Service Provider from Users as an Authorised Overrun under the User's Transportation Agreement or authorised overruns under other Transportation Agreements, for Firm Services or Negotiated Services (as the case may



- be). If the capacity available is not sufficient to serve all Users' authorised overruns then the available capacity will be allocated among those Users pro rata based on Scheduled authorised overruns.
- (d) Fourth – quantities for transportation for Users with Transportation Agreements for Negotiated Services, up to their respective MDQs for those Negotiated Services (other than quantities referred to in paragraph (e)). If the capacity available is not sufficient to serve all Users' Negotiated Service quantities (other than quantities referred to in paragraph (e)), then the available capacity will be allocated among those Users pro rata based on Scheduled quantities.
 - (e) Fifth – quantities Scheduled for transportation to Users pursuant to Firm Transportation Agreements, not to exceed their respective MDQs for firm transportation services. If the capacity available is not sufficient to serve all such Users' quantities then the available capacity will be allocated among those Users pro rata on the basis of their respective MDQs for firm transportation services.
- 16 If Service Provider fails to Schedule or interrupts or curtails receipts or deliveries of quantities of Gas under clause 15, Service Provider is not liable to the User if the failure to Schedule, interruption or curtailment:
- (a) results from planned or unplanned maintenance in respect of the Pipeline and the Service Provider acts in accordance with clause 35 or clause 36; or
 - (b) is, in the Service Provider's opinion (acting reasonably), necessary in accordance with Good Engineering and Operating Practice to ensure the safe and efficient operation or integrity of the Pipeline and the Service Provider provides to the User as much notice of the interruption or curtailment as is reasonably practicable; or
 - (c) is a result of a Force Majeure Event; or
 - (d) results from damage to adjoining/interconnecting pipelines or facilities used to provide the Service and such damage is not caused by the Service Provider's breach of the Transportation Agreement, negligence or Wilful Misconduct and the Service Provider provides to the User as much notice of the interruption or curtailment as is reasonably practicable; or
 - (e) results from circumstances under which Service Provider is not obliged under the Transportation Agreement to provide the Service.



MOS

- 17 Clauses 18 to 20 (inclusive) apply if the transportation of Gas is to the Brisbane hub.
- 18 Subject to clause 20, Service Provider must on each Day during the Term:
 - (a) receive any MOS Decrease Quantities at the Brisbane hub; and
 - (b) supply any MOS Increase Quantities at the Brisbane hub.
- 19 Service Provider must deal with all MOS Decrease Quantities and all MOS Increase Quantities in accordance with the STTM Rules.
- 20 To the extent that receipts or deliveries of Gas transported to the Brisbane hub under the Transportation Agreement cause or would cause an Unauthorised Imbalance which exceeds or would exceed the Imbalance Allowance then Service Provider may determine, in its absolute discretion, not to receive any MOS Decrease Quantities from or supply any MOS Increase Quantities to the User.

Imbalances

- 21 The User must use reasonable endeavours to ensure that receipts of Gas at Receipt Points are equal to the aggregate of the Gas transported to the Brisbane hub and Gas delivered at Delivery Points upstream of the Brisbane hub, adjusted for any Authorised Imbalances.
- 22 The User must promptly take steps to correct Unauthorised Imbalances or potential Unauthorised Imbalances by adjusting Nominations and co-ordinating receipts and deliveries with Service Provider.
- 23 If Service Provider believes on reasonable grounds that its ability to transport the quantities of Gas Scheduled under the User's Transportation Agreement or any other Transportation Agreement may be impaired by an Unauthorised Imbalance and the User does not, within 4 hours of receipt of a notice from Service Provider, take all steps reasonably practicable to correct such Unauthorised Imbalance as soon as possible, then Service Provider may (but is not obliged to) correct such Unauthorised Imbalance by reducing the User's receipts and/or deliveries of quantities of Gas or buying or selling sufficient quantities of the User's Gas or a combination of both, to the extent necessary to enable Service Provider to transport the quantities of Gas Scheduled under the User's Transportation Agreement or any other Transportation Agreement, or to operate the Pipeline in accordance with Good Engineering and Operating Practice.



- 24 The User will indemnify the Service Provider for 100% of all costs and expenses reasonably incurred by the Service Provider in purchasing or selling Gas or re-Scheduling when making the correction contemplated in clause 23.
- 25 Service Provider is not responsible for eliminating any imbalances between the User and an Interconnect Party or any other person operating Interconnection Facilities and, except in certain circumstances (eg. as required by Good Engineering and Operating Practice), is not obliged to adjust or deviate from its standard operating and accounting procedures in order to alleviate those imbalances.

Adjustments to Rates and Charges/ Additional Payments

- 26 The Reference Tariff payable under a Transportation Agreement may be varied in accordance with the Reference Tariff Adjustment Mechanism set out in section 4 of this Access Arrangement.

