

Access arrangement

JGN's NSW gas distribution networks

1 July 2010 – 30 June 2015

**Amended by order of the Australian Competition
Tribunal, 30 June 2011**

June 2010

Contents

1.	Introduction	1
2.	Services policy	5
	A. Haulage Reference Service	5
	B. Meter Data Service	6
	C. Terms and Conditions	7
	D. Interconnection of Embedded Network Service	7
	E. Negotiated Services	7
3.	Reference Tariffs and Reference Tariff variation mechanism	9
	A. Annual Tariff Variation Mechanism	17
	B. Calculation of CPI adjustment	18
	C. Tariff adjustments and pass-through events	18
	D. Calculation of the UAG Adjustment	21
4.	Speculative capital expenditure & investment policy	23
5.	Capital redundancy policy	24
6.	Queuing policy	25
7.	Extensions and expansions policy	28
8.	Capacity trading	30
9.	Changing receipt and delivery points	31
10.	Fixed principles	32
11.	Acceleration of review submission date triggers	33
	Schedule 1 - Definitions And Interpretations	34
	Schedule 2 - Initial Reference Tariff Schedule	43
	A. Tariff Customer Groups	44
	B. Tariff Category	44
	C. Classification by Location	47
	D. How to read the Tariff Class Codes	48
	E. Tariff Class Components for the Haulage Reference Service	49
	F. Haulage Reference Service	51
	G. Meter Data Service	57
	Schedule 3 - Reference Service Agreement	59
	Schedule 4 - Interconnection of Embedded Network Service	60

Schedule 5 - Request for Service	63
Schedule 5A- Request for Service Form	64
Schedule 6 - Operational Schedules	68
Schedule 7 - Receipt Point Pressures	72
Schedule 8 - UAG Costs	75
Schedule 9 - Maps of the Network	76

JEMENA GAS NETWORKS (NSW) LTD

ACCESS ARRANGEMENT

1. Introduction

1.1 Jemena Gas Networks (NSW) Ltd (the Service Provider)

Jemena Gas Networks (NSW) Ltd was formerly known as AGL Gas Networks Limited. A brief history is set out below:

- | | |
|------------------|---|
| 25 October 2006 | AGL Gas Networks Limited was sold to Alinta Limited. |
| 1 September 2007 | Ownership changed again when Alinta Limited was separated into new businesses following acquisition by a consortium comprising Singapore Power International, Babcock & Brown Infrastructure and Babcock & Brown Power. |
| August 2008 | Jemena Gas Networks (NSW) Ltd was announced as the new name of the former Alinta Limited assets and businesses acquired by Singapore Power International. Consequently the assets formerly owned by AGL Gas Networks Limited are now owned by the Service Provider. |

1.2 Access Arrangement

This Access Arrangement revises the Service Provider's Transitioned Access Arrangement in accordance with the National Gas Law and the National Gas Rules.

1.3 The Network

- (a) The Network consists of approximately 24,000 kilometres of natural gas distribution systems in NSW with over 1,040,000 customer connections to these systems. A description of the Network is contained below and can also be found at <http://www.jemena.com.au>.
- (b) The Network is made up of four Covered Pipelines:
- (i) AGL NSW Distribution System;
 - (ii) AGL Central West Distribution System;
 - (iii) Wilton-Newcastle trunk pipeline (the '**northern trunk**'); and

- (iv) Wilton-Wollongong trunk pipeline (the '**southern trunk**').
- (c) The NSW Distribution System provides gas to consumers across Sydney, Newcastle, and Wollongong and services over 20 country centres including those within the Central Tablelands, Central West, Southern Tablelands and Riverina areas. The Central West Network consists of the pipelines within the Central West Distribution System. The Service Provider is the authorised reticulator for the NSW Distribution System and the Central West Distribution System in accordance with the *Gas Supply Act 1996* (NSW).
- (d) The northern and southern trunks are part of the distribution system in the Newcastle, Sydney, Central Coast and Wollongong area. These are classified as Distribution pipelines following a decision of the National Competition Council on 29 June 2009 to grant the Service Provider's application under the National Gas Law to reclassify the trunk pipelines as distribution pipelines.
- (e) The northern trunk consists of four pipeline sections each of which are licensed under the Pipelines Act 1967 (NSW) (Pipelines Act) between Wilton and Newcastle:
- Wilton to Horsley Park Natural Gas Pipeline (Pipeline Licence No. 1)
 - Horsley Park to Plumpton Natural Gas Pipeline (Pipeline Licence No. 3)
 - Plumpton to Killingworth Natural Gas Pipeline (Pipeline Licence No. 7)
 - Killingworth to Walsh Point Natural Gas Pipeline (Pipeline Licence No. 8)
- (f) The southern trunk consists of one licensed pipeline section between Wilton and Wollongong:
- Wilton to Wollongong Natural Gas Pipeline (Pipeline Licence No. 2)
- (g) Natural Gas is delivered into the Network from the Moomba-Sydney Pipeline and its laterals (owned by the APA Group), from the Jemena-owned Eastern Gas Pipeline (EGP) and from coal seam methane supplied by the Sydney Gas Company at various receipt points on the Network. A list of these receipt points is set out at Schedule 7 as updated by the Service Provider from time to time by notice to Users.
- (h) Schedule 9 provides maps of the Network as well as the area it serves.

1.4 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, review submission date and revision commencement date.
Section 2: Services Policy	Names and describes the Reference Services and Non-Reference Services provided on the Network.
Section 3: Reference Tariffs and Reference Tariff variation mechanism	Describes the principles, procedures and formulae that will apply in relation to Reference Tariffs.
Section 4: Speculative Capital Expenditure & Investment Policy	Describes how non-conforming capital expenditure will be dealt with.
Section 5: Capital Redundancy Policy	Describes the way in which the Capital Base may be reduced by the AER.
Section 6: Queuing Policy	Describes the order in which capacity will be allocated to Prospective Users where there is insufficient capacity on a transportation route to satisfy all Requests for Service on that route.
Section 7: Extensions and Expansions Policy	Describes the manner in which extensions or expansions to the Network will be dealt with under this Access Arrangement.
Section 8: Capacity Trading	Allows for capacity trading in certain circumstances.
Section 9: Changing Receipt and Delivery Points	Allows for changing receipt and delivery points in certain circumstances.
Section 10: Fixed Principles	Describes the fixed principles under this Access Arrangement.
Section 11: Acceleration of review submission date triggers	Sets out the circumstances in which the review submission date will advance.
Schedule 1	Definitions and Interpretations

Schedule 2	Initial Reference Tariff Schedule
Schedule 3	Reference Service Agreement
Schedule 4	Interconnection of Embedded Network Service
Schedule 5	Request for Service
Schedule 5A	Request for Service Form
Schedule 6	Operational Schedules
Schedule 7	Receipt Point Pressures
Schedule 8	UAG Costs
Schedule 9	Maps of the Network

Supporting information is provided in the Access Arrangement Information that has been submitted as a separate document.

1.5 Commencement of this Access Arrangement

This Access Arrangement will commence on the latter of 1 July 2010 and the date on which the AER's approval of this Access Arrangement takes effect under the National Gas Rules.

1.6 Review Submission Date

Subject to Section 11 (Acceleration of review submission date triggers), the Service Provider will submit revisions to this Access Arrangement on or before 30 June 2014.

1.7 Revision Commencement Date

The revisions to this Access Arrangement will commence on the latter of 1 July 2015 and the date on which the AER's approval of the revisions to this Access Arrangement takes effect under the National Gas Rules.

2. Services policy

2.1 The Services

- (a) The Service Provider provides the following Services on the Network:
 - (i) Reference Services; and
 - (ii) Non-Reference Services.
- (b) A User or Prospective User who seeks to obtain a Reference Service or a Non-Reference Service must comply with the Request for Service procedures set out in Schedule 5 regardless of whether the User or Prospective User seeks to obtain a Service for the first time or a change to an existing Service to a Delivery Point.
- (c) Any offer to provide a Service made by the Service Provider in response to a Request is subject to the Queuing Policy.
- (d) All Users of a Service are required to enter into a Service Agreement specific to that User and that Service before receiving the Service and must agree to be bound by the provisions of the Operational Schedules.

2.2 Reference Services

The Service Provider offers the following Reference Services on the Network to Users and Prospective Users:

- (a) the Haulage Reference Service, which is described in Section A below; and
- (b) the Meter Data Service, which is described in Section B below.

A. Haulage Reference Service

- (a) The Haulage Reference Service is a service for the transportation of gas by the Service Provider through the Network to a single eligible Delivery Point for the use of a single Customer.
- (b) A Delivery Point is eligible for the Haulage Reference Service if it is for the use of a single Customer and:
 - (i) it is a Delivery Point existing on the Network to which a service designated as a reference service in the Transitioned Access Arrangement is provided at the date this Access Arrangement takes effect; or

- (ii) it is a new Delivery Point served from existing facilities where the maximum allowable operating pressure is less than or equal to 500 kPa and the Service Provider reasonably expects that the Delivery Point will qualify for a Volume Tariff; or
 - (iii) it is a new Delivery Point served from existing facilities where the maximum allowable operating pressure is less than or equal to 1,050 kPa and the Service Provider reasonably expects that the Delivery Point will qualify for a Demand Tariff.
- (c) The Haulage Reference Service is only available where the Haulage Reference Service is taken in conjunction with the Meter Data Service (where the Service Provider provides the Meter Data Service as a Reference Service).
 - (d) The Initial Reference Tariffs for the Haulage Reference Service are contained in Schedule 2.
 - (e) Users of the Haulage Reference Service may make a request to the Service Provider for: a request for service; temporary disconnection; permanent disconnection; and decommissioning and meter removal. The initial fees associated with these requests are contained in Schedule 2 (Ancillary Reference Service: fees for Haulage Reference Service).

B. Meter Data Service

- (a) The Meter Data Service is a service for the provision of meter reading and on-site data and communication equipment to a Delivery Point in accordance with the Reference Service Agreement contained in Schedule 3.
- (b) The Service Provider will read the meter at a Delivery Point in respect of which the User has entered into a Reference Service Agreement.
- (c) The Service Provider will provide on-site data and communication equipment where economically feasible, at a Delivery Point:
 - (i) where a Demand Tariff has been assigned by the Service Provider; and
 - (ii) in respect of which the User has entered into a Reference Service Agreement.
- (d) The Meter Data Service, or relevant elements thereof, will cease to be offered as a Reference Service, and at the Service Provider's discretion, as a Service, on the date provisions by a relevant regulatory authority come into force that permit a person other than the Service Provider to provide meter reading or on-site data and communication services.

- (e) There are two categories of Charges under a Meter Data Service, namely the Meter Reading Charge and the Provision of On Site Data and Communications Equipment Charge. The Initial Reference Tariffs for the Meter Data Service are set out in Schedule 2.
- (f) Users of the Meter Data Service may make a request to the Service Provider for a special meter read. The initial fee associated with this request is contained in Schedule 2 (Ancillary Reference Service: fees for Meter Data Service).

C. Terms and Conditions

- (a) The terms and conditions upon which the Service Provider will supply each Reference Service are set out in the Reference Service Agreement in Schedule 3.
- (b) The Service Provider may seek the AER's approval to amend the terms of the Reference Service Agreement during the Access Arrangement Period in accordance with Division 10 of Part 8 of the National Gas Rules.

2.3 Non-Reference Services

The Service Provider offers the following Non-Reference Services on the Network to Users and Prospective Users:

- (a) the Interconnection of Embedded Network Service, which is described in Section D; and
- (b) Negotiated Services, which are described in Section E.

D. Interconnection of Embedded Network Service

The Interconnection of Embedded Network Service is a service provided by the Service Provider to an Embedded Network Operator for the establishment of a single Delivery Point on an Embedded Network connected to the Network, on the terms and conditions specified by the Service Provider upon application for this service ordinarily including those contained in Schedule 4.

E. Negotiated Services

- (a) Where a Prospective User has specific needs which differ from those which would be satisfied by a Reference Service or the Interconnection of Embedded Network Service, the Prospective User may seek to negotiate different terms and conditions as a Negotiated Service and enter into a Negotiated Service Agreement with the Service Provider.
- (b) Should a dispute arise between the Service Provider and a Prospective User about the provision of a Negotiated Service it will be resolved in accordance

with the dispute resolution procedures in the National Gas Law and the National Gas Rules, unless the parties agree otherwise in the Negotiated Service Agreement.

3. Reference Tariffs and Reference Tariff variation mechanism

3.1 Background

- (a) The Service Provider determines its Reference Tariffs based on a building block revenue requirement established in accordance with the National Gas Rules. This approach calculates required revenues for each year of the Access Arrangement Period to recover a return on the Service Provider's regulated asset base, the depreciation of this asset base and operating costs of running and maintaining the Network.
- (b) Depreciation for establishing the opening Capital Base for the current Access Arrangement Period is based on forecast regulatory depreciation.
- (c) Depreciation for establishing the opening Capital Base for the Access Arrangement Period after the one to which the Access Arrangement currently relates will be based on forecast regulatory depreciation.
- (d) The Service Provider has applied a CPI-X price path approach to smooth its revenues by aligning the Net Present Value (NPV) of its Access Arrangement Period revenue requirement less revenues associated with the Service Provider's Negotiated Services with the NPV of the forecast revenue from the Haulage Reference Tariff and the Meter Data Service Reference Tariff. The Service Provider will adopt a tariff basket form of price control to implement annual tariff variations in accordance with the CPI-X price path.
- (e) The Service Provider has applied a tariff rebalancing constraint that limits the permitted annual real movement in revenues from a given Haulage Reference Tariff to no more than 10 per cent.
- (f) The Service Provider has designed its Reference Tariffs so that the Reference Tariffs recover the efficient cost of providing Reference Services. The revenues associated with each Reference Tariff are set between the Service Provider's stand-alone and avoidable costs of providing the Reference Services in order to reflect efficient pricing principles.

3.2 Introduction

- (a) This Section sets out the principles, procedures and formulae that the Service Provider will use during the Access Arrangement Period to formulate and apply the Reference Tariffs at which it will provide Reference Services to Users and Prospective Users.

- (b) This Section contains the principles and procedures that apply to how and when the Service Provider may vary Reference Tariffs.
- (c) The Initial Reference Tariffs for Reference Services and the Initial Tariff Classes are set out in Schedule 2 and will apply until amended in accordance with this Section.
- (d) The Service Provider may vary an existing Reference Tariff for application to Users at any time during the Access Arrangement Period, in accordance with this Section and the approval of the AER.
- (e) Where the Service Provider makes a change to a Reference Tariff at any time in accordance with this Section, the Service Provider will publish a revised Reference Tariff Schedule on the Service Provider's website which will take effect from the date specified in that revised Reference Tariff Schedule.

3.3 Reference Tariff Classes

- (a) The Service Provider will assign each Delivery Point that receives a Haulage Reference Service with a Tariff Class in accordance with the tariff assignment criteria set out in the Reference Tariff Schedule.
- (b) The assigned Tariff Class will determine which Reference Tariffs are payable by a User or Prospective User for receipt of a particular Reference Service at a specific Delivery Point in accordance with the Reference Tariff Schedule.
- (c) Where a Delivery Point is eligible for more than one Tariff Class in accordance with the tariff assignment criteria set out in the Reference Tariff Schedule, the User or Prospective User may nominate in its Request for Service the Tariff Class to which it wants its Delivery Point assigned. The Service Provider may refuse such a nomination by a User or Prospective User if it does not consider the Delivery Point to be eligible for the Tariff Class nominated.
- (d) The Service Provider may re-assign a Delivery Point to one or more different Tariff Classes in accordance with the Reference Tariff Schedule at any time where:
 - (i) the Delivery Point has been wrongly assigned to a Tariff Class;
 - (ii) the Delivery Point no longer qualifies for the assigned Tariff Class.
- (e) Where there is no change in the Customer for a Delivery Point, re-assignment of a Tariff Class for a Delivery Point can only be requested once per Year. However, a User may request re-assignment of a Tariff Class for the Delivery Point at any time if it can demonstrate to the Service Provider's reasonable satisfaction that there has been a change in the Customer occupying the premises served by the Delivery Point (other than to a related body corporate of

the previous Customer), in which case re-assignment may be requested based on a change in customer characteristics.

3.4 Approval by the AER

- (a) The Service Provider will follow the procedure set out below in varying an existing Reference Tariff during the Access Arrangement Period.
- (b) **Submission to the AER**
 - (i) *Annual Variation of Reference Tariffs:* Where the Service Provider proposes to vary the Haulage Reference Tariffs to apply from the start of the next Financial Year, it will submit a Variation Notice to the AER on or before the 15th of April or the next closest Business Day prior to the commencement of the next Financial Year.
 - (ii) *Variation of a Reference Tariff within a Financial Year:* Where the Service Provider proposes to vary one or more Haulage Reference Tariffs within a Financial Year it will submit a Variation Notice to the AER at least 50 Business Days prior to the date upon which it intends to vary the amount of the Haulage Reference Tariff.
 - (iii) Any proposed change to Haulage Reference Tariffs submitted by the Service Provider under this Access Arrangement must comply with the Annual Tariff Variation Mechanism.
 - (iv) In applying the Annual Tariff Variation Mechanism the Service Provider will adopt the following rounding conventions:
 - A. all proposed tariff components will be rounded before being applied in a tariff variation formula;
 - B. the number of decimal places used for rounding a component will be consistent with that used for the relevant Reference Tariff component.
- (c) **Variation Notices**

A Variation Notice will include a proposed revised Reference Tariff Schedule and will demonstrate how the proposal complies with the Annual Tariff Variation Mechanism including:

 - (i) the effective date of the variation;
 - (ii) an explanation as to how the proposal complies with the Annual Tariff Variation Mechanism supported by workings demonstrating how the proposed tariffs comply with the Annual Tariff Variation Mechanism using the existing tariffs as a reference; and

- (iii) a statement to support the Gas Quantity inputs in the tariff variation formula. The statement must be provided by an officer of the Service Provider and the Quantity input must reflect the most recent actual financial year Quantity available at the time of the tariff variation assessment.

(d) **Annual tariff variation assessment by the AER**

- (i) Within 30 Business Days of receiving the Service Provider's Variation Notice, the AER will inform the Service Provider in writing of whether or not it has verified the proposed Haulage Reference Tariffs and/or Haulage Reference Tariff Components in the Service Provider's Variation Notice as compliant with the Annual Tariff Variation Mechanism.

The 30 Business Day period may be extended for the time taken by the AER to obtain information from the Service Provider, obtain expert advice or consult about the notification. However, there is an absolute time limit of 90 Business Days for the AER to complete the assessment of a Cost Pass-Through Event Application.

- (ii) If the AER fails to provide the Service Provider with written notification of its decision within 30 Business Days (or as that period has been extended in accordance with paragraph (i)) of receiving the Service Provider's Variation Notice, the AER will be deemed to have approved the variation proposed in the Variation Notice.
- (iii) If the AER informs the Service Provider in writing that it has approved the proposal, or the AER is deemed to have approved the proposal, the variation will apply from the commencement date specified in the Variation Notice and the Reference Tariff Schedule published on the Service Provider's website will be amended accordingly.
- (iv) If the AER declines to accept any part of the proposal in the Variation Notice the AER must provide the Service Provider with a written statement of reasons for that decision at the time it informs the Service Provider of its decision.
- (v) In relation to a Variation Notice relating to Haulage Reference Tariffs, in the event that the AER decides that any part of the proposal in the Variation Notice is not compliant for a new Financial Year t , then the AER will determine the Reference Tariffs that are compliant with the approved tariff variation mechanism. In this situation the AER will scale all Reference Tariffs by $(1+CPI)(1-X)$.
- (vi) Where a clerical mistake, an accidental slip or omission, or a miscalculation, has been identified in the application of the Annual Tariff Variation Mechanism that applied in Financial Year $t - 1$, that

mistake, slip, omission or miscalculation may be corrected for the purposes of determining the value of Reference Tariff x in the Annual Tariff Variation Mechanism in Financial Year t .

For the avoidance of doubt:

- A. to the extent the calculation of a Haulage Reference Tariff or Haulage Reference Tariff Component is based on a forecast or estimate, the fact that the actual amount of the parameter being forecast or estimated was different to the forecast or estimated amount does not constitute a mistake, slip, omission or miscalculation;
- B. to the extent the Service Provider may have over or under recovered revenue as a consequence of a mistake, slip, omission or miscalculation being made in relation to a tariff that has been approved by the AER, no adjustment is made to the Haulage Reference Tariffs or Haulage Reference Tariff Components to reflect any over or under recovery amount; and
- C. the Service Provider may submit as part of the annual tariff variation process a correction for past clerical mistakes, accidental slips or omissions. The AER may also make the Service Provider aware that a past clerical mistake, accidental slips or omissions has occurred and require all future tariff variation notification to take account of that past clerical mistake, accidental slip or omissions. The Service Provider is allowed to consult with the AER on past clerical mistakes, accidental slips or omissions.

(e) **Cost Pass-Through Event: Notification by the Service Provider**

- (i) The Service Provider must advise the AER if the Service Provider becomes aware that a Cost Pass-Through Event has occurred (other than Tax Event, Licence Fee Adjustment Event and UAG Adjustments Event), which has met, or is likely to meet, the administrative threshold (as defined in clause 3.4(f)(iv)).

The Service Provider must advise the AER of such a Cost Pass-Through Event within 90 Business Days of becoming aware of the event. This clause 3.4(e)(i) is not an application to vary the Reference Tariffs.

- (ii) The notification to the AER that a Cost Pass-Through Event has occurred is to take the form of a written statement which specifies:
 - A. the details of the Cost Pass-Through Event; and

B. the date on which the Cost Pass-Through Event occurred.

(f) **Cost Pass-Through Event: Cost Pass Through Event Application and assessment by the AER**

(i) The Service Provider must make an application to pass through the increase or decrease in cost arising from a Cost Pass-Through Event:

A. in relation to a Change in Tax Event, UAG Adjustment Event and License Fee Adjustment Event, at the time the Service Provider submits any annual Variation Notice pursuant to 3.4(b)(i);

B. in relation to all other Cost Pass-Through Events (that is, Cost Pass-Through Events other than a Change in Tax Event, UAG Adjustment Event and Licence Fee Adjustment Event), either together with any annual Variation Notice pursuant to 3.4(b)(i) or at any other time within a Financial Year pursuant to clause 3.4(b)(ii),

(Cost Pass-Through Event Application).

(ii) The Cost Pass-Through Event Application is to take the form of a written statement which specifies:

A. the details of the Cost Pass-Through Event;

B. the date on which the Cost Pass-Through Event occurred;

C. the amount the Service Provider proposes to pass-through in relation to the Cost Pass-Through Event;

D. evidence:

(i) of the actual and likely increase or decrease in costs arising from the Cost Pass-Through Event;

(ii) that such costs occur solely as a consequence of the Cost Pass-Through Event; and

E. such other information as may be required under any relevant regulatory information notice.

- (iii) In making a decision as to how much of the Cost Pass-Through Event should be passed through, the AER must take into account:
- A. the matters and proposals set out in any statement given to the AER by the Service Provider under paragraph (iii);
 - B. the change in the costs in the delivery of Pipeline Services arising as a consequence of the Cost Pass-Through Event;
 - C. the efficiency of the Service Provider's decisions and actions in relation to the risk of the Cost Pass - Through Event, including whether the provider has failed to take any action that could reasonably be taken in respect of that event and whether the Service Provider has taken or omitted to take any action where such action or omission has increased the magnitude of the amount in respect of the event;
 - D. the time cost of money based on the WACC for the Service Provider;
 - E. the need to ensure that the Service Provider only recovers any actual or likely increment in costs to the extent that such increment is solely as a consequence of a Cost Pass-Through Event;
 - F. whether the costs of the Cost Pass-Through Event have already been factored into the calculation of the Service Provider's annual revenue requirement; and
 - G. any other factors the AER considers relevant and consistent with the National Gas Law and National Gas Rules.
- (iv) Subject to the AER's approval, Haulage Reference Tariffs will be adjusted to pass through the costs of one or more of the Cost Pass-Through Events, subject to each individual pass through event meeting the administrative threshold. The administrative threshold is defined below:
- A. for all Cost Pass-Through Events (with the exception of the Change in Tax Event, UAG Adjustment Event and Licence Fee Adjustment Event, unless clause 3.4(f)(iv)B requires otherwise) – at least 1 per cent of the smoothed revenue requirement specified in the final decision in the years of the access arrangement period that the costs are incurred.

B. for Change in Tax Event, UAG Adjustment Event and Licence Fee Adjustment Event sufficient to change the smallest increment in the Reference Tariffs as per the rounding convention. The costs incurred by the Service Provider for the Change in Tax Event, UAG Adjustment Event and Licence Fee Adjustment Event must be supported by verifiable information (including invoices or independently verified information). If the Change in Tax Event, UAG Adjustment Event and Licence Fee Adjustment Event are not supported by verifiable information the higher administrative threshold (outlined in paragraph (i) above) applies to those events. The financial impacts for the Change in Tax Event may be supported by documentation from an auditor or accountant to verify the estimates.

(v) Only incurred costs for a Change in Tax Event, UAG Adjustment Event and Licence Fee Adjustment Event can be subject to the lower materiality threshold defined in clause 3.4(f)(iv)B. Non incurred costs, including expected or forecast costs, are subject to the higher administrative threshold defined in clause 3.4(f)(iv)A.

(vi) Subject to the AER's approval, Haulage Reference Tariffs for the 1 July 2010 to 30 June 2015 access arrangement period will only be adjusted for Cost Pass-Through Event costs that have been incurred in that access arrangement period.

(g) **Default Haulage Reference Tariffs for the new Financial Year t**

If the Service Provider does not submit the proposed Haulage Reference Tariffs to apply from the start of the next Financial Year t in accordance with the procedures set out above in paragraph (b) then the AER will determine the reference tariffs that are compliant with the approved tariff variation mechanism. In this situation the AER will scale all reference tariff by $(1+CPI)(1-X)$.

3.5 Reference Tariff Variation Methods

- (a) The Service Provider may vary the Haulage Reference Tariffs in accordance with the Annual Tariff Variation Mechanism and tariff variation notification and AER approval procedures set out in this Section. Variations may result in both increases and decreases in Reference Tariffs.
- (b) The Service Provider may vary its Haulage Reference Tariffs for any year during the Access Arrangement Period with effect from 1 July of that year or any other date approved by the AER.

- (c) Subject to the AER's approval, the Service Provider will adjust the Meter Data Service Reference Tariff for CPI annually. For Meter Data Services, the approval by the AER process set out in clause 3.4 applies.

A. Annual Tariff Variation Mechanism

The Service Provider will implement its CPI-X price path for the Financial Years commencing on or after 1 July 2011 using the Annual Tariff Variation Mechanism as specified as the following formulae:

$$(1 + CPI_t)(1 - X_t) \geq \frac{\sum_{x=1}^n \sum_{y=1}^m p_t^{xy} q_{t-2}^{xy}}{\sum_{x=1}^n \sum_{y=1}^m p_{t-1}^{xy} q_{t-2}^{xy}}$$

Subject to the side-constraint that, for each Reference Tariff:

$$(1 + CPI_t)(1 - X_t) + 0.1 \geq \frac{\sum_{y=1}^m p_t^{xy} q_{t-2}^{xy}}{\sum_{y=1}^m p_{t-1}^{xy} q_{t-2}^{xy}}$$

where the Service Provider has n Reference Tariffs, which each have up to m tariff components, and where:

t is the Financial Year for which the tariffs are being set;

p_t^{xy} is the proposed tariff for component y of Reference Tariff x in Financial Year t, i.e. the new tariff to apply in Financial Year t;

p_{t-1}^{xy} is the tariff for component y of Reference Tariff x that is being charged at the time the notification is submitted to the AER for assessment. It is the tariff that applies in Financial Year t-1, i.e. the tariff that applies before the new tariffs come into effect;

q_{t-2}^{xy} is the actual quantity of component y of Reference Tariff x that was sold in Financial Year t-2

for the Financial Year t-2 which is the Financial Year ending 30 June 2010, it is the actual quantity of component y of Reference Tariff x forecast by the Service Provider for Financial Year ending 30 June 2011 for the purpose of determining the values of X_t as submitted to the AER;

CPI_t is defined as defined in Section B;

X_t is defined as by the alignment of the Service Provider's building block revenue requirement with the NPV of its forecast revenues and is determined to be:

- 1.96% in 2011/12;
- ~~-8.33 -1.96%~~ in 2012/13;
- ~~-8.33 -1.96%~~ in 2013/14; and
- ~~-8.33 -1.96%~~ in 2014/15.

B. Calculation of CPI adjustment

For the purpose of the Annual Tariff Variation Mechanism, CPI for a particular Financial Year means:

- (a) for Financial Years beginning after 30 June 2010:
 - (i) the Consumer Price Index: All Groups Index for the Eight State Capitals as published by the Australian Bureau of Statistics for the December Quarter immediately preceding the start of the relevant Financial Year; divided by
 - (ii) the Consumer Price Index: All Groups Index for the Eight State Capitals as published by the Australian Bureau of Statistics for the December Quarter immediately preceding the December Quarter referred to in paragraph (i),
 - (iii) minus one.
- (b) If the Australian Bureau of Statistics does not, or ceases to, calculate and publish the CPI, then CPI will mean an inflation index or measure agreed between the AER and the Service Provider.

C. Tariff adjustments and pass-through events

- (a) The Annual Tariff Variation mechanism provides for annual adjustment in accordance with the approved price path (X factor) and for the variation of Reference Tariffs where there is an impact on the cost of providing Reference Services as a result of one or more of a Cost Pass-Through Event occurring (subject to each individual event meeting the administrative threshold), the cost of which was not included in the amount of the Initial Reference Tariffs and price path.
- (b) Cost pass-through events are:
 - a Licence Fee Event;

a Change in Tax Event;

a Business Continuity Event;

a Market Cost Event;

a Declared Retailer of Last Resort (ROLR) Event;

a Carbon Pollution Reduction Scheme Event;

an Unaccounted for Gas (UAG) Adjustment Event; and

a General Pass Through Event,

(any of which is a **Cost Pass-Through Event**)

Where:

“Licence Fee Event” means the annual costs incurred by the Service Provider as a result of any decision by the AER, IPART, AEMO, the Gas Market Company or any other relevant regulator, authority or State or Commonwealth Government which has the effect of changing or introducing any authorisation fee, licence fee or statutory charge imposed on the Service Provider which is related to the operation of the Network.

“Change in Tax Event” means:

- (i) a change in the way, or rate at which, a Relevant Tax is calculated (including a change in the application or official interpretation of Relevant Tax); or
- (ii) the removal of a Relevant Tax or imposition of a new Relevant Tax.

“Business Continuity Event” means any occurrence that may create, or may lead to, an interruption, disruption, loss and/or crisis in the Service Provider’s business for which the Service Provider does not have full insurance coverage as identified in the Service Provider’s Access Arrangement Information, including but not limited to, gas supply shortfall, tsunami, cyclone, pandemic illness and earthquake.

“Market Costs Event” means any

- (i) decision made by the AER, or any other authority;
- (ii) coming into force of any new statute, regulation, order, rule, subordinate legislation or other source of legal obligation on the Service Provider;

- (iii) change in any existing statute, regulation, order, rule, subordinate legislation or other source of legal obligation on the Service Provider; or
- (iv) change in any other document enforceable under any statute, regulation, rule or subordinate legislation;

which occurs on or after 1 July 2010, which has the effect of:

- (v) imposing minimum standards (including network design, operational or safety standards) on the Service Provider that are new or different from those applying immediately before 1 July 2010; or
- (vi) substantially altering the manner in which the Service Provider is required to undertake any activity forming part of, or ancillary to, its Reference Services (including, but not limited to, rules governing the operation of competitive gas markets or a requirement that a party other than, or in addition to, the Service Provider be required to comply with the obligation of a Service Provider for the Network under the National Gas Law and National Gas Rules);

such that the Service Provider incurs greater or lesser costs in providing the Reference Service than it did before the event occurred.

“Declared Retailer of Last Resort (ROLR) Event” means the occurrence of an event whereby the Service Provider incurs materially higher or lower administrative costs as a result of an existing retailer for Customers being unable to continue to supply gas and those Customers being transferred to the declared retailer of last resort.

“Carbon Pollution Reduction Scheme (CPRS) Event” means the occurrence of an event whereby the Service Provider incurs costs as a result of the introduction and operation of a CPRS or similar legislated scheme which places a cost on carbon or carbon-containing emissions.

“UAG Adjustment Event” occurs when annual forecast UAG costs are different to the actual UAG costs incurred for that year.

“General Pass Through Event” means any other pass through event which occurs in the following circumstance:

1. An uncontrollable or unforeseeable event occurs during the 1 July 2010 to 30 June 2015 access arrangement period, the effect of which could not have been prevented or mitigated by prudent operation risk management.
2. The costs of the event are not already included in building block revenue or reimbursed by a third party. These events will be

assessed at the time of application for consistency with the relevant National Gas Rules criteria. For the purpose of this definition, an event will be considered unforeseeable if, at the time the Service Provider lodged its access arrangement revision proposal, despite the occurrence of the event being a possibility there was no reason to consider that the event was more likely to occur than not to occur during the 1 July 2010 to 30 June 2015 access arrangement period.

D. Calculation of the UAG Adjustment

- (a) The Service Provider's UAG Costs are the financial impact of UAG on the Service Provider. UAG Costs are the costs associated with purchases of gas by the Service Provider as UAG, including costs for transmission haulage and other direct costs reasonably incurred by the Service Provider to acquire UAG through a competitive market or process (**UAG Costs**).
- (b) The Service Provider's Cost of Service includes an allowance for UAG Costs based on the UAG Target Rate for 2010-11 to 2014-15, as set out in Schedule 8.
- (c) Reference Tariffs will be adjusted each Financial Year to account for the difference in the previous Financial Year between the allowance for UAG Costs included in the Cost of Service (as set out in Schedule 8) and the Recoverable UAG Cost (as set out below).
- (d) The Recoverable UAG Cost for Financial Year $t - 1$ in the Access Arrangement is the product of:
 - A. the latest forecast of gas receipts for Financial Year $t - 1$;
 - B. the average UAG Cost per gigajoule for purchases of gas in Financial Year $t - 1$; and
 - C. the UAG Target Rate.

(Recoverable UAG Cost)

- (e) The Service Provider will provide to the AER (within 4 months after 30 June in each year of the Access Arrangement Period) a statement verified by an independent auditor engaged by the Service Provider that contains, without limitation the following information:
 - (i) the actual level of UAG on the Service Provider's Covered Pipelines;
 - (ii) the UAG charged to Users; and
 - (iii) confirmation that gas purchased as UAG was purchased through a competitive market or open competitive process.

- (f) Reference Tariffs will be adjusted in the event that UAG Costs cease to be a Network cost during the Access Arrangement Period.

3.6 Goods and Services Tax

- (a) Unless otherwise stated, all amounts payable or the value of other consideration provided in respect of supplies made in relation to this Access Arrangement are exclusive of GST (if any). If GST is levied or imposed on any supply made (or deemed to have been made) under or in accordance with this Access Arrangement, the amounts payable or the value of the consideration provided for that supply (or deemed supply) ('**Payment**') shall be increased by such amount as is necessary to ensure that the amount of the Payment net of GST is the same as it would have been prior to the imposition of GST.
- (b) Terms defined in *A New Tax System (Goods and Services Tax) Act 1999* (Cth) or a successor Act have the same meaning when used in this clause 3.6.

4. Speculative capital expenditure & investment policy

4.1 General

- (a) If during the Access Arrangement Period the Service Provider chooses to make capital expenditure that is non-conforming capital expenditure under the National Gas Rules it may:
- (i) recover the full amount or part of the amount of the expenditure by means of a capital contribution by a User or Users; and/or
 - (ii) notify the AER that it proposes to recover the amount or part of the amount of the expenditure by means of a surcharge
- as provided in the National Gas Rules.
- (b) To the extent that the amount of the non-conforming capital expenditure is not to be recovered through a surcharge approved by the AER in accordance with the National Gas Rules, or through a User's capital contribution, the Service Provider will add that amount to its speculative capital expenditure account in accordance with the National Gas Rules.

5. Capital redundancy policy

- (a) In accordance with Rule 77(2)(e) and (f) of the National Gas Rules, redundant assets identified during the course of an Access Arrangement Period, and pipeline assets disposed of during an Access Arrangement Period, will be removed from the opening Capital Base with effect from the commencement of the following Access Arrangement Period.
- (b) In determining whether to reduce the Capital Base, and the amount by which the Capital Base should be reduced, the AER may take into account:
 - (i) The value of the assets when the assets were first included in the Capital Base, and their current value;
 - (ii) The value that the assets to be removed from the Capital Base represent as a proportion of the total Capital Base;
 - (iii) The cost to the Service Provider of a reduction in Total Revenue resulting from a reduction of the Capital Base;
 - (iv) The impact of a reduction of the Capital Base on Tariffs paid by Users;
 - (v) The objectives and principles of the National Gas Law and National Gas Rules; and
 - (vi) Any other factors that in the reasonable opinion of the AER are relevant and not inconsistent with the National Gas Law and National Gas Rules.

6. Queuing policy

6.1 Forming the Queue

- (a) Where there is insufficient capacity to satisfy a Request and the Service Provider receives a Request from a User, a queue will be formed.
- (b) A queue will include all relevant Requests which cannot be satisfied. Where an offer has been made in response to a Request received prior to formation of the queue, that Request will take first position in the queue. If there are a number of offers that have been made in response to Requests received prior to the formation of the queue, those Requests will take positions in the queue according to the date of those Requests, but will be ahead of any Requests made after the formation of the queue.
- (c) At the time a Request is placed in a new or existing queue, the Service Provider will advise the Prospective User of:
 - (i) its position in the queue;
 - (ii) the aggregate capacity sought under Requests which are ahead in the queue;
 - (iii) its estimate of when capacity may become available; and
 - (iv) the size of any surcharge that may apply to Developable Capacity.
- (d) When the position of a Request changes relative to other Requests which are ahead in the queue (such as where a Request ceases to be on the queue) or where the timing of availability of a new tranche of Developable Capacity changes, the Service Provider will provide revised information to the Prospective User.
- (e) Where a Request is made for a Service to a Delivery Point and the Service Provider is satisfied that the Request is for the same tranche of capacity which is already provided to another User in respect of that Delivery Point, then the Service Provider may make that tranche of capacity available in response to the Request to the extent that the existing User is otherwise entitled to maintain or extend that tranche of capacity. That Request does not form part of the queue.

6.2 Conditions Applicable on Queue

- (a) A Prospective User may reduce but not increase the capacity sought in a Request which is in a queue.

- (b) Once every three months, the Service Provider may seek confirmation from a Prospective User that it wishes to continue with its Request. If a Prospective User fails to respond within 14 days the Request will lapse.
- (c) A Prospective User must advise the Service Provider if it does not wish to proceed with a Request, which will then lapse.
- (d) Any lapsed Request will be removed from the queue and priority will be lost.
- (e) A Prospective User may only assign a Request in a queue to a bona fide purchaser of the Prospective User's business and/or assets, subject to the Service Provider's prudential requirements.
- (f) A Request may lapse if, on assignment of a controlling interest in the shares of the Prospective User, the assignee fails to provide a guarantee as required by the Service Provider or to meet the Service Provider's prudential requirements.

6.3 Procedure When Capacity Can Be Made Available

When capacity can be made available which meets the requirements of any Request in a queue:

- (a) that capacity will be progressively offered to each Prospective User in the queue in order of priority (notwithstanding that such capacity is not sufficient to meet the needs of that Prospective User); and
- (b) The Service Provider will advise each of those Prospective Users of its plans to make capacity available, and the terms and conditions on which the capacity will be available.
- (c) A Prospective User will have 30 days after an offer is made to enter into a Service Agreement (conditional if necessary on the Service Provider entering into Service Agreements with other Prospective Users), failing which the Request will lapse or lose priority to those entering into such a Service Agreement (upon that Agreement becoming unconditional).

6.4 Priority of Prospective Users in Obtaining Services

- (a) The priority date of a Request is the date a complete Request is received by the Service Provider.
- (b) Where the Service Provider determines that two or more Requests relate to the same tranche of capacity for the same Delivery Point, all those Requests will have the priority date of the earliest Request.
- (c) A Request for a Service relating to less than 1 TJ of gas per annum will have priority over a Request for a Service relating to more than 1 TJ of gas per annum.

- (d) A Request for a Reference Service will have priority over a Request for a Negotiated Service.

6.5 Compensation for Holding Capacity

- (a) The Service Provider may require the User to pay compensation for the Service Provider agreeing to commence a Service more than 30 days from the execution of a Service Agreement where the commitment of capacity to meet the requirements of the User contributes to:
 - (i) the continuation of a queue,
 - (ii) the formation of a queue at any time prior to the commencement date, or
 - (iii) the acceleration of investment by the Service Provider to provide capacity for other Users on the transportation route.

6.6 General

- (a) A Request will not lapse and will retain its priority in a queue in the event of a dispute being notified, until that dispute has been resolved in accordance with the National Gas Law and National Gas Rules.
- (b) Where a queue exists a Prospective User must on request demonstrate to the Service Provider that the Prospective User will have access to a supply of gas at the time it is anticipated that the Prospective User will be offered access to the Service.

7. Extensions and expansions policy

- (a) The following method shall be used to determine whether an extension or expansion of a Covered Pipeline should be taken to form part of the Covered Pipeline:
- (i) If the Service Provider proposes a new network section of the Covered Pipeline that it must apply to the AER in writing to decide whether the new network section will be taken to form part of the covered pipeline and will be covered by this access arrangement. The application must be made in accordance with clause 7(a)(ii).
- For the purposes of this section 8, a new network section means an extension to the Service Provider's Covered Pipeline with a direct connection to a transmission pipeline and which is designed to provide reticulated gas to a new development or an existing development not serviced with reticulated gas.
- (ii) The Service Provider must apply to the AER under clause 7(a)(i) before the proposed new network section comes into service:
- A. in writing;
- B. stating whether the Service Provider intends for the proposed new network section to be covered by the Access Arrangement; and
- C. describing the new network section and setting out why it is being undertaken.
- (iii) The Service Provider is not required to advise the AER under clause 7(a)(i) to the extent that the cost of the new network section has already been included in the calculation of Reference Tariffs.
- (iv) After considering the Service Provider's application, and undertaking such consultation as the AER considers appropriate, the AER will inform the Service Provider of its decision on the Service Providers' proposed coverage approach for the new network section.
- (v) The AER's decision referred to in 7(a)(iv) above, may be made on such reasonable conditions as determined by the AER and will have the effect stated in the decision.

- (b) Any extensions to and expansions of the capacity of the Network which are not new network sections within the meaning of clause 7(a)(i) will be treated as part of the Network and covered by this Access Arrangement.
- (c) All extensions of low or medium pipelines and expansions of the capacity of the Network carried out by the Service Provider will be treated as covered under this Access Arrangement.
- (d) The Service Provider will offer Reference Services in respect of such extension or expansion which is part of the Network at the Reference Tariffs. The 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).

8. Capacity trading

- (a) A User may transfer all or any of its contracted capacity for a Haulage Reference Service to another User in accordance with the provisions of the Reference Service Agreement contained in Schedule 3.
- (b) A User may transfer all or any of its contracted capacity for a Pipeline Service other than a Haulage Reference Service to another User in accordance with the provisions of its Service Agreement with the Service Provider to the extent those provisions are consistent with the capacity trading requirements in the National Gas Rules.

9. Changing receipt and delivery points

- (a) A User may, with the Service Provider's consent, change the User's Receipt Point or Delivery Point for the delivery of a Reference Service in accordance with the provisions of the Reference Service Agreement contained in Schedule 3.
- (b) A User may, with the Service Provider's consent, change the User's Receipt Point or Delivery Point for the delivery of a Pipeline Service other than a Haulage Reference Service in accordance with the provisions of its Service Agreement with the Service Provider to the extent those provisions are consistent with the provisions governing the change of receipt and delivery points by Users in the National Gas Rules.

10. Fixed principles

10.1 Consolidated Access Arrangement

- (a) The AER has issued a direction to the Service Provider under Rule 53 of the National Gas Rules to consolidate the access arrangements for its four Covered Pipelines:
- (i) Wilton-Newcastle trunk pipeline;
 - (ii) Wilton-Wollongong trunk pipeline;
 - (iii) AGL NSW distribution system; and
 - (iv) AGL Central West distribution system
- subject to the following conditions:
- (v) the consolidation remain in force until revoked by the AER; and
 - (vi) The Service Provider must separately prepare, maintain and keep information about the Capital Base of the:
 - A. Wilton-Newcastle trunk pipeline;
 - B. Wilton-Wollongong trunk pipeline; and
 - C. the AGL NSW distribution system and the AGL Central West distribution system.
- (b) It is a fixed principle under this Access Arrangement that the AER must notify the Service Provider no later than 18 months prior to the Revision Commencement Date if it intends to revoke its direction to the Service Provider to consolidate the access arrangements for its four Covered Pipelines. This fixed principle remains in force for the Access Arrangement Period covered by this Access Arrangement.

11. Acceleration of review submission date triggers

- (a) If an amendment to the National Gas Law or the National Gas Rules takes effect or the National Energy Retail Law or the National Energy Retail Rules commence operation in New South Wales and:
 - (i) this affects the terms and conditions on which Users or Customers obtain access under the Access Arrangement; and
 - (ii) this results in more favourable conditions for Users or Customers than those under the Access Arrangement.

The Service Provider is required to notify the AER no later than one month following this and to also provide contact details of its Users to the AER at this time.

- (b) The AER may consult with interested parties and the Service Provider in order to determine whether the circumstances outlined in (a) above are circumstances that are likely to be significant and constitute a trigger event.
- (c) Following the consultation in (b) above, the AER will notify the Service Provider whether the circumstances constitute a trigger event, in which case the review submission date fixed in the Access Arrangement will advance, to a date 6 months from the date of the trigger event or such other date as determined by the AER subject to the National Gas Rules.