System Use Gas and Line Pack

- 27 Each User must supply, at no cost to Service Provider and at times and in the manner notified by Service Provider, the quantity of System Use Gas required by Service Provider at that time to operate the Pipeline, as determined by Service Provider (acting reasonably).
- 28 Service Provider will make this determination by reference to the proportion that the aggregate of the quantity of Gas transported to the Brisbane hub and the quantity of Gas delivered to Delivery Points upstream of the Brisbane hub under the User’s Transportation Agreement during the relevant period bears to the aggregate of the quantity of Gas transported to the Brisbane hub and the quantity of Gas delivered to Delivery Points upstream of the Brisbane hub under Transportation Agreements with all Users (including with the User) during the relevant period. The Service Provider will provide all Users a monthly statement showing the amount of gas used for System Use Gas.
- 29 Service Provider will own the System Use Gas supplied in the above manner.
- 30 Service Provider will provide (and retain ownership of) an amount of Gas to ensure that Service Provider can operate the Pipeline in accordance with Good Engineering and Operating Practice (**Base Line Pack**).
- 31 The User will provide Line Pack in addition to the Base Line Pack provided by Service Provider on the first Day the User uses the Firm Service and otherwise when advised by Service Provider from time to time, in such proportion, as determined by Service Provider from time to time, equal to the proportion that the Firm MDQ bears to the total of all Users’ MDQs (including the Firm MDQ). The Service Provider will provide all Users a monthly statement showing the amount of User’s Line Pack.



- 32 The User must give Service Provider directions about the delivery of the User's Line Pack on or before the end of the Term, otherwise title to the User's Line Pack transfers to Service Provider, and the Service Provider must comply, if reasonably able to do so, with such directions at no cost to the User.

Operation of Pipeline

- 33 The Service Provider must operate and maintain the Pipeline in accordance with Good Engineering and Operating Practice.
- 34 The provision of the Firm Service is subject to compliance with all laws and any Approvals.
- 35 If the Service Provider wishes to carry out Pipeline works, repairs or maintenance then it may, without liability to the User, curtail the Firm Service to the User to the extent necessary to carry out such works provided it gives the User at least 1 Month's notice of the proposed Pipeline works and, after consultation with the User, uses reasonable endeavours to carry out such works:
- (a) so as to avoid or minimise, so far as is reasonably practicable, disruption to the Firm Service to the User; and
 - (b) during a period in which the Service Provider reasonably forecasts will have relatively low aggregate demand for Gas.
- 36 If the Service Provider believes it is necessary to carry out Pipeline works, repairs or maintenance (other than the works set out in clause 35) in order to protect the operational integrity or safe operation of the Pipeline or to comply with any applicable laws or Approvals, the Service Provider may, without liability to the User, curtail the Firm Service to the User to the extent necessary to carry out such works, repairs or maintenance provided the curtailment is not predominantly caused by the Service Provider's negligence, failure to comply with Good Engineering and Operating Practice or breach of the Transportation Agreement and the Service Provider gives the User as much notice of the proposed curtailment as is reasonably practicable.
- 37 The User will ensure its arrangements for Gas supply to Receipt Points and Gas acceptance at the Delivery Points are compatible with the Service Provider's Pipeline operations.
- 38 The User must facilitate the Service Provider's access as reasonably required by the Service Provider to relevant charts, electronic and other data and records, including (without limitation) access to relevant measurement and SCADA information, at no cost to Service Provider.



Metering

- 39 The Service Provider will provide reasonable notice to the User of any changes to the Metering and Measuring Requirements and such changes are to be reasonably determined by the Service Provider.
- 40 The Service Provider will install, operate and maintain metering equipment at Receipt and Delivery Points unless otherwise agreed. If the User or another Interconnect Party owns equipment used for measuring or monitoring Gas at a Receipt Point or a Delivery Point, the User must, or must cause the Interconnect Party to, install Metering Equipment or upgrade its equipment to conform to the Metering and Measurement Requirements.
- 41 The User will, at its cost, cause to be provided, operated, validated and maintained all Metering Equipment required for the purposes of the Transportation Agreement other than that which measures the quantity of Gas used at each of Service Provider's compressor stations on the Pipeline.
- 42 The User must use reasonable endeavours to cause to be installed, at the Receipt Points and the Delivery Points, facilities which will permit co-ordination of activities by Service Provider and the User in the metering, nomination, Scheduling and transportation of Gas under the Transportation Agreement.
- 43 The Parties must take all action reasonably necessary to ensure that access to their respective Metering Equipment is provided to permit inspections and tests to be carried out as required in the Metering and Measurement Requirements.
- 44 The Metering and Measurement Requirements govern the measurement of Gas for the purposes of the Transportation Agreement, unless otherwise negotiated by the Parties.