Schedule 1 - Definitions And Interpretations

1.1 Definitions

In this Access Arrangement:

AEMC has the meaning given in the Reference Service Agreement;

AER means the Australian Energy Regulator established by section 44AE of the *Trade Practices Act 1974* of the Commonwealth;

Access Arrangement Information means the information relating to this Access Arrangement and published in accordance with Rule 44 of the National Gas Rules;

Access Arrangement Period has the meaning given to it in the National Gas Rules;

Annual Tariff Variation Mechanism or price control means the mechanism set out in clause 3.5, Section A of Section 3 (Reference Tariffs and Reference Tariff variation mechanism);

Basic Metering Equipment has the meaning given in the Reference Service Agreement;

Business Customer means an Customer who is not an Customer who consumes gas principally for personal, domestic or household use;

Business Day has the meaning given in the Reference Service Agreement;

Capital Base means the capital value to be attributed, in accordance with Part 9 of the National Gas Rules, to pipeline assets;

Central West Network means the pipelines within the Central West Distribution System;

Central West Distribution System means the covered natural gas distribution pipelines owned by the Service Provider, which have Receipt Points and service the Central West areas as described in Schedule 7;

Charge for a Service means the amount that is payable by a User to the Service Provider for the provision of the Service to that User;

Chargeable Demand has the meaning given in the Reference Service Agreement;

Coverage Determination means a determination of a Relevant Minister under Chapter 3 Part 1 Division 1 of the National Gas Law;

Covered Pipeline means a pipeline:

- (a) to which a Coverage Determination applies; or

(b) deemed to be a Covered Pipeline by operation of section 126 or 127 of the National Gas Law;

Cost of Service is the total revenue for each regulatory year of the Access Arrangement Period as set out in the Access Arrangement Information for this Access Arrangement;

Cost Pass-Through Event means the events listed in clause 3.5C(b) of Section 3 (Reference Tariffs and Reference Tariff variation mechanism);

CPI means the All Groups Consumer Price Index that is the weighted average of the 8 capital cities as first published by the Australian Bureau of Statistics;

Curtailed Plan means a written procedure, which is reasonably acceptable to the Service Provider, that describes the timing and steps to be taken by a Customer to reduce and maintain hourly Gas withdrawals at the Delivery Point to pre-quantified levels which correspond to the Load Shedding Priorities set out in the ELMS Data for the Delivery Point;

Customer has the meaning given in the Reference Service Agreement;

Damage has the meaning given in the Reference Service Agreement;

Day has the meaning given in the Reference Service Agreement;

Delivery Point means a point on the Network at which the Service Provider delivers natural gas;

Delivery Station has the meaning given in the Reference Service Agreement;

Demand Tariff means a type of tariff assigned to a Delivery Point in accordance with the assignment criteria for a demand tariff as set out in the Reference Tariff Schedule;

Developable Capacity means the difference between the current capacity of a Covered Pipeline and the capacity of a Covered Pipeline which would be available if a new facility was constructed, but does not include any new capacity of a Covered Pipeline resulting from an extension to the geographic range of a Covered Pipeline;

ELMS Data has the meaning given in the Reference Service Agreement;

Embedded Network means a distribution system or a pipeline not owned and operated by the Service Provider, which is connected to and receives gas from the Network for the purpose of use by third parties;

Embedded Network Operator means the licensed owner or operator of an Embedded Network;

Financial Year means the 12-month period ending on 30 June in any year;

Fixed Charge means a charge determined in accordance with Section 3 (Reference Tariffs and Reference Tariff variation mechanism) and the Reference Tariff Schedule;

Gas has the meaning given in the Reference Service Agreement;

GJ has the meaning given in the Reference Service Agreement;

GST has the meaning given in the Reference Service Agreement;

Haulage Reference Service has the meaning given in the Reference Service Agreement;

Haulage Reference Tariff means a tariff which relates to a Haulage Reference Service, established in accordance with Section 3 (Reference Tariffs and Reference Tariff variation mechanism);

Haulage Reference Tariff Component means any one of the individual charges that comprises a particular Haulage Reference Tariff;

Heating Value has the meaning given in the Reference Service Agreement;

Hour has the meaning given in the Reference Service Agreement;

Initial Reference Tariffs means the Reference Tariffs applying on the commencement of this Access Arrangement (under clause 1.5), until amended in accordance with Section 3 (Reference Tariffs and Reference Tariff variation mechanism);

Initial Reference Tariff Schedule means Schedule 2 of this Access Agreement;

Initial Tariff Classes means the Tariff Classes applying on the commencement of this Access Arrangement (under clause 1.5), until amended in accordance with Section 3 (Reference Tariffs and Reference Tariff variation mechanism);

Interconnection of Embedded Network Service means the Service described in clause 2.3, Section D;

kPa has the meaning given in the Reference Service Agreement;

Load has the meaning given in the Reference Service Agreement;

Maximum Daily Quantity or **MDQ** means the maximum Quantity of gas (in GJ) which the Service Provider is obliged to transport and delivery to a particular Delivery Point on behalf of the User on any Day (excluding Overruns);

Maximum Hourly Quantity or **MHQ** means the maximum Quantity of gas (in GJ) which the Service Provider is obliged to transport and delivery to a particular Delivery Point on behalf of the User in any Hour (excluding Overruns);

Measuring Equipment has the meaning given in the Reference Service Agreement;

Meter Data Service means the service which is described in clause 2.2, Section B;

Meter Data Service Reference Tariff means the tariffs relating to the Meter Data Service, as specified in the Reference Tariff Schedule;

Meter Reading Charge means an annual charge specified in the Reference Tariff Schedule;

MJ has the meaning given in the Reference Service Agreement;

Month means calendar month;

National Gas Law means the *National Gas Law* adopted under the *National Gas (New South Wales) Act 2008* (NSW);

National Gas Rules or **Rules** means:

- (a) the initial National Gas Rules; and
- (b) Rules made by the AEMC under the National Gas Law, including Rules that amend or revoke:
 - (i) the initial National Gas Rules; or
 - (ii) Rules made by it;

Negotiated Service means a service for the transportation of gas on terms and conditions different to those of a Reference Service;

Negotiated Service Agreement means a contract between the Service Provider and a User or Prospective User for the provision of Negotiated Services;

Network has the meaning given in the Reference Service Agreement;

Network Code means the '*Jemena Gas Networks (NSW) Ltd Network Code for Full Retail Competition*' dated 1 January 2002 as amended or replaced from time to time, or any equivalent document required to be prepared under any applicable law;

Network Section has the meaning given in the Reference Service Agreement;

Non-Reference Service means:

- (a) the Interconnection of Embedded Network Service; or
- (b) a Negotiated Service;

NSW Distribution System means the covered natural gas distribution pipelines owned by the Service Provider, which have Receipt Points and service the NSW areas as described by Schedule 7;

Operational Schedules has the meaning given in the Reference Service Agreement;

Overrun has the meaning given in the Reference Service Agreement;

Pipeline Service has the meaning given to it in the National Gas Law;

Prospective User means:

- (a) A person who seeks or wishes to be provided with a Pipeline Service by means of the Network;
- (b) To avoid doubt, a User is also a prospective user if the User seeks or wishes to be provided with a Pipeline Service by means of the Network other than a Pipeline Service already provided to them under:
 - (i) a contract; or
 - (ii) an access determination;

Provision of Basic Metering Equipment Charge has the meaning given in the Reference Service Agreement;

Provision of On Site Data and Communications Equipment Charge means an annual charge specified in the Reference Tariff Schedule;

Quantity has the meaning given in the Reference Service Agreement;

Queuing Policy has the meaning given in the Reference Service Agreement;

Receipt Point has the meaning given in the Reference Service Agreement;

Receipt Station means the facilities installed at a Receipt Point to enable receipt of gas into the Network;

Reference Service means:

- (a) the Haulage Reference Service. This includes the Ancillary Reference Service unless a contrary intention is clear.
- (b) the Meter Data Service. This includes the Ancillary Reference Service unless a contrary intention is clear.

Reference Service Agreement means the contract between the Service Provider and a User or Prospective User for the provision of Reference Services as set out in Schedule 3;

Reference Tariff has the meaning given in the Reference Service Agreement;

Reference Tariff Schedule has the meaning given in the Reference Service Agreement;

Relevant Minister means if, in a coverage recommendation, no-coverage recommendation, classification decision under the Rules or reclassification decision, the NCC determines the pipeline is:

- (a) a cross boundary transmission pipeline—the Commonwealth Minister;
- (b) a transmission pipeline situated wholly within a participating jurisdiction—the designated Minister;
- (c) a distribution pipeline situated wholly within a participating jurisdiction—the Minister of the participating jurisdiction;
- (d) a cross boundary distribution pipeline—the Minister of the participating jurisdiction determined by the NCC in the recommendation as being the participating jurisdiction with which the cross boundary distribution pipeline is most closely connected;

Relevant Tax means any Tax other than:

- (a) any tax in the nature of an income tax or a capital gains tax;
- (b) penalties, charges, fees and interest on late payments, or deficiencies in payments, relating to any Tax;
- (c) stamp duty, or similar taxes and duties; and
- (d) any Tax that replaces or is the equivalent of or similar to any of the taxes referred to above;

Request has the meaning given in the Reference Service Agreement;

Residential Customer means an Customer who consumes energy principally for personal, domestic or household use;

Review Submission Date means the date pursuant to clause 1.6 of this Access Arrangement;

Revision Commencement Date means the date pursuant to clause 1.7 of this Access Arrangement;

Service means a service provided by the Service Provider in relation to the Network including but not limited to Reference Services;

Service Agreement means a contract between the Service Provider and a User or Prospective User for the provision of a Service;

Tariff means a rate by which a charge for a Pipeline Service is calculated;

Tariff Class means customers for one or more Reference Services who constitute a tariff class under this Access Arrangement;

Tax means any royalty (whether based on value, profit or otherwise), tax, duty, excise, levy, fee, rate or charge imposed from time to time during the term of this Access Arrangement by any government or any governmental, semi-governmental or other body authorised by law to impose that tax on or to:

- (a) the Network (or any of its components);
- (b) the operation of the Network; or
- (c) the provision of Services by the Service Provider;

TJ has the meaning given in the Reference Service Agreement;

Total Revenue is the amount determined in accordance with rule 76 of the National Gas Rules;

Transitioned Access Arrangement means the AGL Gas Networks Limited Access Arrangement approved by the Independent Pricing and Regulatory Tribunal on 29 April 2005, and designated as a 'transitioned access arrangement' under Schedule 3 of the National Gas Law;

UAG has the meaning given in the Reference Service Agreement;

UAG Costs has the meaning given in Section D of Section 3 (Reference Tariffs and Reference Tariff variation mechanism);

UAG Target Rate is 2.34 per cent of gas receipts;

User means a person who:

- (a) is a party to a contract with the Service Provider under which the Service Provider provides or intends to provide a Pipeline Service to that person by means of the Network; or
- (b) has a right under an access determination to be provided with a Pipeline Service by means of the Network;

Variation Notice means a notice submitted by the Service Provider to the AER under Section 3 (Reference Tariffs and Reference Tariff variation mechanism);

Volume has the meaning given in the Reference Service Agreement;

Volume Tariff means a type of tariff assigned to a Delivery Point in accordance with the assignment criteria for a volume tariff as set out in the Reference Tariff Schedule;

WACC means the nominal vanilla Weighted Average Cost of Capital as set out in Section 8 of the Access Arrangement Information for this Access Arrangement;

Wilton Network Section has the meaning given in the Reference Service Agreement;

Wilton-Newcastle Network Section has the meaning given in the Reference Service Agreement;

Wilton-Wollongong Network Section has the meaning given in the Reference Service Agreement;

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

1.2 Interpretation

In the construction of the Access Arrangement, unless the context otherwise requires:

- (a) a reference to a clause or a schedule is to a clause in, or schedule to, the Access Arrangement;
- (b) a word importing the singular includes the plural and vice versa, and a word of any gender includes the corresponding words of any other gender;
- (c) references to any statute, regulations, or other statutory instrument, standard or by-laws shall be deemed to be references to the statute, regulation, statutory instrument, standard or by-law as from time to time amended, consolidated, re-enacted or replaced including substituted provisions that substantially correspond to those referred to;
- (d) references to any agreement, deed, instrument, or publication shall be deemed to be references to the agreement, deed, instrument or publication as from time to time amended, supplemented, novated or replaced;
- (e) clause or condition headings are inserted for convenience only and do not affect the interpretation of the Access Arrangement;
- (f) expressions referring to writing will be construed as including references to words printed, type-written, telexed, lithographed, facsimiled or otherwise traced, copied or reproduced;
- (g) a reference to a Party includes a reference to its successors in title and permitted assigns;
- (h) an agreement, representation or warranty on the part of two or more persons binds them jointly and severally or if given in favour of two or more persons may be enjoyed by them jointly or severally or jointly and severally;

- (i) when referring to a particular Day, the date of the Day shall be the date on which that Day begins; and
- (j) the words "include", "including", "for example" or "such as" are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.
- (k) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (l) a reference to a person includes an individual, the estate of an individual, a corporation, an authority, an association or parties in a joint venture, a partnership and a trust;
- (m) a reference to an agency or body if that agency or body ceases to exist or is reconstituted, renamed or replaced or has its powers or function removed (obsolete body), means the agency or body which performs most closely the functions of the obsolete body; and
- (n) a reference to \$ or dollar is to Australian currency.

1.3 Terms defined in Reference Service Agreement

Terms defined in the Reference Service Agreement have the same meaning when used in this Access Arrangement unless otherwise defined.

Schedule 2 - Initial Reference Tariff Schedule

- (a) This Initial Reference Tariff Schedule sets out the Initial Reference Tariffs that apply for each Reference Service under this Access Arrangement.
- (b) The Initial Reference Tariffs are expressed in real 2010/2011 dollars
- (c) There may be more than one Initial Reference Tariff for each Reference Service.
- (d) The Initial Reference Tariffs available for a specific Reference Service depend upon the Initial Tariff Class assigned by the Service Provider to the Delivery Point to which the Reference Service will be provided.
- (e) In addition to setting out the Initial Tariff Classes and the Initial Reference Tariffs, this Initial Reference Tariff Schedule sets out and explains the tariff components and assignment criteria used in determining the availability of different Reference Tariffs. Prices are expressed in real 2010/11 dollars and are exclusive of GST.
- (f) The Initial Reference Tariffs will take effect from the commencement of this Access Arrangement and will apply until amended in accordance with Section 3 (Reference Tariffs and Reference Tariff variation mechanism). When the Reference Tariffs are amended, the updated Reference Tariff Schedule will be published on the Service Provider's website.
- (g) The Initial Reference Tariffs have been determined using a P0 adjustment of -5.31 per cent (real) for the Haulage Reference Service and -29.69 per cent (real) for the Meter Data Service.

1.1 Assignment Criteria for a Tariff Class

- (a) The Service Provider determines the appropriate Tariff Class for a Delivery Point based on one or more of the following elements:
 - (i) customer groups;
 - (ii) tariff categories; and
 - (iii) classification by location.
- (b) The assignment criteria for each relevant element must be satisfied in order for a Delivery Point to qualify for a particular Tariff Class.

A. Tariff Customer Groups

- (a) The relevant tariff customer group that applies to a Delivery Point to which a Haulage Reference Service is provided is determined on the basis of the characteristics of the ultimate end Customer that occupies the premises served by that Delivery Point.
- (b) The assignment criteria are as follows:
 - (i) **Demand Tariff:** A Delivery Point can be assigned a Demand Tariff where:
 - A. the natural gas delivered to that Delivery Point is used on the premises to meet the production or energy requirements of a single Business Customer who is reasonably expected to consume more than 10 TJ of natural gas a Year; and
 - B. the Service Provider has accurate and complete information to enable Load Shedding procedures to be implemented at the Delivery Point.
 - (ii) **Volume Tariff:** A Delivery Point can be assigned a Volume Tariff where the natural gas delivered to that Delivery Point is used on the premises to meet the production or energy requirements of a single Business Customer or Residential Customer who is reasonably expected to consume less than 10 TJ of natural gas a Year.

B. Tariff Category

- (a) Where convenient, the Service Provider uses a tariff category to group a number of Tariff Classes together to describe a common, but not complete, subset of assignment criteria. For example, the assignment criteria for all Demand Tariffs that fall into the capacity category have a common “category criteria” but separate “location criteria”.
- (b) The tariff categories for Demand Tariffs, and the corresponding category assignment criteria are as follows:

Abbreviation	Category	Criteria
DC	Capacity	This category is used for Delivery Points which meet the criteria for a Demand Tariff, and have not been assigned to another Demand Tariff category, such as the 'Capacity - 1st Response' or 'Throughput' categories.

Abbreviation	Category	Criteria
DCFR	Capacity – 1st Response	<p>Assignment to this tariff category is made upon User request.</p> <p>This tariff category is used for Delivery Points which meet the criteria for a Demand Tariff and which satisfy (to the Service Provider's reasonable satisfaction) the following additional criteria:</p> <ul style="list-style-type: none"> a) peak hourly historical demand is consistently greater than 350 GJ/hr, but no more than the MHQ; b) the User has provided the Service Provider with a documented Curtailment Plan for the Delivery Point which is acceptable to the Service Provider and contains ELMS Data required by the Service Provider, contact personnel and site procedures for reducing load in accordance with the ELMS Data, including times for various stages of load reduction; c) under the Curtailment Plan and ELMS Data held by the Service Provider, at least 40% of peak historical hourly demand is nominated for reduction in load shedding priority 1 and that reduction could be expected to be reduced within no more than 6 hours of first contact; d) the Curtailment Plan and all ELMS Data is up to date (with a minimum review period of 24 months); e) the Service Provider is able to continuously monitor hourly demand from the Delivery Station at the site, or other sampling frequency acceptable to the Service Provider; and f) in any load shedding procedure initiated by the Service Provider in the past two years which involved the Delivery Point, the level of hourly demand at the Delivery Point was no more than the hourly demand anticipated after each stage of reduction as set out in the Curtailment Plan.
DT	Throughput	<p>Assignment to this tariff category is made upon User request.</p> <p>This tariff category is used for Delivery Points which meet the criteria for a Demand Tariff.</p>

Abbreviation	Category	Criteria
DMT	Major End Customer Throughput	<p>Assignment to this tariff category is made upon User request.</p> <p>This tariff category is used for Delivery Points which meet the criteria for a Demand Tariff and which also satisfy the following additional criteria:</p> <ul style="list-style-type: none"> a) the average daily consumption in any 12 month period multiplied by 1.33 is greater than 10 times the contractual MHQ¹ for the Delivery Point for the same period; and b) the Delivery Point is located in location identifiers 1, 2, 3, 4 or 5.
DMTFR	Major End Customer Throughput – First Response	<p>Assignment to this tariff category is made upon User request.</p> <p>This tariff category is used for Delivery Points which meet the criteria for a Major End Customer Throughput Tariff and which satisfy (to the Service Provider's reasonable satisfaction) the following additional criteria:</p> <ul style="list-style-type: none"> a) peak hourly historical demand is consistently greater than 350 GJ/hr, but no more than the MHQ; b) the User has provided the Service Provider with a documented Curtailment Plan for the Delivery Point which is acceptable to the Service Provider and contains ELMS Data required by the Service Provider, contact personnel and site procedures for reducing load in accordance with the ELMS Data, including times for various stages of load reduction; c) under the Curtailment Plan and ELMS Data held by the Service Provider, at least 40% of peak historical hourly demand is nominated for reduction in load shedding priority 1 and that reduction could be expected to be reduced within no more than 6 hours of first contact; d) the Curtailment Plan and all ELMS Data is up to date (with a minimum review period of 24 months); e) the Service Provider is able to continuously monitor hourly demand from the Delivery Station at the site, or other sampling frequency acceptable to the Service Provider; and

¹ If the contractual MHQ has changed in a period then the lowest contractual MHQ is used.

Abbreviation	Category	Criteria
		f) in any load shedding procedure initiated by the Service Provider in the past two years which involved the Delivery Point, the level of hourly demand at the Delivery Point was no more than the hourly demand anticipated after each stage of reduction as set out in the Curtailment Plan.

- (c) Where a Delivery Point is eligible for more than one tariff category, the User or Prospective User can nominate the discretionary element of the tariff category in accordance with Section 3 (Reference Tariffs and Reference Tariff variation mechanism). For example, a User or Prospective User may request to be placed in the 'Capacity - 1st Response' or 'Throughput' category. The Service Provider may refuse a nomination by a User or Prospective User if it does not consider the Delivery Point to be eligible.
- (d) The Service Provider does not presently use tariff categories for Volume Tariff Customers. However, the Service Provider may introduce one or more categories to accommodate changes to Tariff Classes which occur during the Access Arrangement period in accordance with Section 3 (Reference Tariffs and Reference Tariff variation mechanism).

C. Classification by Location

Where assignment criteria for a Tariff Class depends upon the location of the Delivery Point, the following location criteria will be used.

Location Identifier	Applies to Delivery Points located in:
0 or omitted	All areas in the Network
Coastal	The Wilton Network Section (used for Volume Tariffs Only – see identifiers 1 to 11 for Demand Tariff location criteria in the Wilton Network Section)

Location Identifier	Applies to Delivery Points located in:	
Country	Network Sections other than the Wilton Network Section	
1	2164, 2171, 2571, 2761, 2762, 2766, 2768, Appin	Location identifiers refer to the first 4 numbers of the Service Provider Demand Customer Delivery Point Delivery Station identifier of existing Delivery Points. ²
2	2141, 2142, 2143, 2144, 2145, 2147, 2148, 2161, 2162, 2163, 2165, 2166, 2170, 2565, 2750, 2759, 2760, 2770	
3	2006, 2007, 2015, 2017, 2019, 2020, 2033, 2036, 2040, 2044, 2046, 2050, 2112, 2113, 2115, 2116, 2128, 2135, 2136, 2137, 2138, 2140, 2146, 2151, 2152, 2153, 2157, 2173, 2190, 2199, 2200, 2204, 2205, 2211, 2212, 2214, 2216, 2217, 2560 ³ , 2566, 2747, 2755, 2756, 2765	
4	2000, 2035, 2154, 2008, 2037, 2196, 2009, 2039, 2208, 2010, 2064, 2220, 2011, 2065, 2228, 2018, 2066, 2229, 2022, 2067, 2231, 2031, 2111, 2232, 2032, 2120, 2777, 2034, 2122	
5	2028, 2060, 2076, 2077, 2080, 2085, 2095, 2099, 2100, 2102, 2103, 2780	
6	2250, 2284, 2285, 2286, 2304, 2308, 2322	
7	2256, 2259, 2260, 2261, 2262, 2263, 2264, 2294, 2295, 2298, 2303, 2305, 2320, 2323, 2326, 2327	
8	2290, 2300, 2314, 2321, 2324, 2325, 2330	
9	2505-BHP	
10	2500, 2502, 2505, 2526, 2530	
11	2516, 2527	

D. How to read the Tariff Class Codes

Each Tariff Class is allocated a code which is structured using the following format:

[G][CAT]-[Location]

where: *[G]* is a single character defining the Customer Group (V for Volume or D for Demand). Customer Groups are described in Section A above.

² The Service Provider shall assign new Delivery Points to location classifications on the basis of 1997 Australia Post postcode boundaries, and where new postcodes must be added to the table, the Service Provider will allocate a locational identifier to new postcode, which is comparable with the existing postcodes.

³ Excludes Appin - see location classification 1

[CAT] is a category name or abbreviation. If omitted then the Tariff Class is not described by reference to a tariff category. The tariff categories are described in Section B above.

[Location] is the location identifier. If equal to 0, or omitted, then the Tariff Class is not described by reference to a specific part of the Network. Classification by location is described in Section C above.

E. Tariff Class Components for the Haulage Reference Service

- (a) A User must pay the Service Provider all charges applicable to the Reference Service provided based on the relevant Tariff Class.
- (b) The table below sets out the tariff components applicable to the Haulage Reference Service.
- (c) In addition, other charges are payable in accordance with the Service Agreement, including but not limited to charge per Delivery Point for Meter Data Service charges (set out in Section G below).

Customer Type/Category	Tariff Class	Haulage Reference Service -- Reference Tariff Components
Demand Capacity	DC-1 To DC-11	Demand Capacity Rate (cl F(a)) Provision of Basic Metering Equipment Charge (cl F(g)) Ancillary Reference Service: fees for Haulage Reference Service (cl F(j))
	DC-Country	Demand Capacity Rate comprised of: <ul style="list-style-type: none"> • Capacity Distance Rate (cl F(b)), and • Pressure Reduction Rate (cl F(c)) Provision of Basic Metering Equipment Charge (cl F(g)) Ancillary Reference Service: fees for Haulage Reference Service (cl F(j))
Demand Throughput	DT	Demand Throughput Rate (cl F(f)) Provision of Basic Metering Equipment Charge (cl F(g)) Ancillary Reference Service: fees for Haulage Reference Service (cl F(j))
Demand Capacity - 1st Response	DCFR-1 To DCFR-11	Discounted Demand Capacity Rate (cl F(d)) Provision of Basic Metering Equipment Charge (cl F(g)) Ancillary Reference Service: fees for Haulage Reference Service (cl F(j))

Customer Type/Category	Tariff Class	Haulage Reference Service -- Reference Tariff Components
Demand Major End Customer Throughput	DMT-01 To DMT-05	Fixed Charge (cl F(i)) Demand Throughput Rate (cl F(f)) Provision of Basic Metering Equipment Charge (cl F(g)) Ancillary Reference Service: fees for Haulage Reference Service (cl F(j))
Demand Major End Customer Throughput - 1 st response	DMTFR-01 To DMTFR-05	Discounted Fixed Charge (cl F(e)) Discounted Demand Throughput Rate (cl F(e)) Provision of Basic Metering Equipment Charge (cl F(g)) Ancillary Reference Service: fees for Haulage Reference Service (cl F(j))

Customer Type/Category	Tariff Class	Haulage Reference Service -- Reference Tariff Components
Volume -Coastal	V-Coastal	Volume Throughput Rate (cl F(h)) Fixed Charge (cl F(i)) Provision of Basic Metering Equipment Charge (cl F(g)) Ancillary Reference Service: fees for Haulage Reference Service (cl F(j))
Volume -Country	V-Country	Volume Throughput Rate (cl F(h)) Fixed Charge (cl F(i)) Provision of Basic Metering Equipment Charge (cl F(g)) Ancillary Reference Service: fees for Haulage Reference Service (cl F(j))

1.2 Initial Reference Tariffs

F. Haulage Reference Service

(a) Demand Capacity Rate

Customer Type	Tariff Class	Unit Rate – dollars per GJ of Chargeable Demand per annum (\$/GJ.CD.pa) Period ending 30 June 2011 Prices are real 2010-2011 GST exclusive dollars				
		First 200 GJ of CD	Next 400 GJ of CD	Next 1000 GJ of CD	Next 2000 GJ of CD	Rest of CD
Demand	DC-1	193.378	125.745	95.962	82.172	72.920
	DC-2	214.822	138.611	104.539	88.604	77.209
	DC-3	290.924	184.273	134.981	111.436	92.429
	DC-4	480.009	297.724	210.613	168.160	130.246
	DC-5	2571.469	1552.600	1047.198	795.599	548.538
	DC-6	97.958	68.493	57.793	53.546	53.835
	DC-7	321.373	202.542	147.159	120.570	98.519
	DC-8	663.067	407.558	283.837	223.078	166.857
	DC-9	45.076	36.764	36.642	37.681	43.259
	DC-10	152.859	101.433	79.753	70.016	64.817

Customer Type	Tariff Class	Unit Rate – dollars per GJ of Chargeable Demand per annum (\$/GJ.CD.pa) Period ending 30 June 2011 Prices are real 2010-2011 GST exclusive dollars				
		First 200 GJ of CD	Next 400 GJ of CD	Next 1000 GJ of CD	Next 2000 GJ of CD	Rest of CD
	DC-11	2024.585	1224.468	828.444	631.534	439.161
	DC-Country	Demand Capacity Rate for DC-Country is comprised of two components of demand charge: (i) the Capacity Distance Rate; and (ii) the Pressure Reduction Rate. See tables Capacity Distance Rate (cl F(b)), and Pressure Reduction Rate (cl F(c)) below. These charges will be calculated for each Delivery Point and expressed as a single rate \$/GJ.CD.pa for billing purposes.				

(b) DC-Country Demand Capacity Rate, Component 1 – Capacity Distance Rate

Customer Type	Tariff Class	Distance Unit Rate – dollars per GJ of Chargeable Demand per annum per km (\$/(GJ.CD).pa per km) Period ending 30 June 2011 Prices are real 2010-2011 GST exclusive dollars				
		First 200 GJ of CD	Next 400 GJ of CD	Next 1000 GJ of CD	Next 2000 GJ of CD	Rest of CD
Demand	DC-Country	41.597	24.958	16.639	12.479	8.32
<i>Rates apply per km of the straight line distance from the relevant country Receipt Point rounded up to the nearest 0.5 km as determined by the Service Provider</i>						

(c) DC Country Demand Capacity Rate, Component 2 – Pressure Reduction Rate

Customer Type	Tariff Class	Pressure Reduction Unit Rate – dollars per GJ of Chargeable Demand per annum (\$/(GJ.CD).pa) Period ending 30 June 2011 Prices are real 2010-2011 GST exclusive dollars				
		First 200 GJ of CD	Next 400 GJ of CD	Next 1000 GJ of CD	Next 2000 GJ of CD	Rest of CD
Demand	DC-Country	14.762	8.857	5.905	4.428	2.952

(d) Demand Capacity Rates for Discounted DCFR Tariffs

Customer Type	Tariff Class	Demand Capacity Unit Rate – dollars per GJ of Chargeable Demand per annum (\$/GJ.CD.pa) <i>Period ending 30 June 2011</i>
Demand	DCFR-1 to DCFR-11	Demand Capacity Rate for the same location less 50%. For example: the Demand Capacity Rate for DCFR-4 is 50% of the Demand Capacity Rate set out in clause F(a) for DC-4.

(e) Fixed Charges and Demand Throughput Rates for Discounted DMTFR Tariff

Customer Type	Tariff Class	Fixed Charge – dollars per annum <i>Period ending 30 June 2011</i>	Demand Throughput Unit Rates – (\$/GJ) <i>Period ending 30 June 2011</i>
Demand	DMTFR-1 to DMTFR-5	Fixed charge set out in clause F(i) for the DMT tariff for the same location less 50%.	Demand Throughput Rates set out in clause F(f) for the DMT tariff for the same location less 50%

(f) Demand Throughput Rate

Customer Type	Tariff Class	Demand Throughput Rate (\$/GJ) <i>Period ending 30 June 2011</i> Minimum chargeable quantity of 833 GJ/month Prices are real 2010-2011 GST exclusive dollars		
		First 1667 GJ per month	Next 2500 GJ per month	Rest
Demand	DT	4.08	3.29	2.76

Customer Type	Tariff Class	Demand Throughput Rate (\$/GJ) <i>Period ending 30 June 2011</i> Prices are real 2010-2011 GST exclusive dollars		
		First 41,667 GJ per month	Next 41,667 GJ per month	Rest
Demand	DMT-1	0	0.187	0.160
	DMT-2	0	0.187	0.173
	DMT-3	0	0.320	0.267

Customer Type	Tariff Class	Demand Throughput Rate (\$/GJ) <i>Period ending 30 June 2011</i>		
		First 1667 GJ per month	Next 2500 GJ per month	Rest
		Minimum chargeable quantity of 833 GJ/month Prices are real 2010-2011 GST exclusive dollars		
	DMT-4	0	0.640	0.600
	DMT-5	0	0.787	0.854

(g) Provision of Basic Metering Equipment Charges

Customer Type	Tariff Class	Standing Charge : \$/pa per Delivery Station Charges based on Delivery Point MHQ Period ending 30 June 2011					
		Prices are real 2010-2011 GST exclusive dollars					
			MHQ <10 GJ/hr	MHQ 10 to < 50 GJ/hr	MHQ 50 to < 100 GJ/hr	MHQ 100 to <1000 GJ/hr	MHQ 1000 GJ/hr and greater
Demand	All Demand Classes	Single Run	3775	5096	9906	13 381	17 617
		Double Run	7549	10 193	19 812	26 762	35 234
<i>Charge per Delivery Station Charges based on meter capacity. Period Ending 30 June 2011. Prices are real 2010-2011 GST exclusive dollars</i>							
Volume	V-Coastal & V-Country	For meters with capacity less than or equal to 6m3/hr			Fixed Charge \$31.345 pa		
		For meters with a capacity of greater than 6m3/hr			Unit rate \$0.346/GJ, subject to a minimum charge per billing period of: \$4.32 per monthly billing period, or \$12.96 per quarterly billing period.		

(h) Volume Throughput Rate

Customer Type	Tariff Class	Volume Throughput Rate (\$/GJ) Period ending 30 June 2011					
		Prices are real 2010-2011 GST exclusive dollars					
	Block size (GJ per month)	First 1.25 GJ	Next 1.5 GJ	Next 5.75 GJ	Next 75 GJ	Next 333.5 GJ	All additional
	Block size (GJ per qtr)	First 3.75 GJ	Next 4.5 GJ	Next 17.25 GJ	Next 225 GJ	Next 1000.5 GJ	
Volume	V-Coastal	10.983	6.321	6.074	5.942	5.168	3.937
	V-Country	10.773	6.11	5.864	5.731	4.958	3.725

(i) Fixed Charge

Customer Type	Tariff Class	Standing Charge – dollars per annum Period ending 30 June 2011 Prices are real 2010-2011 GST exclusive dollars
Volume	V-Coastal & V-Country	54.024
Demand	DMT-1	186 732.00
	DMT-2	213 408.00
	DMT-3	250 754.40
	DMT-4	426 816.00
	DMT-5	800 280.00

(j) Ancillary Reference Service: fees for Haulage Reference Service

Ancillary Reference Service: fees applicable to All Tariff Classes Period Ending 30 June 2011 Prices are real 2010-2011 GST exclusive dollars		
Fee Type	Description	Charge
Request for service	For time spent assessing requirements, collating information and responding to a User (or Prospective User) when the User (or Prospective User) requests a new/additional/changed Service, tariff assignment, authorisation of overruns or change in chargeable demand.	\$68.83, plus \$68.83 per hour after the first hour
Temporary disconnection	This charge covers the temporary disconnection of supply to a single Delivery Point at the request of a User where temporary isolation of supply is required. A request for temporary disconnection is not a request to remove a delivery point from the User's Service Agreement. The specific method of isolation will be at the discretion of the Service Provider to ensure the site is able to be left in a safe state. The charge also covers the cost of subsequent reconnection. (This charge is for providing disconnection services in accordance with the Network Code in force at the date of commencement of this Access Arrangement.)	\$101.77 Charge applies per meter set

Ancillary Reference Service: fees applicable to All Tariff Classes		
Period Ending 30 June 2011		
Prices are real 2010-2011 GST exclusive dollars		
Fee Type	Description	Charge
Permanent disconnection	<p>This charge covers disconnection of supply to a single delivery point at the request of a User and where the User (on behalf of a Customer) also requests that the meter is not to be moved or removed. A request for permanent disconnection is also a request to remove a delivery point from the Users Service Agreement. The specific method of disconnection will be at the discretion of the Service Provider to ensure the site is able to be left in a safe state. A request for reconnection must be made as a new connection request.</p> <p>(This charge is for providing disconnection services in accordance with the Network Code in force at the date of commencement of this Access Arrangement.)</p>	<p>\$304.11</p> <p>Charge applies per meter set</p>
Decommissioning and meter removal	<p>This charge covers permanent decommissioning of a network connection including the removal of the meter. A request to permanently decommission is also a request to remove a delivery point from the Users Service Agreement. The specific method of disconnection will be at the discretion of the Service Provider to ensure the site is able to be left in a safe state.</p> <p>(This charge is for providing disconnection services in accordance with the Network Code in force at the date of commencement of this Access Arrangement.)</p>	<p>Charges apply per meter.</p> <p>(i) meters with a capacity of less than or equal to 6m³/hr: \$708.25</p> <p>(ii) meters with a capacity of greater than 6m³/hr: \$1516.53</p>

G. Meter Data Service

(a) Meter Reading Charges

Customer Type	Tariff Class	Meter Reading Cycle	Meter Reading Charge- \$ per annum per Delivery Station				
			Prices are real 2010-2011 GST exclusive dollars				
			Period ending 30 June 2011	Period ending 30 June 2012	Period ending 30 June 2013	Period ending 30 June 2014	Period ending 30 June 2015
Volume	All Volume Tariff Classes	Quarterly	4.065	4.065	4.094 4.065	4.123 4.065	4.152 4.065
		Monthly	42.980	42.980	43.285 42.980	43.593 42.980	43.903 42.980
Demand	All Demand Tariff Classes	Daily Meter Reading	754	754	760 754	765 754	771 754

(b) Provision of On Site Data and Communications Equipment Charge

Customer Type	Tariff Class	Provision of On Site Data and Communications Equipment - \$ per annum per Delivery Station Prices are real 2010-2011 GST exclusive dollars				
		Period ending 30 June 2011	Period ending 30 June 2012	Period ending 30 June 2013	Period ending 30 June 2014	Period ending 30 June 2015
Demand	All Demand Tariff Classes	1408	1408	1418 1408	1428 1408	1438 1408

(c) Ancillary Reference Service: fees for Meter Data Service

Ancillary Reference Service: fees applicable to All Tariff Classes Prices are real 2010-2011 GST exclusive dollars						
Fee Type	Description	Charge				
Special meter read	For reads requested by a User rather than ordinary reads (for instance when the meter reader makes a special visit to read a particular meter out of the usual meter reading route or schedule). This service must be scheduled with a minimum 5 day notice period.	See below Charge applies per meter read				
		Period ending 30 June 2011	Period ending 30 June 2012	Period ending 30 June 2013	Period ending 30 June 2014	Period ending 30 June 2015
		35.13	35.13	35.38 35.13	35.63 35.13	35.88 35.13

Schedule 3 - Reference Service Agreement

The terms and conditions for Reference Services are set out in the separate Reference Service Agreement, June, 2010. The Reference Service Agreement, June, 2010 forms part of this Access Arrangement.

Schedule 4 - Interconnection of Embedded Network Service

The Service Provider ordinarily provides the Interconnection of Embedded Network Service specified in clause 2.3, Section D of the Access Arrangement on the following terms and conditions.

Availability

- (a) The Interconnection of Embedded Network Service is available to any Embedded Network Operator to establish a single Delivery Point connected to an Embedded Network.
- (b) A Prospective User of an Interconnection of Embedded Network Service may request the Service Provider to provide and maintain an interconnection between a Delivery Point on the Network and a pipe or system of pipes constructed and operated by that Embedded Network Operator.

MDQ and MHQ

- (c) The Embedded Network Operator will be required to specify an annual quantity, MHQ and MDQ which fairly reflects the maximum annual, Hourly and Daily requirements at the Delivery Point, as well as the 24 hour profile of hourly flow based on prior consumption where that information is available.
- (d) The Service Provider's maximum obligation to deliver gas to the Delivery Point under transportation agreements with all Users is the MHQ in any Hour and the MDQ on any Day specified by the Embedded Network Operator and agreed by the Service Provider.

Metering

- (e) The Service Provider will provide Measuring Equipment for the Delivery Point.
- (f) Measuring Equipment will be designed to accurately measure the quantities specified by the Embedded Network Operator and will provide daily meter reading.
- (g) The Measuring Equipment will be commissioned on the commencement of the first transportation service to the Embedded Network Delivery Point on behalf of any User. The Measuring Equipment will be decommissioned when there is no agreement with any User requiring transport to the Delivery Point.

Authorisation of Embedded Network

- (h) The Embedded Network Operator must have all relevant authorisations, approvals and licences and must enter into an agreement with the Service Provider for an Interconnection of Embedded Network service. For the absence of doubt, an Interconnection of Embedded Network Service is separate from and additional to a Service(s) requested by a User for the transportation of gas through the Network to the Embedded Network Delivery Point.

Delivery Station and Delivery Point

- (i) The location of the Embedded Network Delivery Point on the Network will be agreed to by the Embedded Network Operator and the Service Provider. The Service Provider will only withhold its agreement to a location sought by the Embedded Network Operator on the basis of legal, technical, operational or safety considerations.
- (j) The hot tap connection to connect the Delivery Station to the Network will be designed and constructed in accordance with the Service Provider's usual standards and requirements, including Australian Standard 2885.
- (k) The Delivery Station will comprise metering facilities sufficient to accurately measure the flow over the full range of anticipated flow conditions and will be designed and constructed in accordance with the Service Provider's usual standards and requirements, including Australian Standard 2885. If the hot tap connection is located at a point on the Network where the maximum allowable operating pressure is above 1,050kPa, the Delivery Station will include a remotely controlled isolation valve.
- (l) Unless otherwise specified by the Service Provider, the Delivery Point between the Network and the Embedded Network Operator's pipe or system of pipes will be at the flange immediately downstream of the Delivery Station described above.
- (m) All facilities upstream of the outlet flange of the Delivery Station will be designed, procured, constructed, installed, owned and operated by the Service Provider at the reasonable cost of the Embedded Network Operator.
- (n) All facilities downstream of the outlet flange of the Delivery Station will be the responsibility of the Embedded Network Operator.
- (o) Modification of the Delivery Station and hot tap connection to the Network which are required as a result of changes in law or applicable technical standards, to enable enhanced measurement performance or as a result of changes in the flow conditions through the Embedded Network Delivery Point will be made by the Service Provider at the reasonable cost of the Embedded Network Operator unless the Service Provider has recovered the costs from Users of the Embedded Network Delivery Point.

Load Shedding

- (p) The Embedded Network Operator will be subject to load shedding arrangements. The Embedded Network Operator must have facilities available to it to reduce or discontinue the withdrawal of Gas if called upon to do so.
- (q) Unless there is an agreement on load shedding between the Service Provider and the Embedded Network Operator, all load of the Embedded Network Operator will be subject to Load Shedding priority 2 as described in Schedule 6. Network transportation services for the delivery of Gas to the Embedded Network Delivery Point will be subject to the same Load Shedding priority.

- (r) The Embedded Network Operator will participate in gas balancing arrangements if required.

Cathodic Protection of Facilities

- (s) The Embedded Network Operator must design, install, and operate, any cathodic protection system necessary to protect its facilities at its own cost. Cathodic protection facilities must be installed in such a manner as to avoid any interference which may be detrimental to the Service Provider's facilities and must be electrically isolated from the Service Provider's facilities.

Installation and Operation

- (t) In the interests of safety and ensuring the integrity of the Service Provider's pre-existing facilities, the Embedded Network Operator must cooperate with the Service Provider to establish, in a timely manner, appropriate arrangements and procedures for the safe installation and operation of the Embedded Network Operator's facilities, and for the management of emergency situations involving those facilities and the Network.

Abandonment/Disconnection

- (u) In the event that facilities cease to be used to take Gas at the Embedded Network Delivery Point then the Service Provider will, at the Embedded Network Operator's expense, ensure that the facilities are disconnected and isolated from the Service Provider's facilities. This requirement does not apply where the cessation of use is temporary.

Approvals and Indemnity

- (v) The Embedded Network Operator will provide the 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 downstream of the Embedded Network Delivery Point. That evidence must be provided before the commencement of any service to the Delivery Point.
- (w) The Embedded Network Operator will be liable for and indemnify the Service Provider against any claim of liability in relation to or arising out of those facilities.

Charges

- (x) The following charges will be agreed between the Embedded Network Operator and the Service Provider:
 - (i) Charge for engineering investigation
 - (ii) Charge for provision of interconnection facilities
 - (iii) Provision of Measuring Equipment

Schedule 5 - Request for Service

Access and Requests for Services

Reference Services and Negotiated Services

In order to obtain access to a Negotiated Service or a Reference Service a User or Prospective User will observe the following procedures:

- (a) A Prospective User must lodge a Request and meet the Service Provider's prudential requirements. Where the MHQ is expected to exceed 6m³/Hour a Request must include as a minimum the level of detail envisaged by this Schedule 5. Where the MHQ is expected to be less than 6m³/Hour the Request must include such details as requested by the Service Provider from time to time.
- (b) A Prospective User may have only one active Request in relation to the same tranche of capacity for a particular Delivery Point.
- (c) The Service Provider will within the shortest reasonable time and in any event within 20 Business Days of receiving a complete Request, respond to the Request in accordance with the National Gas Rules.
- (d) A Request will lapse unless, within 20 Business Days of the Service Provider advising that capacity is available for the Request, the Prospective User has either entered into a Reference Service Agreement or commenced bona fide negotiations to do so⁴.
- (e) Where there is sufficient capacity to meet a Request, there will be no queue.
- (f) Where there is insufficient capacity to satisfy a Request, then a queue will be formed and the Queuing Policy will apply.

⁴ A Request for Service will not lapse in the event of a dispute being notified under the NGL until that dispute has been resolved in accordance with the NGL.

Schedule 5A- Request for Service Form

Request For Service Form

Sections 1, 2, 3, 4, and 5 must be completed for all Requests.

Sections 6 and 7 must be completed for increased capacity at an existing site.

Sections 6, 7, 8, and 9 must be completed for new delivery points.

1. PROSPECTIVE USER INFORMATION

Name of Prospective User:

A.B.N. _____

Contact Officer _____

Position Title _____

Telephone _____

Fax _____

Customer Contact Details:

Name _____

Position Title _____

Telephone _____

Fax _____

2. RECEIPT POINT INFORMATION

Receipt Point Location _____

Entity supplying inlet gas _____

3. DELIVERY POINT INFORMATION

Delivery Point Business Name

A.B.N.

Delivery Point Street Address

Postcode

Delivery Point is Metres (N, S, E or W) from (nearest cross Street)

Delivery Point is located on the (N, S, E or W) side of the Street.

4. TRANSPORTATION INFORMATION

Service Requested	Haulage Reference Service / Negotiated Service
	Increase in MDQ or MHQ / change in Delivery Station characteristics

Service Commencement Date

Duration of Service Agreement Sought

ANZIC code(s)

Gas Applications

AQ (GJ/yr) Annual Quantity

MDQ (GJ/day) Maximum Daily Quantity

MHQ (GJ/hr) Maximum Hourly Quantity

5. DELIVERY STATION PRESSURE

Delivery Station Pressure (kPa) —

Metering pressure (1.38, 2.75, 7.0, 35, 100, if other please specify)

6. APPLIANCE & GAS LOAD INFORMATION

Appliance Type	Hourly Rate (MJ/hr)	Operating Capacity (%)	Hour/Day	Days/week	Weeks/year	Total Annual Quantity (TJ/yr)
Total						

Do any of these appliances have pilots or small flow rates? If so, which ones?

7. FUEL CONVERSION INFORMATION

(if applicable)

Current Fuel Type

Current Annual Consumption (GJ/yr)

8. DELIVERY STATION INFORMATION

If the customer requires other than a standard single run meter set, please specify:

Is the proposed meter set located indoors? Y / N

Is a security compound required? Y / N

9. DELIVERY STATION LOCATION SKETCH

Please provide a sketch showing the proposed location of the meter set and the following:

1. length of customer service (path valve to meter set);
2. surface restoration from front boundary to meter set;
3. any walls to be pierced or other obstacle, e.g. stairs, retaining walls etc. to be negotiated;
4. all buildings and any other permanent structures on the site;
5. side and front building lines, and kerb line;
6. bearing (north).

Schedule 6 - Operational Schedules

1.1 Load Shedding

Load Shedding Principles

- (a) Load shedding is defined as a controlled interruption to, or reduction in, the delivery of gas to Delivery Points. If at any time for any reason there is, or the Service Provider reasonably believes or anticipates that there may be, a failure of supply or shortfall in supply in or to any part of the Network, the Service Provider is entitled to curtail or interrupt the receipt, transportation or delivery of Gas and is entitled to implement load shedding.
- (b) Load shedding includes the process of contacting Users and/or User's customer sites to notify them of a requirement to reduce or cease withdrawals of Gas from the Network, and again when the requirements are lifted or relaxed. All Users of the Network and their customers are required to participate in and comply with load shedding and the provisions of ELMS Data.
- (c) For prompt and effective responses during emergency events it is necessary for Users to take responsibility for notifying their customers to reduce Load to meet the load shedding requirements for each site. Contact of individual sites by the Service Provider is used to support and reinforce the site contact procedures where deemed necessary by the Service Provider to generate and monitor required levels and timeliness of User's customer responses.