Quality

- 45 The Gas delivered by or on behalf of the User at the Receipt Point must be in accordance with the quality required by the Gas Specification, any lawful additional parameters agreed between the User and the Service Provider or any other quality as the law in the relevant jurisdiction requires. The Service Provider may, by notice to the User, vary the above specifications if it is authorised or required to do so by law or any Authority.
- 46 Subject to any requirements under law, Service Provider's right to vary the Gas Specification is subject to the recognition and preservation of existing contractual rights and obligations, unless that change to the Gas Specification is necessary to ensure the safety or integrity of the Pipeline, or is required in accordance with Good Engineering and Operating Practice.



- 47 Provided the gas delivered by the Users for transportation on the Pipeline complies with clause 45, the gas delivered by Service Provider to the User at the Delivery Points must meet the quality specifications set out in clause 45, subject to the Service Provider's obligations under Prior Agreements.
- 48 The gas delivered by Users to Service Provider at the Receipt Points will be commingled with gas received under other Transportation Agreements, including pre-existing Transportation Agreements (as renewed or extended)(**Prior Agreements**). During the currency of the Prior Agreements:
 - (a) Service Provider must use its reasonable endeavours in accordance with Good Engineering and Operating Practice and as the Service Provider is obliged under those Prior Agreements to maintain the quality of the gas stream comingled in the Pipeline as close as possible to the Gas Specification; and
 - (b) despite paragraph (a), the quality specification of gas delivered at a Delivery Point may, as a result of that commingling, vary from the Gas Specification but will in no event be of a lesser quality than the Prior Gas Specifications.
- 49 The User and the Service Provider must each notify the other immediately on becoming aware that gas offered for transportation is or may be Off-Specification Gas.
- 50 The Service Provider may refuse to accept or transport all or any portion of Off-Specification Gas and must advise the User as soon as is practicable after such refusal. Such refusal, or the Service Provider not transporting Off-Specification Gas after acceding to an instruction or request from the User to reject receipts of such gas, does not relieve the User from its obligation to pay any Charge.
- 51 Subject to the responsibilities of the Service Provider in clause 52, if the User requests that Service Provider agrees to transport Off-Specification Gas, and Service Provider accedes to that request, then the User is responsible for and indemnifies and holds harmless the Service Provider from and against any loss or damage suffered or incurred by the Service Provider to the extent it results from the receipt, transportation and delivery of that gas by the Service Provider.
- 52 If the User instructs the Service Provider in writing not to transport Off-Specification Gas and the Service Provider continues to transport and deliver the Off-Specification Gas notwithstanding the instruction, the Service Provider is responsible for any loss or damage suffered or incurred by itself, the User or any other person as a result of the continued transportation or delivery of the gas after the time at which the Service Provider, in accordance with Good Engineering and Operating Practice, could reasonably have stopped transportation or deliveries.



Receipt pressures

- 53 The User must supply Gas to the Service Provider at the Receipt Points at pressures nominated by the Service Provider from time to time as being sufficient to allow Gas to enter the Pipeline, but in no case greater than the Maximum Allowable Operating Pressure.
- 54 The User must indemnify the Service Provider for all loss and damage suffered or incurred by the Service Provider as a result of the User breaching the above obligation to the extent that the loss or damage was not caused or contributed to, by the negligence of the Service Provider.
- 55 The Service Provider is under no obligation to install inlet compression or other facilities to permit the entry of User's Gas into the Pipeline.

Possession of gas and responsibility

- 56 The Service Provider is in control and possession of the Gas following receipt of the Gas from the User at the Receipt Points and prior to delivery of the Gas, net of any System Use Gas provided by the User, to the User at the Delivery Points.
- 57 In the absence of the Service Provider's negligence, breach of the agreement or Wilful Misconduct, the Service Provider is not responsible for losses of the User's Gas while Gas is in the Service Provider's control and possession.
- 58 Service Provider will have no responsibility or liability with respect to any Gas prior to its supply to Service Provider at the Receipt Points or after its delivery to the User at the Delivery Points on account of anything which may be done, happen or arise with respect to that Gas prior to receipt at the Receipt Points or after delivery at the Delivery Points.
- 59 The Gas received by the Service Provider at the Receipt Points may be commingled with other Gas in the Pipeline and with other elements for the operation and maintenance of the Pipeline in accordance with Good Engineering and Operating Practice. Subject to certain obligations of the Service Provider regarding the quality of gas delivered, Service Provider may commingle gas received and deliver it in a commingled state to the User, despite clauses 61 and 62 (Title).

Warranties & Representations

- 60 The User warrants and represents (among other things set out in the Transportation Agreement) that:
 - (a) at the time of supply of Gas to the Service Provider at the Receipt Points the User has unencumbered title to, and the right to supply, that Gas at



the Receipt Points for transportation by the Service Provider under the Transportation Agreement; and

- (b) any contract reference information provided by or on behalf of the User to Service Provider or AEMO is accurate.