Load Shedding Priorities

- (d) Load shedding will be implemented by the Service Provider according to the following schedule of priorities:

Load Shedding Priority	Load Type
1	All interruptible Loads.
2	All Load at a Delivery Point which serves more than one customer or other end user, and where no arrangement exists between the Service Provider and the operator of the facilities beyond the Delivery Point for shedding loads served by those facilities.
3	All Load at sites where gas is not used for production.
4	All Load at sites where load is transferable to an alternative fuel.
5	Load that may be reduced without damage to product or plant.
6	Load that may be halted without damage to product or plant.
7	Load where halting will cause product damage.
8	Load where halting will cause plant damage.
9	Load not transferable to alternative fuel at hospital and essential service sites.

Load Shedding Priority	Load Type
10	All Load at Volume Tariff sites (Residential, Commercial and Industrial).

Restoration of Service

- (e) Where feasible, permission to withdraw Gas from the Network will be restored in reverse order to that in which load shedding was implemented.

Suspension

- (f) If a User fails to cease or reduce deliveries, withdrawals or taking of Gas from the Network as requested by the Service Provider in accordance with these principles and their Service Agreement (or fails to procure that withdrawals be ceased or reduced), the Service Provider may suspend the delivery of Gas to any relevant Delivery Point.

Liability

- (g) The Service Provider will not be liable for any losses, liabilities or expenses incurred by the User and/or a User's customer arising from load shedding, where the Service Provider acts in accordance with the principles of this Access Arrangement in good faith. The User will indemnify and hold the Service Provider harmless from and against any and all Damage or claims in connection with or arising as a result of the Service Provider's implementation of load shedding procedures.

Emergency Load Management Systems (ELMS)

- (h) ELMS are computer based systems used by the Service Provider as an aid in identifying, contacting and recontacting User's customer sites by the Service Provider in the event of a supply failure. Information held by the Service Provider relating to a User is available to the User upon request.
- (i) Site and Network information is maintained through ELMS, in consultation with Users, and is used as the basis of operational implementation of load shedding by the Service Provider.
- (j) Users must advise the Service Provider of the emergency contact details for User's customers at Demand Customer Delivery Points and delivery points at which negotiated services are provided and must ensure that such contact details are current at all times for the purposes of ELMS.
- (k) Users must advise the Service Provider of the emergency contact details for the User to enable communication between the Service Provider and the User

during load shedding. User emergency contact personnel must be available to assist the Service Provider during load shedding if required.

- (l) If during a load shedding event, or simulation of a load shedding event, the Service Provider determines that site or User's customer details have changed or do not match the Service Provider's records, the Service Provider may update its records on the basis of advice from the site or the User's customer. The User may then confirm the contact information provided. This does not affect the Users' obligation to provide accurate and current information in any way.

1.2 Establishment of Receipt Points

- (a) Any person (including a User or Prospective User) seeking to interconnect with the Network for the purpose of enabling a User or Prospective User to deliver gas to the network for onward transportation may seek to establish a new Receipt Point.
- (b) A new Receipt Point may only be established on the Network if the Service Provider consents to the proposed location of the new Receipt Point. The Service Provider will only withhold its consent to a proposed location of a new Receipt Point on the basis of technical, operational or safety considerations.
- (c) The person seeking to establish a new Receipt Point must enter into an agreement with the Service Provider covering, without limitation, the following matters:

Receipt Point and Equipment Upstream

- (i) The new Receipt Point, and the pipe or system of pipes upstream of the new Receipt Point, must comply with the following requirements in order to ensure that the integrity, safety and operating ability of the Network is not compromised:
 - A. the new Receipt Point must have an associated Receipt Station (as described in the Service Agreement);
 - B. to safeguard against the hazards of over pressurisation of the Network, the Receipt Station must be equipped with overpressure protection facilities in accordance with the Service Provider's usual standards and requirements, including Australian Standard 2885, at the expense of the person seeking to establish the new Receipt Point;
 - C. a remotely controlled isolation valve operable by the Service Provider must be installed at the outlet of the Receipt Station upstream of the new Receipt Point, at the

expense of the person seeking to establish the new Receipt Point;

- D. the new Receipt Point will be at the flange immediately upstream of the facilities described above, or as otherwise agreed by the Service Provider. All facilities upstream of the new Receipt Point will be the responsibility of the person seeking to establish the new Receipt Point;
 - E. the operational mode of a Receipt Station for a new Receipt Point must be compatible with the operational mode of the Network;
 - F. the hot tap connection to connect the facilities to the Network will be designed and constructed with the Service Provider's usual standards and requirements, including Australian Standard 2885, at the expense of the person seeking to establish the new Receipt Point;
- (ii) Modifications may be required to the Network and/or the Service Provider systems to integrate the new Receipt Point into the operation of the Network. Requirements will vary depending on the location of the new Receipt Point. The party seeking to establish the new Receipt Point will bear the reasonable costs of such modifications, whether identified before or after installation of the new Receipt Point unless the Service Provider can recover them from Users of the new Receipt Point.

Cathodic Protection of Facilities

- (iii) The person seeking to establish the new Receipt Point must design, install, and operate, any cathodic protection system necessary to protect its facilities at its own cost. Cathodic protection facilities must be installed in such a manner as to avoid any interference which may be detrimental to the Service Provider's facilities and must be electrically isolated from the Service Provider's facilities.

Installation and Operation

- (iv) In the interests of safety and ensuring the integrity of the Service Provider's pre-existing facilities, the person seeking to establish the new Receipt Point must cooperate with the Service Provider to establish, in a timely manner, appropriate arrangements and procedures for the safe installation and operation of the facilities described above, and for the management of emergency situations involving those facilities and the Network.

Schedule 7 - Receipt Point Pressures

The Service Provider will notify Users of changes to the requirements set out in this schedule, and publish the updated schedule on its website. The Service Provider may also add minimum or maximum flow requirements for flow controlled Receipt Points.

1.1 Country Network Sections of NSW Distribution System and Central West Distribution System

Upstream pipeline (Allows receipt of Gas from this asset, which does not form part of the Network)	Location of Receipt Point	Max. Receipt Pressure at Receipt Point (kPa)	Min. Receipt Pressure at Receipt Point (kPa)	Areas of Network downstream of Receipt Point
Country Network Sections				
MSPS- Moomba to Young	West Wyalong	6895	1750	West Wyalong
MSPS - Young to Lithgow	Cowra	10 000	1750	Cowra
	Blayney	10 000	1750	Blayney
	Orange	10 000	1750	Orange
	Millthorpe	10 000	1750	Millthorpe
	Bathurst	10 000	1750	Bathurst, Kelso, Raglan
	Oberon	10 000	1750	Oberon
	Lithgow	10 000	1750	Lithgow
	Wallerawang	10 000	1750	Wallerawang
MSPS - Young to Wagga	Young	10 000	1750	Young
	Cootamundra	10 000	1750	Cootamundra
MSPS - Burnt Creek to Griffith	Junee	10 000	1750	Junee
	Coolamon	6895 ⁺	1750	Coolamon
	Ganmain	6895 ⁺	1750	Ganmain
	Narrandera	6895 ⁺	1750	Narrandera
	Rockdale	6895 ⁺	1750	Rockdale
	Leeton	6895 ⁺	1750	Leeton, Yanko
	Murrami	6895 ⁺	1750	Murrami

Upstream pipeline (Allows receipt of Gas from this asset, which does not form part of the Network)	Location of Receipt Point	Max. Receipt Pressure at Receipt Point (kPa)	Min. Receipt Pressure at Receipt Point (kPa)	Areas of Network downstream of Receipt Point
	Yoogali (Griffith)	6895*	1750	Griffith
MSPS - Young to Wilton	Boorowa	6895	1750	Boorowa
	Yass	6895	1750	Yass
	Goulburn	6895	1750	Goulburn
	Marulan	6895	1750	Marulan
	Sally's Corner	6895	1750	Exeter, Bundanoon
	Moss Vale	6895	1750	Moss Vale, Berrima
	Bowral	6895	1750	Bowral, Mittagong
	Bargo	6895	1750	Bargo, Picton, Tahmoor
Central West Pipeline – Marsden to Dubbo	Dubbo ^{cw}	6895*	1750	Dubbo, Wellington
	Dubbo West ^{cw}	6895*	1750	Dubbo West
	Forbes ^{cw}	6895*	1750	Forbes
	Parkes ^{cw}	6895*	1750	Parkes
	Narromine ^{cw}	6895*	1750	Narromine

* Upgrades to the Service Provider's facilities are required to accommodate 10 000 kPa.

"cw" Network section forms part of the Central West Distribution Network

1.2

Coastal Network Sections of the NSW Distribution System and the Wilton-Newcastle Pipeline and the Wilton Wollongong Pipeline.

Upstream pipeline (Allows receipt of Gas from this asset, which does not form part of the Network)	Location of Receipt Point	Max. Receipt Pressure at Receipt Point (kPa)	Min. Receipt Pressure at Receipt Point (kPa)	Areas of Network downstream of Receipt Point
<i>Wilton - Newcastle Network Section</i>				
Eastern Gas Pipeline (EGP)	Horsley Park CTS	4500 ^{^^}	3600+	Sydney
Moomba Sydney Pipeline System (MSP)	Wilton CTS	6895	3800+	Blue Mountains Central Coast Newcastle
Camden Coal Seam Methane	Rosalind Park CTS	4500 ^{^^}	3800+	Lower Hunter
<i>Wilton - Wollongong Network Section</i>				
Eastern Gas Pipeline (EGP)	Port Kembla CTS	3500	2600+	Wollongong Shellharbour
Moomba Sydney Pipeline (MSP)	Wilton CTS	6895	3800+	Kiama

If marked “+” then the Minimum Receipt Pressure may be subject to future increase to the Maximum Receipt Pressure

^{^^} 4500 kPa maximum Receipt Pressure limitation is in place to satisfy technical code & licence requirements due to third party activity. Maximum Receipt Pressures will be reinstated to 6895 kPa when code and licence requirements allow.

Schedule 8 - UAG Costs

The Service Provider's approved Cost of Service includes a forecast allowance for UAG Costs as set out in this schedule. Annual UAG adjustments will be calculated by reference to the forecasts set out in this schedule.

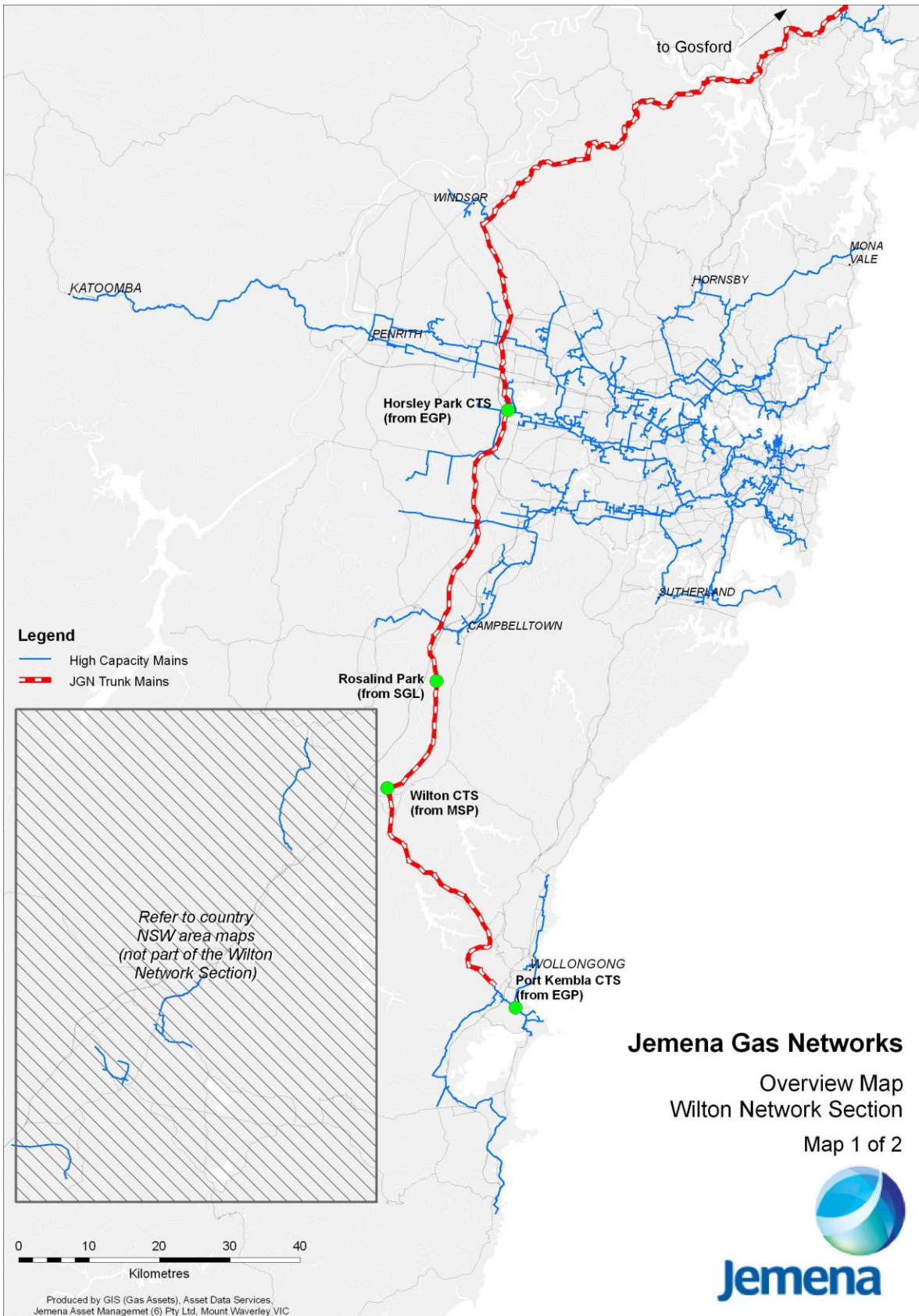
1.1 Allowance for UAG Costs

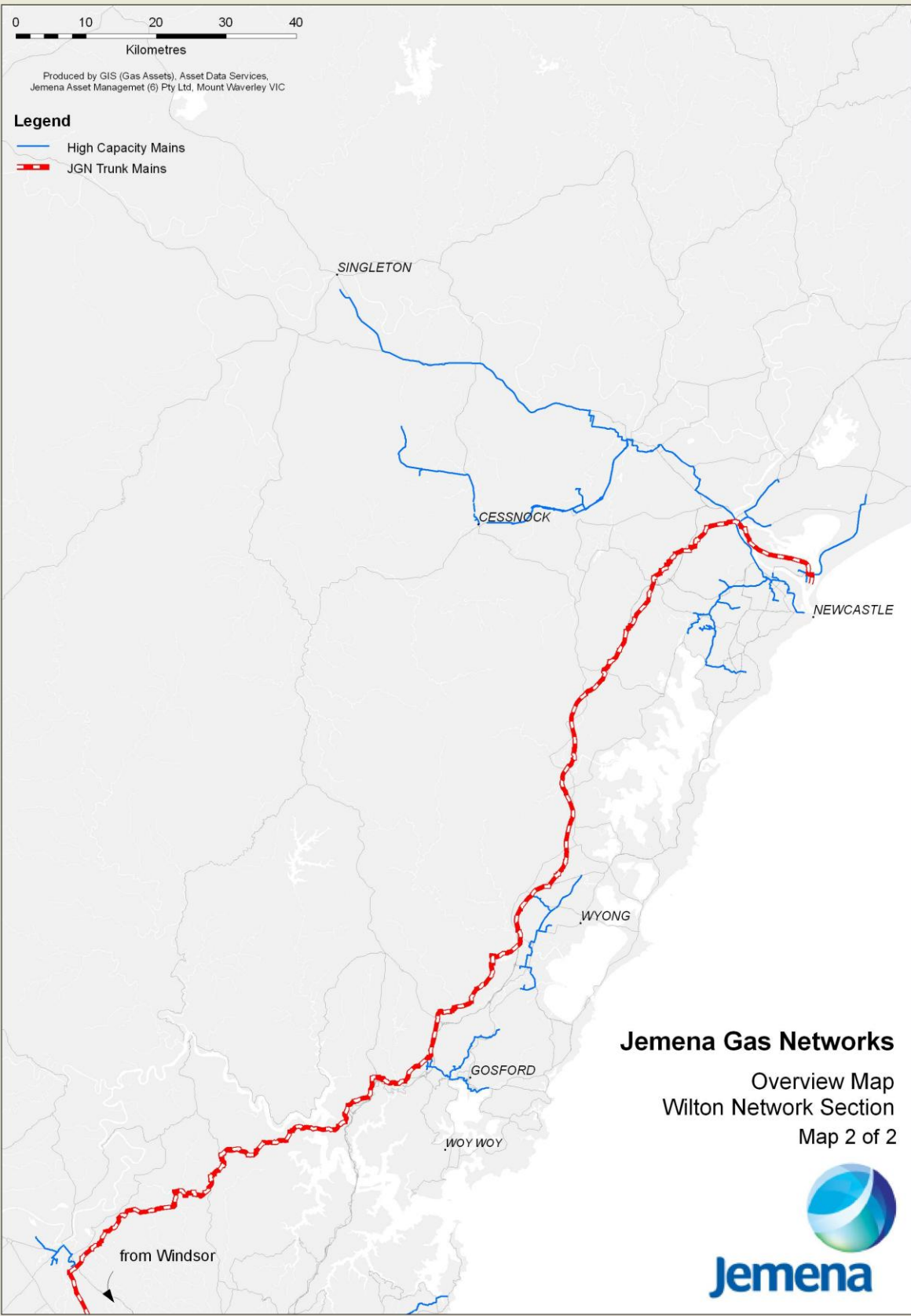
The Service Provider's forecast UAG Costs are set out in Table 1.

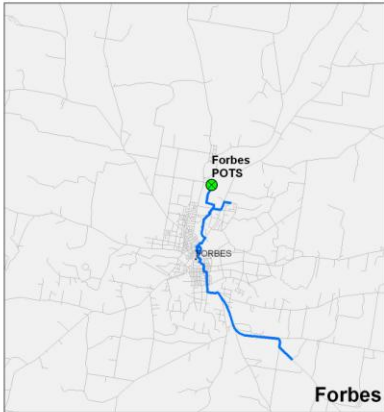
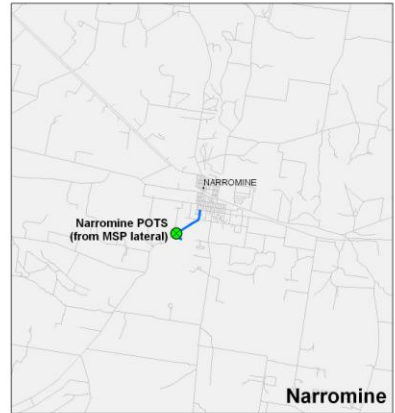
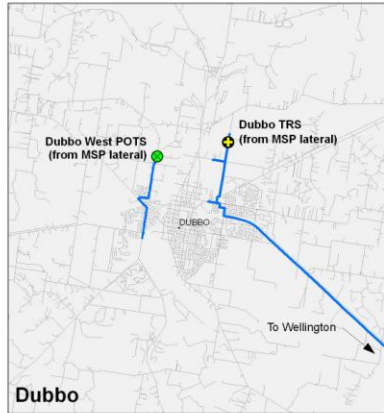
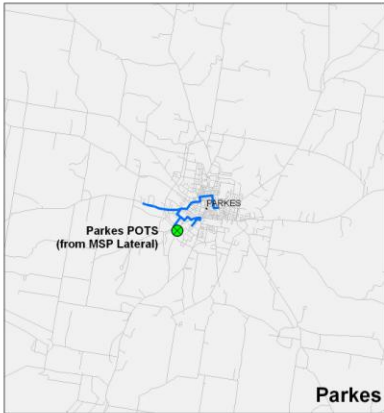
Table 1: Forecast UAG Costs

Item	2010-11	2011-12	2012-13	2013-14	2014-15
Forecast UAG Costs (\$2010 \$M)	13.4	13.4	13.3	13.0	13.1

Schedule 9 - Maps of the Network







NSW Country Areas

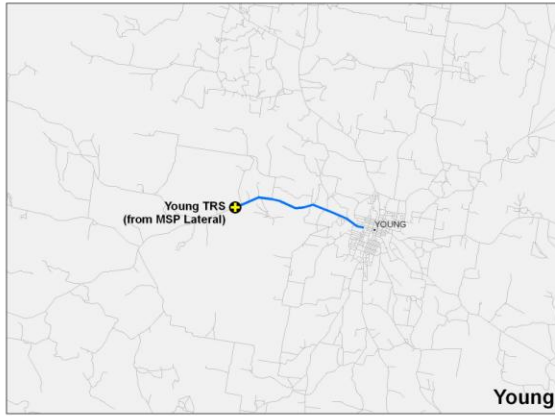


— High Capacity Mains

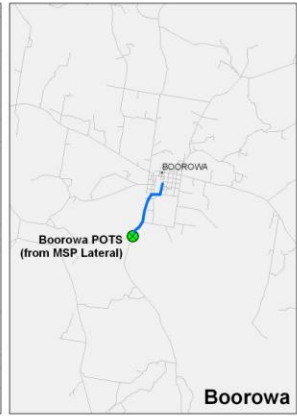




Cootamundra



Young



Boorowa



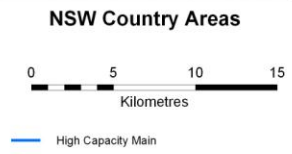
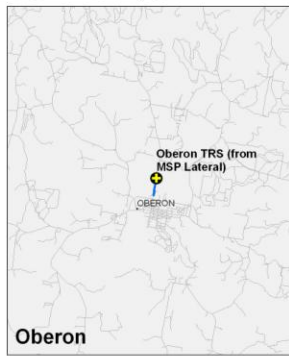
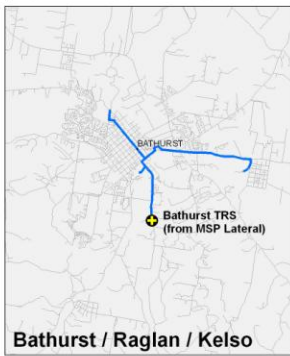
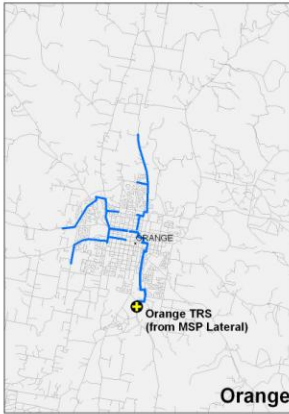
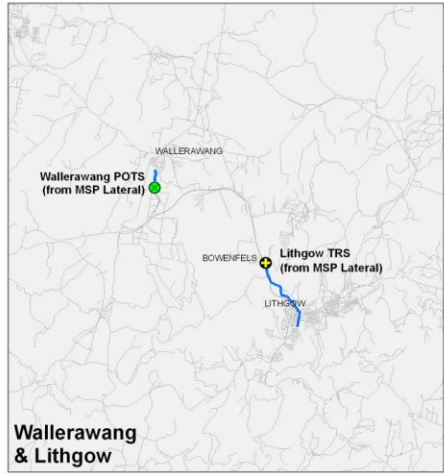
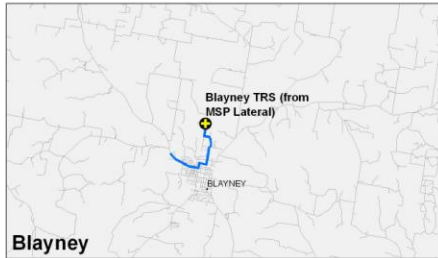
Wyalong / West Wyalong

NSW Country Areas



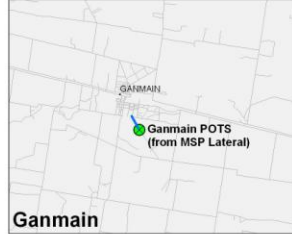
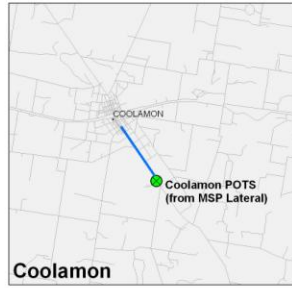
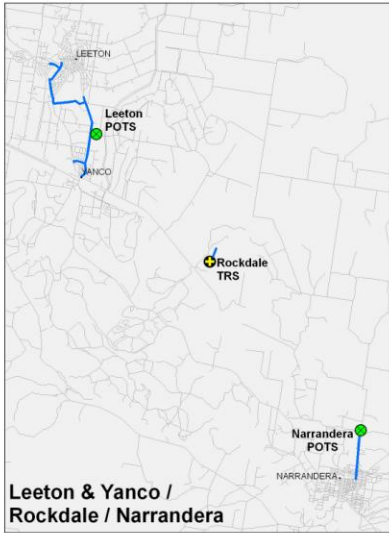
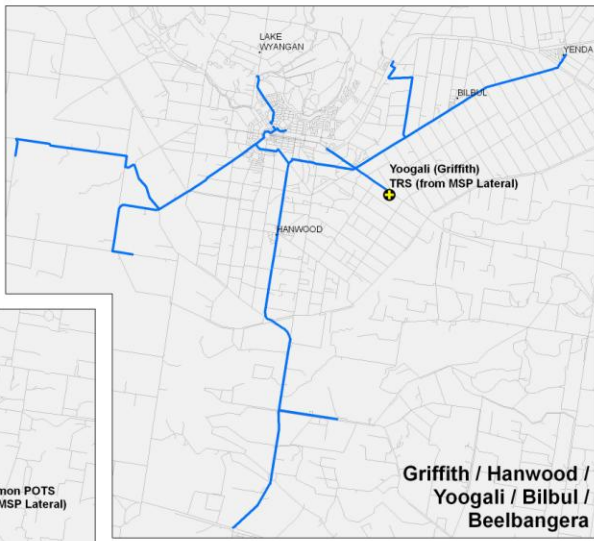
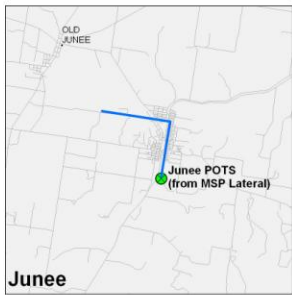
— High Capacity Mains





— High Capacity Main



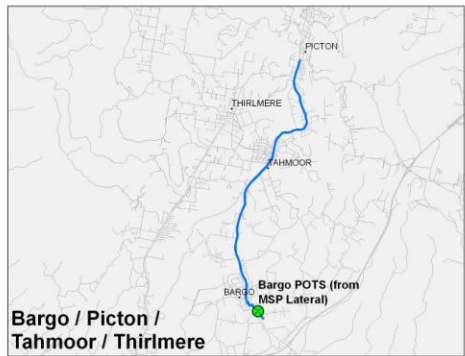
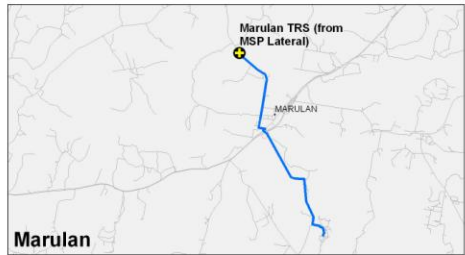
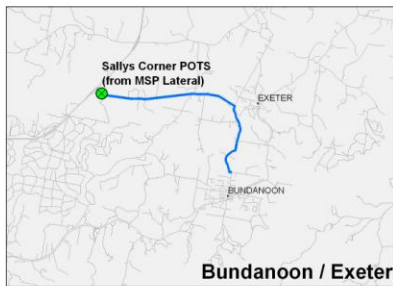
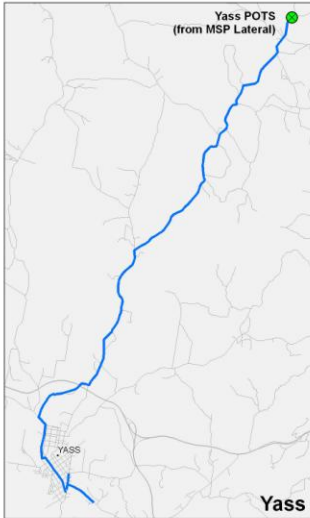
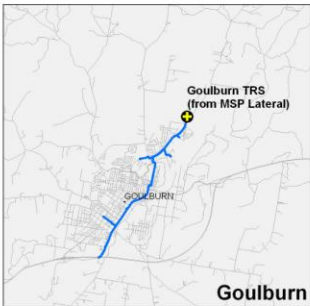


NSW Country Areas



— High Capacity Main





NSW Country Areas

— High Capacity Main



Schedule 3

Reference Services Agreement

JGN's NSW gas distribution networks

1 July 2010 – 30 June 2015

**Amended by order of the Australian Competition
Tribunal, 30 June 2011**

June 2010

Contents

- 1. Definitions and Interpretation 1**
 - 1.1 Definitions 1
 - 1.2 Volume, Energy and Pressure Units 14
 - 1.3 Documents incorporated by reference 15
 - 1.4 Amendments to this Agreement 15
 - 1.5 Precedence 15
 - 1.6 Construction 16
- 2. Commencement and Expiry of a Reference Service 17**
- 3. Haulage Reference Service 17**
 - 3.1 Requests for Services 17
 - 3.2 Addition and Deletion of Delivery Points 17
 - 3.3 Relevant Customer Lists 17
 - 3.4 Description of Haulage Reference Service 18
- 4. MDQ, MHQ and Chargeable Demand 18**
 - 4.1 Application 18
 - 4.2 MDQ and MHQ 18
 - 4.3 Increase in MDQ or MHQ requirements 19
 - 4.4 Procedure for Requests to increase MHQ or MDQ requirements 19
 - 4.5 Chargeable Demand 20
 - 4.6 Increases in Chargeable Demand 20
 - 4.7 Decreases in Chargeable Demand 21
- 5. Overruns 23**
 - 5.1 General 23
 - 5.2 Gas exceeding MHQ or MDQ 23
 - 5.3 Authorised Overruns 23
 - 5.4 Procedure for authorisation of Overruns 23
 - 5.5 Notification of acceptance of Overrun as authorised 24
 - 5.6 Revocation of authorisation 24
 - 5.7 Service Provider's obligation on Authorised Overrun Day 25
 - 5.8 Delivery Point with multiple services 25

6.	Unauthorised OVERRUNS	25
6.1	Unauthorised OVERRUNS	25
6.2	Liability for Damages arising from Unauthorised OVERRUNS	25
7.	Nomination And Balancing	26
7.1	Gas Balancing prior to commencement of balancing mechanism approval	26
7.2	Gas Balancing after withdrawal of approval for balancing mechanism	26
7.3	Treatment as a single User	26
7.4	Gas Balancing under an industry scheme	27
7.5	User to provide Service Provider with forecast of withdrawals	28
7.6	Network Section Deliveries	29
7.7	Country Network Sections	29
8.	Determination Of Quantity Delivered At Delivery Points	29
8.1	Quantity of Gas delivered at a Delivery Point	29
8.2	Quantity of Gas delivered at a Delivery Station	29
9.	Commingling, custody, control, responsibility and warranty	30
9.1	Warranty	30
9.2	Right to commingle	30
9.3	Custody and control of Gas	31
9.4	Responsibility for Gas	31
9.5	Unaccounted for Gas	31
10.	Gas quality	32
10.1	Specification Gas	32
10.2	Service Provider's rights in relation to Out-of-Specification Gas at Receipt Point	34
10.3	Consequences of the Service Provider exercising rights under clause 10.2	34
10.4	User to satisfy the Service Provider	35
10.5	User's preventative measures	35
10.6	Service Provider must deliver Gas to Specification	35
10.7	Amendment of Specification	35
10.8	Gas Source	35
10.9	User responsible for Gas Testing	36
10.10	Gas Testing by User	36

11.	Addition of Delivery Points	37
11.1	Addition by Request	37
11.2	Deemed Request	37
11.3	Procedure To Add a Delivery Point By Request	39
11.4	Transfer of Pre-STTM Service Delivery Points at commencement of 2010 Access Arrangement	40
11.5	Charges Payable for Additional Delivery Points	42
11.6	User to provide evidence	43
12.	Deletion of Delivery Points	43
13.	Change of Receipt Point or Delivery Point	43
14.	Receipt Points and Receipt Stations	44
14.1	Application	44
14.2	New Receipt Points	44
14.3	Approval of Receipt Station Specifications for new Receipt Points	45
14.4	Additional Costs of new Receipt Points	45
14.5	Ownership of Receipt Station Components at Receipt Point	45
14.6	Equipment at a Receipt Station	45
14.7	Service Provider may operate the Flow and Pressure Control System	46
14.8	Alterations and Additional Equipment	46
14.9	Pressure at Receipt Point	46
15.	Delivery Points and Delivery Stations	47
15.1	Requirement for a Delivery Station	47
15.2	Ownership of Delivery Station Components at existing Delivery Stations	47
15.3	Provision of Basic Metering Equipment at existing Delivery Station	48
15.4	Alterations and Additional Equipment at existing Delivery Station	48
15.5	Basic Metering Equipment Upgrade at existing Delivery Station	48
15.6	Basic Metering Equipment Downgrade at existing Delivery Station	48
15.7	Additional Delivery Stations at Delivery Points	49
15.8	Permanent Disconnection, Decommissioning and Meter Removal	49
15.9	Temporary Disconnection and reconnection by User	50
15.10	Ownership of Network	50
15.11	Repair of Basic Metering Equipment	51
15.12	No liability for disconnection	51

	15.13	Alterations or additions at User's request	51
16.		Measuring Equipment – access, safety and estimation	52
	16.1	Safe Access to Measuring Equipment	52
	16.2	Service Provider's power of entry	52
	16.3	Consequences of no access	53
	16.4	Presence at tests	53
	16.5	No tampering with Measuring Equipment	53
	16.6	User to notify Service Provider of tampering or inaccuracy	54
	16.7	Quantity of Gas if Measuring Equipment fails	54
	16.8	Right to alter Measuring Equipment	54
17.		Meter Data Service	55
	17.1	Meter Data Service offered as a Reference Service	55
	17.2	Meter Data Service not offered as a Reference Service	57
	17.3	Meter Data Service Date	58
	17.4	Delivery Points to which the Meter Data Service is provided	58
	17.5	Notice	58
18.		Metering requirements where User does not take a Meter Data Service	58
	18.1	Application	58
	18.2	User to provide Daily Meter Reading Facilities at Demand Customer Delivery Points	59
	18.3	User to read meters at Volume Customer Delivery Points	59
	18.4	Interference with Measuring Equipment	59
	18.5	Liability	60
19.		Allocation	60
20.		Charges	60
	20.1	Applicable Charges	60
	20.2	Charges based on Access Agreement	61
	20.3	Provision of Basic Metering Equipment Charge	61
	20.4	Calculation of invoiced instalments of periodic charges	61
	20.5	Theft Of Gas	61
21.		Allocation of Tariff Classes	61
22.		Invoicing and payments	62
	22.1	Service Provider to issue invoice	62

22.2	Invoicing of Gas Balancing Charges	62
22.3	Due Date for payment	63
22.4	Method of Payment	63
22.5	Interest on overdue payments	63
22.6	Disputed payments	64
22.7	Payment on resolution of dispute	64
22.8	Overcharging and undercharging	64
22.9	User to provide information	65
22.10	Justification of calculations	65
22.11	Set-off	65
22.12	Calculation of Charges for broken periods	65
22.13	Payment free of deduction or withholding	66
23.	Goods and Services Tax	66
23.1	Definitions	66
23.2	GST exclusive consideration	66
23.3	Reimbursements	66
23.4	Payment of amount of GST	66
23.5	Tax Invoice	66
23.6	Adjustments	67
23.7	ABN and GST Warranty	67
24.	Suspension of Service	67
24.1	Suspension at User's Request – Temporary Disconnection	67
24.2	Suspension by Service Provider	68
24.3	No Liability	68
25.	Interruptions and curtailments	69
25.1	Application	69
25.2	Scheduled Interruptions	69
25.3	Emergency Interruptions	70
25.4	Load Shedding	70
25.5	Load Shedding Priority	71
25.6	Provision of ELMS Data	72
25.7	Service Provider not liable	73
25.8	Reduction of Demand Charge	74

26.	Force Majeure	74
	26.1 Definition	74
	26.2 Consequences of Force Majeure	75
	26.3 Notification and Diligence	76
	26.4 Liability Not Relieved	76
	26.5 Demand Charge for delivery of less than MDQ	76
	26.6 Force Majeure does not affect obligations to pay	77
	26.7 Prolonged Force Majeure	77
27.	Termination or cessation	77
	27.1 Grounds for termination or cessation of Services	77
	27.2 Right of Service Provider to terminate	78
	27.3 Failure to pay	78
	27.4 Preservation of rights after termination	79
	27.5 Preservation of rights after cessation of Services	79
28.	Liability	80
	28.1 General Provision	80
	28.2 Indemnity	80
	28.3 Exclusion of warranties	81
	28.4 Scope of Liability	81
	28.5 Exclusion of Consequential Damage	82
	28.6 Circumstances in which limitations and exclusions do not apply	82
	28.7 Contribution to loss or damage	83
	28.8 Civil Liability Act	83
	28.9 User's supply arrangements	83
29.	Transfer	84
	29.1 Service Provider may transfer	84
	29.2 No assignment without consent	84
	29.3 Transfers in accordance with the Retail Market Procedures	84
	29.4 Transfers where the Retail Market Procedures do not apply	84
30.	Security and Financial Standing	85
31.	Confidentiality	87
32.	Dispute resolution	89
	32.1 Application	89

	32.2	Notification of Dispute	89
	32.3	Nomination of Representative	89
	32.4	Good Faith Discussions	90
	32.5	Mediation	90
	32.6	Urgent relief	90
	32.7	Information confidential	90
	32.8	Without Prejudice Discussions	90
33.	Notices		91
	33.1	Notice in Writing	91
	33.2	Receipt of Notice	91
34.	General		91
	34.1	Entire agreement	91
	34.2	Severability	91
	34.3	Waiver	92
	34.4	Relationship between Parties	92
	34.5	Enforceability	92
	34.6	Further assurances	92
	34.7	Inurement	92
	34.8	Counterparts	92
	34.9	Governing law and jurisdiction	93
	34.10	Survival of indemnities	93
	Annexure 1 — Addresses of Parties for Notices		95
	Annexure 2 — Gas Specification		96
	Annexure 3 — Gas Balancing Until Commencement of an Alternate Gas Balancing Arrangement		97
	1. General Qualifications		97
	2. Definitions		97
	3. Daily Forecasts and Nominations		99
	4. User’s Input		101
	5. Gas Balancing		102
	Annexure 4 — Gas Balancing Where an Alternative Gas Balancing Arrangement Ceases To Apply		104
	1. General Qualifications		104
	2. Definitions		104

3.	Daily Forecasts and Nominations	105
4.	User's Input	107
5.	Gas Balancing	108
	Annexure 5 — Receipt Points and Receipt Stations	109
1.	Filtration and Liquid Separation System	109
2.	Gas Quality Measurement System	109
	2.1 Requirements of Gas Quality Measurement System	109
	2.2 Measurement other than at a Receipt Station	110
	2.3 Calibration and testing of equipment	110
3.	Gas Quantity Measurement System	111
4.	Flow and Pressure Control System	111
	Annexure 6 — Gas Pressure at Receipt Points	113
	Annexure 7 — Ownership of Delivery Station Components	115
1.	Ownership of Delivery Station Components where Delivery Point not served by Medium or Low Pressure Distribution Network and Delivery Station did not exist at 1 August 1997	115
2.	Ownership of Delivery Station Components where Delivery Point not served by Medium or Low Pressure Distribution Network and Delivery Station existed at 1 August 1997	116
3.	Ownership of Delivery Station Components where Delivery Point is served by Medium or Low Pressure Distribution Network	117

Parties **Jemena Gas Networks (NSW) Ltd** ACN 003 004 322 of 321 Ferntree Gully Road, Mt Waverley, Victoria 3149 (**Service Provider**); and

 [insert name] [insert ACN] of [insert address] (**User**).

Background

The Service Provider has agreed to provide and the User has agreed to receive the Haulage Reference Service on the terms and conditions set out in this Agreement.

1. Definitions and Interpretation

1.1 Definitions

In this Agreement, unless otherwise indicated:

Access Arrangement means the current Access Arrangement in relation to the Network approved by the Regulator, for the purposes of and in accordance with the National Gas Law;

ACDC means the Australian Commercial Dispute Centre;

Additional Measuring Equipment means any equipment (including Daily Meter Reading Facilities and Communications Facilities) other than Basic Metering Equipment installed by or on behalf of the User at a Delivery Station or Receipt Station;

AEMC means the Australian Energy Market Commission;

Agreement means this Agreement, the Annexures, and any document, or part of a document, incorporated into this Agreement by reference, including (without limitation):

- (a) the Relevant Customer List;
- (b) Section 3 of the Access Arrangement (Reference Tariffs and Reference Tariff variations);
- (c) the Reference Tariff Schedule; and
- (d) the Operational Schedules,

each as amended or replaced from time to time;

Ancillary Fee means a charge specified in Schedule 2 of the Access Arrangement;

Ancillary Reference Service means the Service described at sections 1.2 F(j) and 1.2 G(c) of Schedule 2 to the Access Arrangement;

Annexure means an annexure to this Agreement;

Assignment Date means the date determined in accordance with:

- (e) clause 11.4(c)(v) or clause 11.2(d)(i) (as applicable); or
- (f) the date on which a Delivery Point was most recently assigned to its current Tariff Class by the Service Provider, as set out in the Relevant Customer List;

Australian Energy Market Operator or **AEMO** means Australian Energy Market Operator Limited (ACN 072 010 327);

Australian Standard AS ISO 1000-1998 means *'The International System of Units (SI) and its Application'*, the Commonwealth *'Weights Measures (National Standards) Act 1960 - 1965'* and Regulations thereunder, and AS/NZ1376:1996 Conversion Factors;

Authorised Overrun has the meaning given to that term in clause 5.3;

Authorised Overrun Quantity has the meaning given to that term in clause 5.7;

Authorised Supplier has the meaning given to that term in the *Gas Supply Act 1996 (NSW)*;

Basic Metering Equipment means the meter set at the Delivery Station comprising of Gas meter, filter, pipework and isolation valves and may further include, where required by the Service Provider, pressure regulators, safety valves, pressure and temperature measurement instruments and flow calculation equipment;

Billing Period means the period between the dates on which a meter is read for a Non-Daily Metered Delivery Point, or one Calendar Month for a Daily Metered Delivery Point;

Bulk Transfer has the meaning given to that term in clause 11.4(a);

Bulk Transfer Date has the meaning given to that term in clause 11.4(c)(i);

Bulk Transfer Delivery Point has the meaning given to that term in clause 11.4(c)(ii);

Business Day means any Day which is not a Saturday, Sunday, or gazetted public holiday in New South Wales;

Calendar Month means the period beginning at 06:30h on the first Day of a calendar month and ending at 06:30h on the first Day of the next succeeding calendar month;

Calendar Year means the period commencing at 06:30h on 1 January and terminating at 06:30h on 1 January of the following year;

Capacity Entitlement means:

- (a) in respect of a Demand Customer Delivery Point, on a Day, the MDQ specified in Demand Customer List for that Delivery Point, as varied from time to time pursuant to clauses 4.2(h), 4.3 and 4.4;
- (b) in respect of a Demand Customer Delivery Point, in an Hour, the MHQ specified in Demand Customer List in respect of that Delivery Point, as varied from time to time pursuant to clauses 4.2(h), 4.3 and 4.4;
- (c) if there is an MHQ specified in the Volume Customer List in respect of a Volume Customer Delivery Point, in an Hour, the MHQ specified in the Volume Customer List in respect of that Delivery Point, as varied from time to time pursuant to clauses 4.2(h) and 4.3; or
- (d) if there is no MHQ specified in the Volume Customer List in respect of a Volume Customer Delivery Point, the Quantity of Gas withdrawn by the User from the Delivery Point in an Hour, up to a maximum Quantity of 6m³/Hour.

Change in Law means:

- (a) the introduction of a new Law; or
- (b) an amendment to, or repeal of, an existing Law; or
- (c) a new or changed interpretation (which is binding on the Service Provider) of an existing Law resulting from a decision of:
 - (i) a court;
 - (ii) a tribunal;
 - (iii) an arbitrator;
 - (iv) a Government or regulatory department, body, instrumentality, minister, commissioner, officer, agency or other authority; or
 - (v) a person or body which is the successor to the administrative responsibilities of any person or body described in (c)(iv) above;

Chargeable Demand means the Quantity of Gas used to determine the Demand Charge under the Reference Tariff Schedule;

Charges means the charges payable by the User to the Service Provider under clause 20.1 of this Agreement;

Commencement Date means:

- (a) the date of this Agreement, in respect of a Delivery Point added to this Agreement pursuant to clause 11.4; or
- (b) the date on which a change of user transaction under the Retail Market Procedures takes effect such that the User becomes the current user (as that term is used in the Retail Market Procedures) for the Delivery Point, in respect of a Delivery Point which is added to this Agreement pursuant to clause 11.2; or
- (c) the date specified by the Service Provider in respect of a Delivery Point added to this Agreement pursuant to clause 11.1.