Title

61 On the termination of a Transportation Agreement, the User will be entitled to:

- (a) recover a quantity of gas equivalent to any quantity delivered by or on behalf of the User into the Pipeline (net of System Use Gas) and not delivered to or for the account of the User; or
- (b) sell the gas to another User and advise the Service Provider of the quantity and identity of that User, provided that the purchaser of the gas from the User has a Transportation Agreement in place with Service Provider.

62 Title to the Gas received by Service Provider at the Receipt Point does not pass to Service Provider except for:

- (a) any liquid hydrocarbons which, during normal transportation operations and in accordance with Good Engineering and Operating Practice, separate or condense from the gas stream after receipt of the gas and before its delivery by Service Provider; and
- (b) System Use Gas the User is required to supply to the Service Provider under the Transportation Agreement; or
- (c) where the jurisdiction is Western Australia.

63 In Western Australia title to the Gas received by the Service Provider on behalf of the User at the Receipt Points passes to the Service Provider and title to the Gas delivered by the Service Provider on behalf of the User at the Delivery Points passes to the User.

Allocation of receipts and deliveries

64 If the quantities of Gas actually received at the Receipt Points or delivered at the Delivery Points do not equal the quantities Scheduled by the Service Provider in accordance with the Transportation Agreement on any Day, then those quantities actually received or delivered by the Service Provider (as the case may be) must be allocated among Users for a particular Hour or on a particular Day on a pro rata basis according to the User's Scheduled receipts for a Receipt Point or Scheduled deliveries for a Delivery Point (as the case may be) as a proportion of all Users' Scheduled receipts at the relevant Receipt



Point or Scheduled deliveries at the relevant Delivery Point (as the case may be).

- 65 If all Users for a Receipt Point or Delivery Point agree on an alternative allocation methodology then the Service Provider may (but is not obliged to) apply such alternative methodology.
- 66 Service Provider will, for each Day and each Hour, allocate quantities of Gas transported to the Brisbane hub in the following manner and in the order set out below:
 - (a) based on quantities of Gas Scheduled by Service Provider under clauses 11 to 14 (inclusive) for the User for transportation to the Brisbane hub;
 - (b) in accordance with the STTM Rules, to the extent that quantities of Gas, including MOS gas (whether positive or negative), are allocated to STTM Shippers under the STTM Rules; and
 - (c) for any overrun MOS (whether positive or negative) or any other remaining quantities of Gas, on a pro rata basis according to the quantity of Gas Scheduled by Service Provider under clauses 11 to 14 (inclusive) for the User for forward haul transportation to the Brisbane hub on that Day or Hour (as the case requires) as a proportion of the aggregate quantity of Gas Scheduled by Service Provider for all STTM Shippers on the Pipeline for forward haul transportation under Transportation Agreements to the Brisbane hub on that Day or Hour (as the case requires).
- 67 Without limiting its other rights under this Access Arrangement, Service Provider may, contrary to User's Nomination (if any) and without liability to User comply with the STTM Rules or any lawful directions or requirements of an Authority, including to act or refrain from acting in a particular manner.
- 68 The Service Provider may revise its allocation methodology set out above from time to time to reflect, as far as reasonably possible, any allocation methodologies imposed on the Service Provider by a third party in respect of a particular Receipt Point or Delivery Point or the Brisbane hub.

Addition of Receipt Points and Delivery Points

- 69 The User may by notice to the Service Provider request that Service Provider provide Services under the Transportation Agreement to receipt points and delivery points on the Pipeline in addition to those set out in the Transportation Agreement.



- 70 The User's notice must specify certain proposed details (as set out in the Transportation Agreement) regarding the proposal for an additional receipt point or additional delivery point, such as the proposal for location, MDQ, MHQ, changes to existing MDQs and MHQs, date of commencement and period required (which must be not less than 12 months). The User must also supply Service Provider with any additional information that Service Provider reasonably requires to evaluate the User's request.
- 71 The Service Provider will determine acting reasonably, whether and the extent to which it is able to meet the User's request and, if so, any conditions on which it will offer to accommodate the request. The User will pay the Service Provider's reasonable costs incurred in evaluating the request.
- 72 The Service Provider will not be required to agree to a request for an additional receipt point or an additional delivery point if:
- (a) in its reasonable opinion, taking into account the capacity of the Pipeline, to do so may reduce the Service Provider's ability to meet its obligations under other Transportation Agreements;
 - (b) the Parties are unable to agree in respect of payment by the User of the associated costs;
 - (c) the User has not made all appropriate arrangements with Interconnect Parties necessitated by the additional receipt point or the additional delivery point; or
 - (d) in its reasonable opinion it will be unable to secure any necessary amendment to the Pipeline Licence or obtain any other necessary Approval.
- 73 If the User requests an additional receipt point or an additional delivery point that:
- (a) does not exist; or
 - (b) in the opinion of Service Provider, does not meet the specifications and standards published by Service Provider from time to time,
- so that the additional receipt point or additional delivery point needs to be constructed or modified then:
- (c) the User may undertake construction itself or request that Service Provider undertake construction;
 - (d) if the User undertakes the construction itself then it must do so in accordance with certain requirements set out in the Transportation Agreement, including undertaking construction under the supervision



and in accordance with any reasonable directions of the Service Provider, in accordance with designs and specification reasonably required by the Service Provider and connecting the additional receipt point or additional delivery point to the Pipeline on terms acceptable to the Service Provider;

- (e) the User must pay only the incremental costs that are incurred by the Service Provider in:
 - (i) designing and constructing the additional receipt point or additional delivery point;
 - (ii) obtaining a reasonable rate of return on capital expended to make the additional receipt point or additional delivery point available to the User, where the costs are being recovered over time;
 - (iii) reviewing the designs and specification for, and supervising construction of, the additional receipt point or additional delivery point;
 - (iv) constructing improvements for increases in the capacity of the Pipeline reasonably required as a result of an additional receipt point or additional delivery point (including the regulation, metering and quality monitoring facilities); and
 - (v) operating and maintaining any of the above improvements.

74 If a receipt point or a delivery point is added, the amount payable under the Transportation Agreement will be no less than what was payable prior to the additions having been made.

Dispute Resolution

75 Either Party may propose to refer, for determination by a specified independent expert, an issue in respect of the Transportation Agreement in dispute between the Parties that is only capable of determination by audit or by reference to accounting, engineering or scientific knowledge and practice, to the extent that it does not otherwise involve the interpretation of the Transportation Agreement. If the Parties agree on the referral to that independent expert then the issue will be referred to the independent expert for consideration. However, if the Parties are unable to agree on the identity of an independent expert within 10 days of the proposed referral, the Parties must request that the Institute of Arbitrators and Mediators nominate a person with appropriate commercial, technical and practical experience to determine the issue.

76 The independent expert's decision, in the absence of manifest bias or error, is final and binding upon the Parties.



- 77 Once a dispute is referred to an independent expert for determination then neither Party may commence or continue court proceedings (except where seeking interlocutory relief) in relation to that dispute until the dispute is determined by the independent expert.

Default

- 78 The Transportation Agreement may, by written notice, be terminated or suspended for default by a Party, after a 7 Business Day cure period for a financial default (including if a Party is Insolvent) and after a 21 Business Day cure period for a non-financial default. If a non-financial default is not capable of remedy then a non-defaulting Party may terminate or suspend the Transportation Agreement, after the 21 Business Day cure period, if the defaulting Party does not:

- (a) take the steps and do the things that the non-defaulting Party, acting reasonably, requires to ensure that the event of default will not be repeated; and
- (b) pay the non-defaulting party the sum (if any) that the non-defaulting party reasonably determines is required to compensate the non-defaulting party for the event of default and its consequences.

- 79 In addition to the above right to terminate or suspend the Transportation Agreement a non-defaulting Party may also sue for damages or exercise any other available legal or equitable remedy.

- 80 Termination pursuant to the above procedure will not affect any rights or obligations which may have accrued prior to termination.

Billing & Payment

- 81 The Service Provider will render Monthly accounts in respect of the Charges and any other amounts payable to the Service Provider under the Transportation Agreement or Access Arrangement.

- 82 The User will pay the Service Provider’s tax invoices by the Payment Date. Late payment will attract an interest charge payable at the Commonwealth Bank corporate overdraft reference rate plus two percentage points.

- 83 Any disputed amount which is subsequently found to be payable by or repayable to the User will be due and payable no later than 14 Days after issue of an adjustment note by the Service Provider (such note must be issued within 28 Days of resolution regarding the disputed amount), together with interest on that amount.



- 84 If an error is discovered in any tax invoice, then the error will be adjusted, with interest, on the next tax invoice provided to the User after the error is discovered. However, no adjustment will be made for errors discovered more than 12 months after the date of the delivery of Gas to which the erroneous tax invoice relates.

Information Interface

- 85 The Service Provider retains ownership of and all intellectual property rights in the Information Interface and grants the User a non-exclusive, non-assignable, non-transferable right to access the Information Interface solely for the purposes of submitting Nominations and for receiving information regarding receipts, deliveries, balances and Gas flows under the Transportation Agreement.
- 86 Only the User's employees authorised by the Service Provider may use the Information Interface pursuant to the above right of access. The User is liable for any loss incurred by the Service Provider resulting from use of the Information Interface other than to the extent such loss is caused by the negligence of the Service Provider.