Communications Facilities means equipment used to communicate electronically Daily metering data from Daily Meter Reading Facilities at a Delivery Station to the Service Provider;

Confidential Information means all information which either party discloses to the other under or in connection with the performance of any obligations under this Agreement, whether that disclosure is made orally, in writing, electronically or by any other means;

Consequential Damages means any of the following, however caused or arising whether under common law, equity or contract, by virtue of any fiduciary duty, in tort or delict (including negligence) as a consequence of breach of any duty (statutory or otherwise) or under any other legal doctrine or principle whatsoever, irrespective of whether recoverable in law or equity and whether the same arise directly or indirectly:

- (a) loss of revenue, reputation or profit;
- (b) cost, loss, liability, penalty, expense or damage associated with business interruption (including overheads incurred during business interruption);
- (c) punitive or exemplary damages;
- (d) cost, loss, liability, penalty, expense or damage incurred, or liquidated or pre-estimated damages or penalties of any kind whatsoever borne or payable under any contract for the sale, exchange, transportation, processing, storage or other disposal of Gas;
- (e) cost, loss, liability, penalty, expense or damage arising in connection with a Third Party Claim;
- (f) loss of bargain, contract, expectation or opportunity; and
- (g) any indirect or consequential loss or damage;

Country Distance means, in respect of a Delivery Point in a Country Network Section, the straight line distance (in kilometres) from the Relevant Receipt Point, rounded up to the nearest 0.5 km as determined by the Service Provider and as shown in the Relevant Customer List;

Country Network Section means a Network Section other than the Wilton Network Section;

Curtailement Plan means a written procedure, which is reasonably acceptable to the Service Provider, that describes the timing and steps to be taken by a Customer to reduce and maintain Hourly Gas withdrawals at the Delivery Point to pre-quantified levels which correspond to the Load Shedding Priorities set out in the ELMS Data for the Delivery Point;

Customer means an end consumer of energy. A Customer includes any end consumer of hot water in a residential unit where hot water is supplied through a centralised gas fired hot water system;

Daily Meter Reading Facilities means equipment at a Delivery Station necessary to enable a Customer's Daily consumption of Gas to be recorded and measured;

Daily Metered Delivery Point means a Delivery Point where Gas consumption is recorded on a Daily basis;

Damage includes any costs (including legal costs on a full indemnity basis), liabilities, losses, penalties, expenses or damage of whatsoever nature or description suffered or incurred by a person including Consequential Damage and Direct Damage;

Day means a period of 24 consecutive Hours beginning at 06:30h and **Daily** has a corresponding meaning;

Delivery Point means a point at which Gas is withdrawn from the Network listed from time to time in the Relevant Customer List;

Delivery Station means facilities (including Measuring Equipment) installed at a Delivery Point to enable the delivery of Gas from the Network and which regulate the delivery, and measure the Quantity, of Gas withdrawn at that Delivery Point;

Demand Charge for a Service to a Demand Customer Delivery Point means the annual charge calculated by multiplying the Demand Capacity Rate (or other charge component set out in the Reference Tariff Schedule that is expressed in units of \$/(GJ of Chargeable Demand) per annum) by the Chargeable Demand;

Demand Customer Delivery Point means a Delivery Point which has been assigned to a Demand Tariff and as set out in the Demand Customer List;

Demand Customer List means a list in electronic form which sets out the following items for each Demand Customer Delivery Point:

- (a) the Delivery Point station ID;
- (b) the Receipt Point (where the Delivery Point is in the Wilton Network Section then the Receipt Point shall be taken to refer individually or collectively to any Receipt Point in the Wilton Network Section);
- (c) the assigned Tariff;

- (d) the Commencement Date;
- (e) the Chargeable Demand;
- (f) the Maximum Daily Quantity;
- (g) the Maximum Hourly Quantity;
- (h) if the Delivery Point is located within a Country Network Section, the Country Distance;
- (i) the Assignment Date;
- (j) the Demand Reset Date;
- (k) the applicability of a Meter Data Service; and
- (l) the ELMS Data.

Demand Reset Date means the date determined in accordance with clause 4.6(d), 4.6(e), 4.7(f), 11.4(c)(vii), 11.4(c)(viii) and 11.4(c)(ix) and set out in the Demand Customer List, being the date on which the Chargeable Demand was last changed (or was deemed to have been last changed);

Demand Tariff means a Tariff Class designated as a Demand Tariff in the Reference Tariff Schedule;

Direct Damage means any Damage other than Consequential Damage;

Disclosing Party has the meaning given to that term in clause 31(b);

Dispute has the meaning given to that term in clause 32.2;

DPI means the numeric identifier assigned to a Delivery Point by the Service Provider;

Due Date has the meaning given to that term in clause 22.3(a);

EGP means the Eastern Gas Pipeline constructed from Victoria to New South Wales and delivering Gas to the Network;

ELMS Data means information held by the Service Provider (including such information as may be requested from time to time) for the purposes of facilitating emergency Load Shedding including, but not limited to, for each Delivery Point:

- (a) Load Type;
- (b) the corresponding Quantity of Load for each Load Type; and
- (c) 24-hour, seven day a week User and Customer contact details,

and includes any Curtailment Plan provided by a User in respect of a Delivery Point;

Filtration and Liquid Separation System has the meaning given to that term in Annexure 5;

Financial Report means:

- (d) in the case of a User to which the *Corporations Act 2001* applies, the meaning given to that term in the *Corporations Act 2001*; or
- (e) in the case of any other User, a report equivalent to a financial report within the meaning of *Corporations Act 2001*, as required to be prepared by any other applicable law or otherwise in accordance with the reasonable requirements of the Service Provider.

Flow and Pressure Control System has the meaning given to that term in Annexure 5;

Force Majeure Event has the meaning given to that term in clause 26.1;

Forecast Withdrawal has the meaning given to that term in clause 7.5(e);

Gas means natural gas;

Gas Balancing means operational Gas balancing carried out to ensure safe and reliable supply of Gas. For the avoidance of doubt, operational Gas balancing might be required to ensure safe and reliable supply of Gas, notwithstanding any financial mechanisms that may be implemented in accordance with the STTM for the apportionment of Gas flowing into the Network in excess of the total of market scheduled bids in any Gas day;

Gas Balancing Adjustments means adjustments to the Quantity of Gas transported for a User made pursuant to the relevant operational Gas requirements at the time (including in relation to Gas Balancing and the maintenance of linepack in the Network);

Gas Balancing Annexure means either Annexure 3 or Annexure 4 as determined in accordance with clauses 7.1 and 7.2;

Gas day means a period of 24 consecutive hours beginning at 6:00 am;

Gas Quality Measurement System has the meaning given to that term in Annexure 5;

Gas Quantity Measurement System has the meaning given to that term in Annexure 5;

Gas Statement of Opportunities means the statement published under Chapter 2, Part 6, Division 4 of the National Gas Law;

GST means goods and services tax or similar value added tax levied or imposed in the Commonwealth of Australia pursuant to the GST law;

GST law has the meaning given to such term in *A New Tax System (Goods and Services Tax) Act 1999 (Cth)* or a successor Act;

Haulage Reference Service means the service described by and to which clause 3 applies;

Haulage Reference Service Agreement means an agreement between the Service Provider and a Network User for the provision of a Haulage Reference Service, but does not include Pre-STTM Service Agreements;

Hour means any period of 60 consecutive minutes, the first Hour in a Day starting at 06:30h, and **Hourly** has a corresponding meaning;

Law means:

- (a) any statute, regulation, order, rule, subordinate legislation; or
- (b) other document enforceable under any statute, regulation, rule or subordinate legislation, including but not limited to, the Access Arrangement, Retail Market Procedures, any procedures or rules made or enacted by the Australian Energy Market Operator, the Regulator or the AEMC, and/or the Network Code applying to the Delivery Points the subject of this Agreement, any other codes, guidelines, orders in council, licences, proclamations, directions or standards, the reticulator's authorisation held by the Service Provider and, if it holds one, the Supplier's Authorisation held by the User;

LG Period means a period of time over which an LG Quantity is calculated, being a period of not less than 12 months;

LG Quantity means the Quantity of Gas that is calculated as follows:

- (a) the aggregate of the measured Quantities of Gas received into the Network at all Receipt Points; less
- (b) the aggregate of measured Quantities of Gas Delivered on behalf of all Network Users to Delivery Points; less
- (c) any increase (or plus any decrease) in linepack in the Network (as determined by the Service Provider, acting reasonably),

over an LG Period, as calculated at least 6 months after the end of that LG Period.

Load means the taking or withdrawal of Gas from the Network by or on behalf of a User or a User's Customer;

Load Shedding means the process of reducing or ceasing the withdrawal or taking of Gas from the Network in accordance with clause 25.4;

Load Shedding Priority means a load shedding priority as set out and described in the Operational Schedules;

Load Type means, in respect of each Delivery Point, the uses to which Gas withdrawn or taken from the Network at that Delivery Point is put, as described in the Operational Schedules in respect of each Load Shedding Priority;

Maximum Daily Quantity or **MDQ** means that Quantity specified for a Delivery Point in the Relevant Customer List (or determined in accordance with this Agreement) as varied from time to time by clauses 4.2(h), 4.3, and 4.4;

Maximum Hourly Quantity or **MHQ** means the maximum Quantity of Gas which the Service Provider is obliged to transport and deliver to a Delivery Point on behalf of the User in any Hour and specified in the Relevant Customer List, if applicable, as varied from time to time by clauses 4.2(h), 4.3, and 4.4;

Measuring Equipment means all the equipment and facilities (including Basic Metering Equipment, Communications Facilities and Daily Meter Reading Facilities) forming part of a Delivery Station or a Receipt Station required to measure the Quantity delivered to or at the Delivery Point or Receipt Point;

Meter Data Service means the Service described by and to which clause 17 applies;

Meter Data Service Date means the date notified by the Service Provider to the User (by giving an amount of notice reasonable in the circumstances), acting reasonably and having due regard to the Retail Market Procedures and any other applicable law, regulation, code or other instrument which relates to the provision of meter reading or on-site data and communication services by a person other than the Service Provider;

Minimum Charge means the minimum charge payable over a period of time for:

- (d) a Service or for a component of a Reference Tariff, as described by the Reference Tariff Schedule; or
- (e) a Delivery Point as agreed with the Service Provider;

Minister means the minister responsible for administering the National Gas Law;

National Gas Law means the *National Gas Law* and the *National Gas Rules* adopted under the *National Gas (New South Wales) Act 2008* (NSW);

Network means the Service Provider's distribution system in New South Wales, consisting of a system of pipes and associated facilities including any Receipt Station components, Delivery Station components and Measuring Equipment owned by the Service Provider;

Network Code means the Jemena Gas Networks (NSW) Ltd Network Code for Full Retail Competition, as amended from time to time, which the Service Provider is required to adopt under the conditions of its authorisation under the *Gas Supply Act 1996*;

Network Section means (as the case may be) the Wilton-Newcastle Network Section, the Wilton-Wollongong Network Section, or a country sub-network served by a particular Receipt Point;

Network Users means any parties that enter into a service agreement with the Service Provider for the use of the Network or a Network Section;

Non Daily Metered Delivery Point means a Delivery Point where Gas consumption is recorded at Reading Intervals;

Non-Tariff Delivery Point means a Pre-STTM Service Delivery Point that was provided with a “Non-Tariff” reference service under a Pre-STTM Service Agreement pursuant to the Transitioned Access Arrangement;

Operational Balancing Cost has the meaning given in paragraph 5(b) of Annexure 3;

Operational Schedules means the Operational Schedules set out in Schedule 6 of the Access Arrangement;

Out-of -Specification Gas has the meaning given to that term in clause 10.2;

Overrun means, in respect of a Haulage Reference Service, the withdrawal by or on behalf of the User at a Delivery Point of a Quantity of Gas exceeding the MHQ in any Hour or the MDQ on any Day for that Delivery Point;

Party means a party to this Agreement;

Pipeline Operator means the operator of the Moomba-Sydney Pipeline or the EGP, as the case may be;

Pipelines means the Moomba-Sydney Pipeline, the EGP, the Camden Gas Pipeline and any other Gas works connecting to the Network upstream of any Receipt Point;

POTS means packaged off-take station;

Pre-STTM Service means a service that was a reference service pursuant to the terms of the Transitioned Access Arrangement;

Pre-STTM Service Agreement means an agreement between the Service Provider and the User for the provision of a Pre-STTM Service;

Pre-STTM Service Delivery Point means a delivery point which on the last Day the Transitioned Access Arrangement was in effect was, pursuant to a Pre-STTM Service Agreement, the subject of a Pre-STTM Service;

Primary Measurement means the direct or inferential measurement of a mass or volumetric flow at Network conditions;

Provision of Basic Metering Equipment Charge means an annual charge specified in the Reference Tariff Schedule of the Access Arrangement;

Quantity means the quantity, expressed in GJ, calculated as the product of the Declared Heating Value and the Volume of Gas;

Queue means a queue of Network Users and prospective Network Users formed in accordance with the Queuing Policy;

Queuing Policy means the queuing policy set out in section 7 of the Access Arrangement;

Reading Interval in respect of meter reading, means monthly, every two months or every three months;

Receipt Point means any point at which Gas is received into the Network;

Receipt Station means the facilities described in Annexure 5 at which Gas is received into the Network;

Reference Service means the Haulage Reference Service and, until the Meter Data Service Date, the Meter Data Service. Unless a contrary intention is clear, the terms Haulage Reference Service and Meter Data Service include the Ancillary Reference Service;

Reference Tariff means a tariff which relates to a Reference Service;

Reference Tariff Schedule means the Reference Tariff Schedule currently in place, as approved by the Regulator and amended from time to time in accordance with the terms of the Access Arrangement;

Register has the meaning given to that term in clause 10.10(a);

Registered Participant means a person who is registered under the National Gas Law as a registered participant in their capacity as a user or a self contracting user in accordance with clause 135AE of the National Gas Rules;

Regulator means the Australian Energy Regulator;

Related Body Corporate has the meaning given to that term in the *Corporations Act 2001*;

Relevant Customer List means:

- (a) in respect of a Demand Customer Delivery Point, the Demand Customer List; and
- (b) in respect of a Volume Customer Delivery Point, the Volume Customer List,

as amended from time to time by the Service Provider.

Relevant Receipt Point means, in relation to a Delivery Point, any Receipt Point connected (directly or indirectly) to the part of the Network in which that Delivery Point is located;

Request means a request for a Service using a Request for Service Form set out in schedule 5A to the Access Arrangement or such other Request for Service Form as the Service Provider may determine and **Requesting** and **Requested** have a corresponding meaning;

Retail Market Procedures means the Retail Market Procedures (NSW and ACT) or such other procedures for the operation of the retail market for Gas in New South Wales as are approved by AEMO;

Safety and Operating Plan means a safety and operating plan lodged by the Service Provider with the Director-General of the NSW Department of Water and Energy (or its predecessor), as amended from time to time;

SCADA System means the system of Supervisory Control and Data Acquisition operated by the Service Provider;

Secondary Measurement means any measurement of the quality of the Gas or of the flowing Network conditions (such as pressure or temperature) used to convert the Primary Measurement to Quantity;

Security means, at the User's option, one or a combination of the following:

- (a) a refundable deposit, or bank guarantee;
- (b) if the Service Provider agrees (in its sole discretion), a parent company guarantee; or
- (c) such other form of security as agreed between the User and the Service Provider,

which must be in a form satisfactory to the Service Provider;

Service means the service(s) to be provided by the Service Provider to the User under this Agreement;

Service Provider means Jemena Gas Networks (NSW) Ltd, or its successors or assigns;

Short Term Trading Market or **STTM** has the meaning given to such term in the National Gas Law;

Specification means the specifications described in clause 10.1(a);

Specified Period has the meaning given to that term in clause 5.4(b);

Sunset Date has the meaning given to that term in clause 11.4(a);

Supplier's Authorisation has the meaning given to that term in the *Gas Supply Act 1996* (NSW);

Tariff Class means the Tariff Class set out in the Reference Tariff Schedule to which a Delivery Point is assigned in accordance with clause 11.4 or otherwise in accordance with the principles set out in the Section 3 of the Access Arrangement (Reference Tariffs and Reference Tariff variations);

Third Party Claims means a demand, claim, action or proceeding made or brought by or against a person by a third party, however arising and whether present, unascertained, immediate, future or contingent;

Transitioned Access Arrangement means the AGL Gas Networks Ltd Access Arrangement approved by the Independent Pricing and Regulatory Tribunal on 29 April 2005, and designated as a 'transitioned access arrangement' under Schedule 3 of the National Gas Law;

Transportation Quantity has the meaning given to that term in clause 3.4(b)(i).

TRS means trunk receiving station;

Unaccounted for Gas or **UAG** means Gas purchased by the Service Provider to make up for Gas unaccounted for in the Network;

Unauthorised Overrun has the meaning given to that term in clause 6.1;

Volume Customer Delivery Point means a Delivery Point assigned to a Volume Tariff and as set out in the Customer List;

Volume Customer List means a list in electronic form (or such other form determined by the Service Provider) which sets out the following items for a Volume Customer Delivery Point:

- (a) the DPI and the address of the delivery point;
- (b) the Tariff Class and Assignment Date;
- (c) where the User requires and the MHQ is in excess of 6 m³/hour, its MHQ;
- (d) its Commencement Date;
- (e) the Receipt Point to be used for balancing purposes; and
- (f) where the Delivery Point is added on or after the Meter Data Service Date, whether a Meter Data Service is requested;

Volume Tariff means a Tariff Class designated as a Volume Tariff in the Reference Tariff Schedule;

Wilton Network Section means the Wilton-Newcastle Network Section and the Wilton-Wollongong Network section;

Wilton-Newcastle Network Section means the Wilton-Newcastle Trunk Section and those parts of the Network supplied from the Wilton-Newcastle Trunk Section;

Wilton-Newcastle Trunk Section means the pipeline being that part of the Network being the pipe system which extends from Wilton to the TRS at Kooragang Island in Newcastle and supplying TRSs at Appin, Campbelltown, West Hoxton, Horsley Park, Eastern Creek, Plumpton, Windsor, Gosford, Wyong and Hexham, and POTS at Appin, Maroota, Warnervale,

Wyee, Morisset and Minmi, and custody transfer station at Munmorah and such other TRSs and POTS and custody transfer stations as may be installed from time to time;

Wilton-Wollongong Network Section means the Wilton-Wollongong Trunk Section and that part of the Network supplied from the Wilton-Wollongong Trunk Section;

Wilton-Wollongong Trunk Section means the pipeline being that part of the Network being the pipe system which extends from Wilton to the TRS at Mount Keira and then to Cordeaux Heights in Wollongong;

2010 Access Arrangement means the Access Arrangement commencing on the later of 1 July 2010 and the date on which the Regulator's approval of the Access Arrangement takes effect under the National Gas Law.

1.2 Volume, Energy and Pressure Units

In this Agreement:

Joule or **J** means a unit of energy as defined in Australian Standard AS ISO 1000-1998;

MJ means one megajoule and is equal to one million Joules;

GJ means one gigajoule and is equal to one thousand MJ;

TJ means one terajoule and is equal to one thousand GJ;

PJ means one petajoule and is equal to one thousand TJ;

kPa means one kilopascal and is equal to one thousand pascals as defined in Australian Standards AS ISO 1000-1998, and unless otherwise specified, refers to a gauge pressure in excess of the prevailing atmospheric pressure;

Declared Heating Value for a Day means the Heating Value of Gas applicable to the Delivery Point for the Day as determined by the Service Provider;

Heating Value is the number of megajoules liberated when one cubic metre of Gas at Standard Conditions, is completely burnt in air, with all water formed by the combustion process condensed to the liquid state, and with all products of combustion at Standard Conditions;

Standard Conditions means a temperature of 15 degrees Celsius and an absolute pressure of 101.325 kPa; and

Volume means volume measured in cubic metres (m³) at actual conditions converted to Standard Conditions using either a flow corrector forming part of the Measuring Equipment or an algorithm determined by the Service Provider.

1.3 Documents incorporated by reference

This Agreement includes any document, or part of a document, incorporated into this Agreement by reference, including (without limitation):

- (a) the Relevant Customer List;
- (b) Section 3 of the Access Arrangement (Reference Tariffs and Reference Tariff variations);
- (c) the Reference Tariff Schedule; and
- (d) the Operational Schedules,

each as amended or replaced from time to time.

The User may request a copy of the current versions of these documents from the Service Provider at any time.

1.4 Amendments to this Agreement

Where the Regulator has approved amendments to the Reference Service Agreement in accordance with clause 2.2, Section C of the Access Arrangement or on the approval by the Regulator of a revised or new Access Arrangement, then:

- (a) the Service Provider will provide written notice to the User; and
- (b) the User agrees that such amendments will vary the terms of this Agreement, effective 10 Business Days from the date of the written notice, unless the User can demonstrate to the Service Provider's reasonable satisfaction that it is not able to comply with this timeframe in which case the Service Provider will grant a reasonable extension.

1.5 Precedence

- (a) If there is any inconsistency between this Agreement and Section 3 of the Access Arrangement (Reference Tariffs and Reference Tariff variations) or the Reference Tariff Schedule, then unless otherwise provided, Section 3 of the Access Arrangement (Reference Tariffs and reference Tariff variations) or the Reference Tariff Schedule (as applicable) takes precedence.
- (b) If there is any inconsistency between section 3 of the Access Arrangement and the Reference Tariff Schedule, unless otherwise provided, section 3 of the Access Arrangement takes precedence.

1.6 Construction

In the construction of this Agreement, unless the context otherwise requires:

- (a) a reference to a clause or an annexure is to a clause in, or an annexure to, this Agreement;
- (b) the singular includes the plural and vice versa;
- (c) references to any statute, regulations, or other statutory instrument, standard or by-laws shall be deemed to be references to the statute, regulation, statutory instrument, standard or by-law as from time to time amended, consolidated, re-enacted or replaced including substituted provisions or instruments that substantially correspond to those referred to;
- (d) references to any agreement, deed, instrument, or publication shall be deemed to be references to the agreement, deed, instrument or publication as from time to time amended, supplemented, novated or replaced;
- (e) clause headings are inserted for convenience only and do not affect the interpretation of this Agreement;
- (f) expressions referring to writing will be construed as including references to words printed, type-written, telexed, lithographed, facsimiled or otherwise traced, copied or reproduced;
- (g) references to **dollars** and **\$** are references to Australian dollars;
- (h) a reference to a Party includes a reference to its successors in title and permitted assigns;
- (i) an agreement, representation or warranty on the part of two or more persons binds them jointly and severally or if given in favour of two or more persons may be enjoyed by them jointly or severally or jointly and severally;
- (j) where a term is defined in this Agreement it shall, unless the contrary intention is expressed, bear that same meaning in Section 3 of the Access Arrangement (Reference Tariffs and Reference Tariff variations) and the Reference Tariff Schedule;
- (k) references to time are Eastern Standard Time (EST) unless specified otherwise except references to time in clauses 5.4 and 5.5 are, where applicable, to Eastern Summer Time;
- (l) an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government agency as well as an individual;

- (m) when referring to a particular Day, the date of the Day shall be the date on which that Day begins; and
- (n) a reference to any firm, body corporate, partnership, unincorporated body or association or government agency (that is not a Party to this Agreement) shall, if it ceases to exist or is reconstituted, renamed or replaced or its powers or functions are transferred to any other firm, body corporate, partnership, unincorporated body or association or government agency, be deemed to refer respectively to the firm, body corporate, partnership, unincorporated body or association or government agency established or constituted in lieu thereof or as nearly as may be succeeding to the powers or function thereof.

2. Commencement and Expiry of a Reference Service

Subject to clauses 17.1(d) and 17.2(h) in respect of a Meter Data Service, the Reference Service for a Delivery Point:

- (a) commences on the Commencement Date for that Service; and
- (b) expires on the earlier of:
 - (i) the deletion of that Delivery Point from the Relevant Customer List; and
 - (ii) termination of this Agreement.

3. Haulage Reference Service

3.1 Requests for Services

If the User requests a Reference Service in respect of the Network, and relevant requirements of the Access Arrangement are met by the User and the Service Provider, the Service Provider must provide the Haulage Reference Service in accordance with this clause 3 and other relevant provisions of this Agreement.

3.2 Addition and Deletion of Delivery Points

The Parties agree that Delivery Points may be added or deleted in accordance with clauses 11 and 12.

3.3 Relevant Customer Lists

The Parties agree and acknowledge that a certificate signed by the Service Provider as to the information contained in the Relevant Customer List on a particular Day is a conclusive list of the Delivery Points in the Relevant Customer List on that Day except in the case of manifest error or if the User provides evidence that the certificate is incorrect. The Service Provider

must provide a certificate within a reasonable time of receiving a request to do so from the User.

3.4 Description of Haulage Reference Service

- (a) This clause 3.4 applies where the Service Provider must provide a Haulage Reference Service pursuant to clause 3.1 as at the date of this Agreement or as at a subsequent date.
- (b) Subject to clause 3.4(c) and the other terms of this Agreement and subject to the aggregate deliveries from the User and all Network Users on a Day to a Network Section being equal to the aggregate withdrawals by the User and all Network Users on that Day from that Network Section, unless the imbalance is such as to negatively affect the ability of a prudent and efficient service provider to provide the Service under the Haulage Reference Service, the Service Provider must, in respect of each Delivery Point:
 - (i) receive a Quantity of Gas into the Network from or for the account of the User at each Receipt Point for delivery to the Delivery Point (**Transportation Quantity**); and
 - (ii) taking into account Gas Balancing Adjustments, deliver a Quantity of Gas thermally equivalent to the Transportation Quantity to or for the account of the User through the Network to that Delivery Point.
- (c) The Service Provider is not obliged to transport or deliver a Quantity of Gas through the Network to the User at a Delivery Point which is greater than the Capacity Entitlement plus Authorised Overruns.