Limitation of Liability & Indemnity

- 87 Unless otherwise agreed by the Parties and set out in the Transportation Agreement, to the extent permitted by law, neither Party (including the Service Provider's Related Bodies Corporate) is liable to the other Party for Consequential Loss or for punitive or exemplary damages arising in respect of the Transportation Agreement except where such Consequential Loss or punitive or exemplary damage arises out of:
- (a) Gross Negligence/Wilful Misconduct by either the Service Provider or the User;
 - (b) the Service Provider's or the User's liability relating to rates, Charges and other payments under the Transportation Agreement; or
 - (c) the User's liability relating to:
 - (i) Imbalances;
 - (ii) the receipt, transportation or delivery of Overrun Quantities;
 - (iii) the User's obligation to deliver gas which meets the quality required by the Gas Specification or any other quality as the law in the relevant jurisdiction requires;
 - (iv) a failure to supply Gas at Receipt Points within a specified pressure range;



- (v) the indemnity described in clause 89; or
 - (vi) the use of the Information Interface by the User's employees who have been authorised for use by the Service Provider.
- 88 The aggregate liability of the Service Provider and its Related Bodies Corporate in respect of the Transportation Agreement, excluding for the Gross Negligence/Wilful Misconduct of the Service Provider or its Related Bodies Corporate, will be limited to a monetary liability cap of 10 per cent of the contract value over the life of the Transportation Agreement.
- 89 The User indemnifies the Service Provider and its Related Bodies Corporate from and against any liability, claim, action, loss, damage, cost or expense the Service Provider or its Related Bodies Corporate sustains or incurs, whether during or after the expiry of the Transportation Agreement, because of any of the following:
- (a) a customer or contract counterparty of the User suffers, or claims to suffer, loss or damage in respect of the Service Provider's or its Related Bodies Corporate acts or omissions under the Transportation Agreement, except that the obligation to indemnify will be reduced in proportion to the extent that the loss or damage is caused by the Gross Negligence/Wilful Misconduct of the Service Provider or its Related Bodies Corporate; or
 - (b) a third party (including another User and a customer or contract counterparty of the User or another User) suffers, or claims to suffer, loss or damage in respect of the User's acts or omissions under the Transportation Agreement.
- 90 Each Party indemnifies the other for any loss arising out of its Gross Negligence/Wilful Misconduct.
- 91 Nothing in this Access Arrangement limits Service Provider's rights under any laws from time to time which limit or avoid Service Provider's liability to the User or any other person.

Force Majeure

- 92 Force Majeure Event means any event or circumstance, or combination of events or circumstances, which is beyond the reasonable control of a Party, which by the exercise of due diligence, that Party is not reasonably able to prevent or overcome and which has the effect of preventing a Party from performing an obligation under the Transportation Agreement, including, without limitation (provided that they meet the foregoing criteria):



- (a) acts of God, including without limitation, earthquakes, floods, washouts, landslides, lightning, storms and the elements;
- (b) strikes, lockouts, bans, slowdowns or other industrial disturbances;
- (c) acts of enemy, wars (declared or undeclared), acts of terrorists, blockades or insurrections, riots and civil disturbances, arrest and restraint of rulers and peoples;
- (d) fire or explosion;
- (e) epidemic or quarantine;
- (f) any order or direction of any Authority, or omission or failure to act by any Authority; or the failure to obtain or maintain any necessary Approval;
- (g) in respect of the Pipeline, and any lateral pipelines owned or operated by the Service Provider and related machinery, equipment or facilities (including Interconnection Facilities), accidents, breakdown, loss or damage or the necessity to undertake alterations, repairs or maintenance (other than routine maintenance for which notice has not been given).

93 The following events:

- (a) lack of finances;
- (b) changes in market conditions for the transportation, purchase or sale of Gas;
- (c) the inability of the User or a person supplying Gas at or upstream of the Receipt Points to provide gas at a Receipt Point for transportation under the Transportation Agreement; or
- (d) the inability of the User or a person consuming the Gas at or downstream of the Delivery Points to take gas,

will under no circumstances constitute or cause a Force Majeure Event.

94 Subject to certain exceptions as specified under clause 96, a Party's obligations under the Transportation Agreement are suspended during the time, and to the extent, that their performance is prevented, wholly or in part, by a Force Majeure Event and no liability to the other Party accrues for loss or damage of any kind arising out of, or in any way connected with that non-performance.



- 95 However, such suspension does not relieve the User of its obligation to pay a Charge unless during a Month the Service Provider fails to deliver quantities of Gas Scheduled under the Firm Service as a result of a Force Majeure Event affecting the Service Provider in which case any Charge for that Month for the Firm Service will be reduced by the Service Provider, acting reasonably, having regard to the proportion of the Month in which the Service Provider fails to deliver quantities of Gas to the User as a result of the Force Majeure Event.
- 96 Force Majeure Events do not relieve a Party of liability:
- (a) if and to the extent that its negligence, Wilful Misconduct or breach of contract caused or contributed to its failure to perform under the Transportation Agreement;
 - (b) if and to the extent that it fails to use all reasonable endeavours to remedy the situation and to remove the circumstance giving rise to the Force Majeure Event adequately and promptly; or
 - (c) to make payments of amounts then due in respect of Gas previously delivered.
- 97 If performance of an obligation under the Transportation Agreement is prevented for a period of 12 Months as a result of a Force Majeure Event then, after a 7 Day period of consultation between the Parties, either Party may terminate the Transportation Agreement by giving no less than 2 Months written notice.

Assignment

- 98 A Party must not assign, novate, transfer or otherwise dispose of (in this section 98, “assign”) the whole or part of its rights or obligations under the Transportation Agreement without the prior written consent of the other Party, which consent must not be withheld unreasonably in the case of an assignee that is technically and financially capable of performing the assigned rights and obligations. Nothing in this clause 98 limits or affects the User’s rights in respect of capacity trading under section 5 of this Access Arrangement.
- 99 Execution by the assignee of a covenant to be bound by the Transportation Agreement, in a form satisfactory to the non-assigning party acting reasonably, is a condition precedent to any assignment permitted under section 98.
- 100 If:
- (a) there is a Change in Control of a Party (**Affected Party**) or its ultimate holding company;



- (b) neither the Affected Party or its ultimate holding company is listed on a recognised public securities exchange; and
- (c) the Change in Control is not imposed by law,

then:

- (d) the Affected Party cannot enforce the Transportation Agreement unless and until it procures the written consent of the other Party (which consent must not be unreasonably withheld);
- (e) paragraph (d) does not affect the Affected Party's obligations under the Transportation Agreement; and
- (f) the other Party may terminate the Transportation Agreement if consent under paragraph (d) is not obtained within 60 Business Days of the earlier of the date on which the Affected Party first notifies the other Party of the Change in Control and the date on which the other Party becomes aware of the Change in Control.

Confidentiality

101 A Party receiving Confidential Information may use it solely for the purposes of performing its obligations under the Transportation Agreement or for internal purposes related to the governance of the Party or its Related Bodies Corporate.

102 A Party must obtain the prior written consent of the other Party in order to use or disclose Confidential Information for any other purpose except where disclosure is required by law or lawfully required by an Authority or if the information is at that time lawfully generally available to the public, other than as a result of a breach of the Transportation Agreement.

103 The Service Provider must comply with any confidentiality requirements imposed on it pursuant to the National Gas Law and the National Gas Rules (Part 16).



4 Connection of Facilities to the Pipeline

A Prospective User may, provided it has the relevant authorisations, and subject to the conditions set out below, construct and operate its own facilities downstream from a Delivery Point or upstream from a Receipt Point, at any agreed location along the Pipeline. The User shall arrange for the connection of its facilities to the Pipeline on terms acceptable to Service Provider. The User shall pay Service Provider for the cost of the connection work.

Delivery Point

The following requirements apply in order to ensure that the integrity, safety and operability of Service Provider's system is not compromised:

- (a) the location of the facilities will be agreed to by the Prospective User and Service Provider. Service Provider will only withhold its agreement to a location sought by a Prospective User on the basis of reasonable technical, operational or safety considerations.
- (b) Service Provider will construct the Receipt Point or Delivery Point at the User's expense. The construction will be performed to Service Provider's usual standards and requirements including AS2885 or any substituted Australian Standard.

Metering Facilities

In order to ensure that the integrity, safety and operability of the Pipeline is not compromised, the Facilities will be installed adjacent to and downstream of the Receipt Point or Delivery Point in accordance with specifications reasonably approved by Service Provider.

Cathodic Protection of Metering Facilities

The Prospective User will design, install, and operate, any cathodic protection system required to protect its facilities. Such cathodic protection system must be installed in such a manner as to avoid any interference which may be detrimental to Service Provider's facilities and must be electrically isolated from Service Provider's facilities.

Curtailed and Interruptions

The Prospective User will be subject to scheduling priorities as set out in the Term and Conditions. The Prospective User must have facilities available to it to reduce or discontinue the delivery or withdrawal of gas if called upon to do so.



Installation and Operation

In the interests of safety and ensuring the integrity of Service Provider's facilities, a person who plans to connect facilities in the vicinity of the Pipeline will co-operate with Service Provider to establish, in a timely manner, appropriate arrangements and procedures for:

- (a) the safe installation and operation of that person's facilities, and
- (b) the management of emergency situations involving Service Provider's or that person's facilities.

Approvals and Indemnity

Any person responsible for facilities connected to the Pipeline will provide Service Provider with evidence that it has fulfilled all applicable statutory requirements and that it holds all necessary permits and licences in relation to its facilities either upstream of the Receipt Point or downstream of the Delivery Point. That evidence must be provided before the commencement of any Service from the Receipt Point or to the Delivery Point.

That person will also indemnify Service Provider against any claim of liability in relation to or arising out of those facilities.



5 Gas Specification

A – Gas Quality Specification

The specifications for gas are as set out on Service Provider’s website at <http://www.apa.com.au/our-business/economic-regulation/qld-gas-assets.aspx>

B – Prior Gas Specification

The specifications for gas under the Prior Agreements are:

- it must not contain more than 0.2 per cent by volume of oxygen;
- it must not contain more than 50 milligrams per cubic metre of total sulphur;
- it must not contain more than 7 milligrams per cubic metre of hydrogen sulphide;
- it must not contain more than 15 milligrams per cubic metre of mercaptans;
- the hydrocarbon dew point of the Gas will be a maximum of 10 degrees Celsius between the pressures of 1000 kPag and 10,000 kPag;
- it must not contain more than 65 milligrams per cubic metre of water vapour;
- it must not contain more than 3 per cent by volume of carbon dioxide;
- it must not contain more than 6 per cent by volume of inert gases;
- if the Gas contains more than 4.0 per cent by volume of inerts, then the Gas shall have a Gross Heating Value of not less than 37.9 MJ per cubic metre of Gas and not more than 42.3 MJ per cubic metre of Gas on a dry basis and if the Gas contains less than or equal to 4.0 per cent by volume of inerts, then the Gas shall have a Gross Heating Value of not less than 35 MJ per cubic metre of Gas and not more than 43 MJ per cubic metre of Gas;
- the Wobbe Index of the Gas shall be not less than 47 and not more than 52;
- the Gas shall be reasonably free from dust, gums, gum forming constituents or other liquid or solid matter which might cause injury to, or interference with, proper operation of pipeline regulators, meters or other appliances through which it flows or which may interfere with the commercial utilisation of the Gas by User; and
- shall have a temperature of not less than 0 degrees Celsius and not more than 50 degrees Celsius.

The gas delivered must:



- be reasonably free from sand, dust, gums, crude oil, impurities or other objectionable substances which may be injurious to pipelines or control equipment or may interfere with the transmission of or commercial utilisation of the gas;
- not contain hydrogen sulphide in concentration greater than 7.0 mg/m³;
- not contain total sulphur in concentration greater than 50 mg/m³;
- not contain more than 3% by volume of carbon dioxide; and
- have a Gross Heating Value of not less than 35.5 MJ/m³ and not more than 48 MJ/m³, provided that the service Provider shall not be obliged to accept gas having a Gross Heating Value in excess of 43 MJ/m³ if this would result in the commingled gas stream in the Pipeline exceeding 43 MJ/m³ Gross Heating Value.



6 Request for Service

A – Access and Request for Service

Reference Services and Negotiated Services

The Queuing arrangements in section 6 set out how a Prospective User can gain access to the Firm Service or a Negotiated Service.

Prudential Requirements

The prudential requirements applicable to Prospective Users in addition to those in the Terms and Conditions are:

- (a) the Prospective User must be resident in, or have a permanent establishment in, Australia; and
- (b) the Prospective User must not be under external administration as defined in the Corporations Act 2001 or under any similar form of administration in any other jurisdiction.



B – Registration of Interest for Services to be provided by Existing Capacity or Developable Capacity

1. Prospective User Detail:

Name of Prospective User:

ACN:

Contact Officer:

Title:

Address:

Telephone:

Fax:

Email:

Service Requested:

If requested service is not a Reference Service, then what conditions, different from those available under a Reference Service, are sought?

Date for Commencement of Service:

Duration of Transportation Agreement sought:



2. Receipt Point Information:

Receipt Point Location:

Entity Responsible for
Delivery of Gas to Receipt
Point:

(if other than the Prospective User)

ACN:

Contact Officer:

Title:

Address:

Telephone:

Fax:

Email:

3. Delivery Point Information:

Delivery Point Location:

Entity Controlling Withdrawal
of Gas at Delivery Point:

(if other than the prospective User)

ACN:

Contact Officer

Title:

Address:

Telephone:

Fax:



4. Transportation Information:

Annual Quantity to be Transported (GJ):

Maximum Daily Quantity - MDQ (GJ):

Maximum Hourly Quantity - MHQ (GJ):

Transportation Patterns:

(graphically if possible, to assist with the assessment of the request)

Typical Daily Profile

Typical Weekly Profile

Typical Annual Profile

Examples of Atypical Profiles

Is the transportation service being sought to serve a new load or an existing load on the Pipeline?



7 Pipeline Map