4. MDQ, MHQ and Chargeable Demand

4.1 Application

This clause 4 applies where the Service Provider must provide a Haulage Reference Service pursuant to clause 3 as at the date of this Agreement or as at a subsequent date.

4.2 MDQ and MHQ

- (a) Each Demand Customer Delivery Point and its MHQ and MDQ for the Haulage Reference Service is set out in the Demand Customer List.
- (b) Each Volume Customer Delivery Point and the MHQ corresponding to that Volume Customer Delivery Point is set out in the Volume Customer List. Where there is no MHQ in the Volume Customer List, the MHQ for the Haulage Reference Service for a Volume Customer Delivery Point will be the Quantity of Gas actually withdrawn at that Delivery Point in any Hour, up to a maximum Quantity of 6m³.

- (c) In any Request in respect of a Delivery Point with Hourly demand greater than 6m³/Hour, the User must specify a MHQ that fairly and reasonably reflects the maximum Hourly requirements at that Delivery Point and is based on prior consumption data (where available and where applicable).
- (d) In any Request for a Demand Customer Delivery Point, the User must also specify a MDQ that fairly and reasonably reflects the maximum Daily requirements at that Delivery Point and is based on prior consumption data (where available and where applicable) or, where such data is not available or applicable, is an estimate made by the User and acceptable to the Service Provider (acting reasonably).
- (e) The MDQ and MHQ for a Delivery Point can only be changed as provided in clauses 4.2(h), 4.3 and 4.4 .
- (f) The Service Provider's maximum obligation to deliver Gas to the User under the Haulage Reference Service is the MHQ in any Hour and the MDQ on any Day (if applicable) (plus Authorised Overruns).
- (g) The User must not, at any Delivery Point, take in any Hour more than the MHQ for that Delivery Point or take in any Day more than the MDQ (if applicable) (plus Authorised Overruns) for that Delivery Point.
- (h) The User must notify the Service Provider promptly upon becoming aware if the MHQ or MDQ requirement for a Demand Customer Delivery Point decreases, in which case the MHQ or MDQ for that Delivery Point may be reduced by the Service Provider to accord with those requirements.

4.3 Increase in MDQ or MHQ requirements

The User must follow the Request for service procedures set out in the Access Arrangement if the User requires an increase in the MDQ or MHQ for any Delivery Point.

4.4 Procedure for Requests to increase MHQ or MDQ requirements

The Service Provider must agree to an increase in the MDQ or MHQ for any Demand Customer Delivery Point, and include the new MDQ or MHQ (as the case may be) in the Demand Customer List if:

- (a) the User complies with the provisions of the Access Arrangement and National Gas Law relating to Requests, including payment of the costs of processing that Request as set out in the Access Arrangement;
- (b) the Service Provider is able to satisfy its obligations to observe any Queue established under the Access Arrangement and there is no Queue or the User's Request for Service is at the head of the Queue and capacity is available;
- (c) the Service Provider has sufficient capacity available in the Network to provide the Service to the proposed Delivery Point;

- (d) the User accepts the Service Provider's offer to change the MDQ or MHQ (as the case may be) at the Delivery Point; and
- (e) the User has updated and completed the ELMS Data for the Delivery Point in accordance with clause 25.6.

4.5 Chargeable Demand

- (a) This clause 4.5 applies where the Delivery Point is a Demand Customer Delivery Point.
- (b) The Service Provider will calculate the Demand Charge for a Demand Customer Delivery Point using the Chargeable Demand applicable to that Demand Customer Delivery Point as determined by the Service Provider and as varied from time to time in accordance with clauses 4.5(c), 4.5(d), 4.6 or 4.7.
- (c) Subject to clause 4.5(d), the Chargeable Demand for a Demand Customer Delivery Point for any Day must be greater than the larger of:
 - (i) the MDQ for that Delivery Point; and
 - (ii) ten times the MHQ for that Delivery Point.
- (d) Where:
 - (i) a Demand Customer Delivery Point was a Non-Tariff Delivery Point continuously from 1 July 2005 to 1 July 2010; and
 - (ii) there have been no changes to the MHQ for that Demand Customer Delivery Point since 1 July 2005,

the Chargeable Demand for that Delivery Point must be greater than the MDQ for that Delivery Point but may be less than ten times the MHQ for that Delivery Point.

4.6 Increases in Chargeable Demand

- (a) This clause 4.6 applies where the Delivery Point is a Demand Customer Delivery Point.
- (b) Where a Delivery Point is equipped with Daily Meter Reading Facilities, the Service Provider may increase the Chargeable Demand applicable to that Delivery Point to equal the ninth-highest actual Quantity of Gas withdrawn at that Delivery Point in any one Day over any 12 month period (or if data from the Daily Meter Reading Facilities is not available for a 12 month period, any lesser period of time for which such information is available).
- (c) Where a Delivery Point is not equipped with Daily Meter Reading Facilities, the Service Provider may increase the Chargeable Demand applicable to that Delivery

Point to equal the average Quantity of Gas withdrawn at that Delivery Point in a Day, such average to be calculated by using the Quantity of Gas withdrawn from that Delivery Point over any Calendar Month.

- (d) Where the Service Provider increases the Chargeable Demand for a Delivery Point pursuant to clauses 4.6(b) or 4.6(c), the increase shall take effect from the first Day of the Calendar Month immediately following the Calendar Month in which the Daily or monthly consumption (as applicable) occurred that was used to calculate the increased Chargeable Demand. The first Day of the Calendar Month from which the increase applied will be the “**Demand Reset Date**” for that Delivery Point with respect to that Chargeable Demand.
- (e) The Service Provider may increase the Chargeable Demand for a Delivery Point where necessary (but only to the extent necessary) for the Chargeable Demand to meet the requirements of clause 4.5(c) or 4.5(d). The increase will take effect on the date reasonably determined by the Service Provider which must be on or after the date on which the MHQ or MDQ (as applicable to the increase in Chargeable Demand) first applied. The date so determined by the Service Provider will be the “**Demand Reset Date**” for that Delivery Point with respect to that Chargeable Demand.

4.7 Decreases in Chargeable Demand

- (a) This clause 4.7 applies where the Delivery Point is a Demand Customer Delivery Point.
- (b) Where a Customer has experienced a permanent and material reduction in its requirements for Gas supply, the User may make a written request to the Service Provider requesting a reduction in the Chargeable Demand for the relevant Delivery Point from which the Gas for that Customer is withdrawn (**Reduction Request**), provided that:
 - (i) the proposed reduction in Chargeable Demand is nominated in the Reduction Request;
 - (ii) the Reduction Request is received by the Service Provider no less than 12 months after the Demand Reset Date in respect of the current Chargeable Demand for the relevant Delivery Point;
 - (iii) no other requests to reduce the Chargeable Demand for the relevant Delivery Point have been rejected by the Service Provider in the 6 months immediately preceding the date of the Reduction Request;
 - (iv) the Service Provider has not accepted a request to reduce the Chargeable Demand for the relevant Delivery Point in the 13 month period immediately preceding the date of the Reduction Request;

- (v) the requested Chargeable Demand is less than 90% of the existing Chargeable Demand for the relevant Delivery Point; and
 - (vi) the User provides a letter from the User's relevant Customer setting out the reasons for its reduction in Gas requirements and demonstrating why that reduction is a permanent one, to the Service Provider's reasonable satisfaction.
- (c) The Service Provider will provide its reasons in writing and advise whether or not it will consent to a Reduction Request within one month of the date on which it receives such Reduction Request from the User, such consent not to be unreasonably withheld.
- (d) In considering a Reduction Request, the Service Provider may take into account in addition to the information provided as part of the Reduction Request, any other factors the Service Provider considers relevant, including but not limited to:
- (i) past patterns of actual Gas consumption at the Delivery Point and reasoned forecasts of expected future demand for Gas at the Delivery Point;
 - (ii) any previous requests to reduce the Chargeable Demand or increase or decrease the MHQ or MDQ at the Delivery Point; and
 - (iii) whether, and if so the extent to which, the proposed reduction will compromise the Service Provider's ability to recover any capital expenditure the Service Provider has incurred in relation to the Delivery Point (including whether the Service Provider incurred such capital expenditure in reliance on an undertaking to maintain a certain level of MDQ or Chargeable Demand for a minimum period of time).
- (e) If the Service Provider consents to a Reduction Request, the Service Provider will reduce the Chargeable Demand for the relevant Delivery Point:
- (i) by the amount nominated in the Reduction Request; and
 - (ii) to the ninth-highest Quantity of Gas withdrawn at that Delivery Point in any one Day in the 12 month period immediately preceding receipt of the Reduction Request (if the Delivery Point is equipped with Daily Meter Reading Facilities),
- whichever is the greater, but subject to clause 4.5(c).
- (f) A reduction in Chargeable Demand pursuant to clause 4.7(e) will take effect from the first Day of the Calendar Month immediately following the date of receipt of the complete Reduction Request.

- (g) If:
- (i) the Quantity of Gas calculated in clause 4.7(e)(ii) is greater than 90% of the current Chargeable Demand; or
 - (ii) the Service Provider increases the Chargeable Demand pursuant to clause 4.5 or 4.6 after the date of receipt of a Reduction Request,
- then notwithstanding the Service Provider's previous consent to the Reduction Request, the relevant Reduction Request will be deemed to have been rejected by the Service Provider.

5. Overruns

5.1 General

This clause 5 does not vary the MDQ and/or the MHQ for a Delivery Point.

5.2 Gas exceeding MHQ or MDQ

The Service Provider may in its sole discretion agree to transport and deliver an Overrun.

5.3 Authorised Overruns

An Overrun agreed to by the Service Provider in accordance with this Agreement before it occurs is an authorised Overrun (**Authorised Overrun**).

5.4 Procedure for authorisation of Overruns

If the User wishes the Service Provider to provide a Service to a Delivery Point for a Quantity of Gas in excess of the MDQ for any Day or the MHQ for any Hour, the User:

- (a) must notify the Service Provider of the expected Overrun and the Quantity required in excess of the MDQ or MHQ, as the case may be, by no later than 4:00pm on the Business Day which immediately precedes the Day on which the Overrun is required or expected to occur; or
- (b) must:
 - (i) notify the Service Provider of expected Overruns and the Quantities required in excess of the MDQ or MHQ, as the case may be, by no later than 4:00pm on the Business Day which immediately precedes the Day on which the first of those Overruns is required or expected to occur; and
 - (ii) request that the Service Provider approve those Overruns where such approval will have effect over a specified period (**Specified Period**), so

that the Overruns may occur at any time within the Specified Period at the discretion of the User.

- (c) The Service Provider may charge the User a Request for Service Fee (based on a minimum of 2 Hours) for processing any notice or request made under this clause 5.4. That charge will be payable irrespective of whether the request is authorised or refused, or is authorised but later revoked.

5.5 Notification of acceptance of Overrun as authorised

- (a) The Service Provider must notify the User within 2 hours from receipt of the notice or request under clause 5.4 (if the notice is received on the Business Day preceding the expected Overrun) or within 24 hours from receipt (if the notice is received prior to that Business Day) whether:
 - (i) it agrees to provide the Service for the excess Quantity requested by the User; or
 - (ii) it agrees to provide the Service for a lesser Quantity than that requested by the User; or
 - (iii) it is unable to provide the Service,for that Day or during the Specified Period.
- (b) Where the Service Provider notifies the User under clause 5.5(a)(ii) that it agrees to provide the Service for a lesser Quantity than that requested by the User, the User must notify the Service Provider whether it accepts the lesser Quantity:
 - (i) within 2 hours from receipt of such a notice from the Service Provider where the request for the authorisation of the Overrun relates to a specific Day; or
 - (ii) prior to the commencement of the relevant Specified Period where the request for the authorisation of the Overrun relates to a Specified Period.

5.6 Revocation of authorisation

- (a) Where the Service Provider has approved an Authorised Overrun for a Specified Period, the Service Provider may by notice to the User revoke such approval (in whole or in part) at any time and for any length of time if, in the Service Provider's reasonable opinion, the capacity in the Network is insufficient to allow the Service Provider to transport the Authorised Overrun Quantity. The Service Provider will use reasonable endeavours to provide the User with as much notice of such revocation as is possible in the circumstances.
- (b) The Service Provider will not be liable for, and the User will indemnify and hold the Service Provider harmless from and against, any and all Damages or claims in

connection with or arising as a result of the revocation by the Service Provider of an approval (in whole or in part) of an Authorised Overrun pursuant to clause 5.6(a) unless and to the extent ~~that the negligent act or omission or wilful misconduct of the Service Provider caused that Damage or claim the Service Provider's conduct constitutes wilful misconduct or negligence or the Service Provider's action is inconsistent with that expected of a reasonable service provider.~~

5.7 Service Provider's obligation on Authorised Overrun Day

- (a) Subject to clause 5.6, where a Quantity is agreed to by the Service Provider under clause 5.5(a)(i) or accepted by the User under clause 5.5(b) (**Authorised Overrun Quantity**), on each relevant Day, the Service Provider must provide the Service to the Delivery Point for a Quantity equal to the MDQ or MHQ, as the case may be, plus the Authorised Overrun Quantity for that Day or Hour.
- (b) Unless expressly agreed by the Service Provider in writing, an agreement by the Service Provider to transport and deliver Gas in excess of the MDQ is not an agreement to transport and deliver Gas in excess of the MHQ in any Hour.

5.8 Delivery Point with multiple services

If an Overrun occurs at a Delivery Point served by more than one service then, regardless of whether or not those services are provided under one or more service agreement(s), an Overrun will be deemed to have occurred in respect of each of those services under each of the service agreements.

6. Unauthorised Overruns

6.1 Unauthorised Overruns

- (a) An Overrun which is not agreed to by the Service Provider in accordance with this Agreement before it occurs is an unauthorised Overrun (**Unauthorised Overrun**).
- (b) If an Unauthorised Overrun occurs, the Service Provider has the right, at the User's cost, to install flow control mechanisms on the Measuring Equipment at the relevant Delivery Point, allowing the Service Provider to control the amount of Gas taken by the User at that Delivery Point so as to restrict the Quantity of Gas taken to a Quantity equal to the Capacity Entitlement for that Delivery Point for any Hour or Day and/or ensure operational security or safety.

6.2 Liability for Damages arising from Unauthorised Overruns

If an Unauthorised Overrun occurs, the Service Provider is not liable for, and the User will indemnify and hold the Service Provider harmless from and against, any and all Damages or claims in connection with or arising as a result of that Unauthorised Overrun unless and to the

extent that the negligent act or omission or wilful misconduct of the Service Provider caused that Damage or claim ~~the Service Provider's conduct constitutes wilful misconduct or negligence or the Service Provider's action is inconsistent with that expected of a reasonable service provider.~~

7. Nomination And Balancing

7.1 Gas Balancing prior to commencement of balancing mechanism approval

Subject to clause 7.4(b), until the date the mechanism referred to in clause 7.4(a) takes effect for the purpose of this Agreement pursuant to clause 7.4(b) (subject to any conditions referred to in clause 7.4(b)(ii)):

- (a) the Gas Balancing of Network Sections will be governed by, and the User and the Service Provider must comply with, Annexure 3; and
- (b) the User warrants that each nomination made under this Agreement is made in accordance with Annexure 3.

7.2 Gas Balancing after withdrawal of approval for balancing mechanism

Subject to clause 7.4(b), on and from the date of effect of a notice of withdrawal under clause 7.4(c):

- (a) the Gas Balancing of Network Sections will be governed by, and the User and the Service Provider must comply with, Annexure 4; and
- (b) the User warrants that each nomination made under this Agreement is made in accordance with Annexure 4.

7.3 Treatment as a single User

- (a) The User and any Network User who is a Related Body Corporate of the User may apply by written notice to the Service Provider, to be treated as a single user for the purposes of the relevant Gas Balancing Annexure.
- (b) The Service Provider must accept an application made under clause 7.3(b) if treating the User and its Related Bodies Corporate as a single user does not cause the Service Provider to breach its obligations:
 - (i) under any Gas Law, including the Retail Market Procedures; or
 - (ii) to any other party.
- (c) From the date the Service Provider accepts an application under clause 7.3(b), all nominations, forecasts and calculations under the relevant Gas Balancing

Annexure will be undertaken in aggregate in respect of all agreements for the transportation of Gas through the Network between the Service Provider and the User and any Network User who is a Related Bodies Corporate of the User.

7.4 Gas Balancing under an industry scheme

- (a) The AEMO, or a relevant industry scheme, may provide a mechanism for the Gas Balancing of Network Sections. The parties acknowledge that such a mechanism might provide for the financial apportionment of Gas flowing into the Network in excess of the total of market scheduled bids in any Gas day but might not manage the physical operation of the Network and continuity of Gas supply to Delivery Points. For the avoidance of doubt, the Service Provider acknowledges that such a mechanism may impose obligations on the Service Provider and/or User and that nothing in this clause 7.4 is intended to be inconsistent with any such obligations.
- (b) If the AEMO or a relevant industry service scheme provides a mechanism under clause 7.4(a) the Service Provider must notify all Network Users that the mechanism under clause 7.4(a) will apply for the purpose of this Agreement, in which case the notice will include:
 - (i) the date on which the mechanism referred to in clause 7.4(a) takes effect for the purpose of this Agreement; and
 - (ii) any technical conditions or arrangements reasonably required by the Service Provider to facilitate transition to the approved mechanism.
- (c) Where a mechanism has been notified to the Network User in accordance with clause 7.4(b) and the mechanism subsequently ceases to be legally required the Service Provider may notify all Network Users that the mechanism will cease to apply for the purpose of this Agreement and the date on which the notice will take effect.
- (d) If the Service Provider gives notice under clause 7.4(b), then while that notice remains effective:
 - (i) the mechanism under clause 7.4(a) will operate to govern the Gas Balancing of Network Sections;
 - (ii) neither Gas Balancing Annexure will apply;
 - (iii) the User must comply with the requirements of the mechanism referred to in clause 7.4(a); and
 - (iv) the User and the Service Provider must comply with clauses 7.5, 7.6 and 7.7 below.

7.5 User to provide Service Provider with forecast of withdrawals

- (a) This clause 7.5 applies only if a mechanism under clause 7.4(a) applies for the purpose of this Agreement and clauses 7.5(c)–(f) only applies insofar as the mechanism does not set out a timetable for the User to provide Forecast Withdrawals as required under this clause 7.5.
- (b) The Service Provider may notify the User and all Network Users that Forecast Withdrawals are not required for a Network Section for a designated period.
- (c) Unless notification has been provided under clause 7.5(b) and such notification has not been rescinded, then:
 - (i) on each Day that the User receives Services under this Agreement and any other agreement for the transportation of Gas between the Service Provider and the User; and
 - (ii) for each Receipt Point at which that Gas is received into the Network Section (where information by Receipt Point is available to the User and where not available, the aggregate of the Receipt Points within the Wilton Network Section),

the User must provide the Service Provider with its Forecast Withdrawals (as defined in clause 7.5(e)), for each Network Section for each of the next three Days.

- (d) Where requested by the Service Provider for operational purposes, the User must provide its Forecast Withdrawals for a Network Section for each of the next seven Days.
- (e) In this clause 7.5, a forecast withdrawal for a Day is a forecast of the aggregate Quantity of Gas which the User intends to withdraw from a Network Section on the relevant Day under all agreements between the Service Provider and the User for the transportation of Gas. A forecast withdrawal must be made on a reasonable basis, in good faith and itemise:
 - (i) the forecast Gas requirement for Non Daily Metered Delivery Points; and
 - (ii) when required in advance of the relevant Day by the Service Provider, the forecast withdrawal at designated Delivery Points, in such manner and in relation to such times as the User and the Service Provider agree,

(Forecast Withdrawal).

- (f) Following consultation with the User, the Service Provider will (acting reasonably) determine a timetable for the User to provide the Forecast Withdrawals required under this clause 7.5. The User must comply with this timetable.

7.6 Network Section Deliveries

- (a) For the avoidance of doubt, the User is responsible for ensuring that the aggregate Quantity of Gas delivered by or for the account of the User, through the Receipt Point(s) for a Network Section, is equal to:
 - (i) the aggregate quantity of Gas delivered to or for the account of the User to Delivery Points within that Network Section; plus
 - (ii) any change in linepack in the Network Section allocated to the User by the Service Provider or other share of aggregate needs for a Network Section to ensure safe and reliable supply.
- (b) When determining an allocation of the total change in linepack for a Network Section between the User and other Network Users, the Service Provider will seek to apply a methodology which reflects the linepack requirements of the Services which were provided to the User. If the Service Provider considers that a more direct method of allocation is not available, the Service Provider may prorata total change in linepack based on each Network User's typical aggregate Capacity Entitlement for all Services.

7.7 Country Network Sections

In Country Networks, each User will be deemed to be in balance within the Network Section.

8. Determination Of Quantity Delivered At Delivery Points

8.1 Quantity of Gas delivered at a Delivery Point

The Parties agree that the Quantity of Gas delivered at a Delivery Point is the Quantity of Gas measured by each Delivery Station in accordance with clause 8.2 or estimated by the Service Provider under clauses 16.3(a) or 16.7.

8.2 Quantity of Gas delivered at a Delivery Station

Subject to clause 16.7, the Quantity of Gas delivered at a Delivery Station is:

- (a) if the Delivery Station is equipped with Daily Meter Reading Facilities and Communication Facilities and with on-site Heating Value measurement, for each Day the product of the Heating Value of Gas for that Day and the Volume of Gas (as measured at the Delivery Station on that Day);
- (b) if the Delivery Station is equipped with Daily Meter Reading Facilities and Communication Facilities but not with on-site Heating Value measurement, for each Day the product of the Declared Heating Value of Gas for that Day and the Volume of Gas (as measured at the Delivery Station on that Day); or

- (c) if the Delivery Station is not equipped with Daily Meter Reading Facilities and Communication Facilities, the product of the Volume of Gas (measured at the Delivery Station for the period between meter readings) and the average of the Declared Heating Values of Gas for all Days in the period, or as otherwise agreed.

9. Commingling, custody, control, responsibility and warranty

9.1 Warranty

- (a) The User warrants that as at the date of this Agreement and at any time during the term of this Agreement, it has all necessary authorisations and the legal right and full power and capacity to participate in the retail Gas market and to:
 - (i) inject (or procure the injection of) Gas into the Network at the Receipt Points;
 - (ii) buy and sell Gas; and
 - (iii) grant to the Service Provider custody and control over any Quantity of Gas the subject of a Haulage Reference Service so as to allow the Service Provider to lawfully transport that Quantity of Gas through the Network, commingle Gas and deliver that Quantity of Gas to the Delivery Points,free and clear of liens, encumbrances and claims of any nature inconsistent with the Service Provider's operation of the Network and its rights and obligations under this Agreement.
- (b) The User warrants that on any Day (or any shorter period if Gas Balancing Adjustments occur in a shorter period than a Day) it has the legal right and full power and capacity to deliver in aggregate a Quantity of Gas to a Network Section equal to the aggregate withdrawals of Gas by the User (including any Gas Balancing Adjustments) on that Day (or shorter period, if applicable) from that Network Section.

9.2 Right to commingle

- (a) The Service Provider has the right to:
 - (i) commingle the Gas delivered to any Receipt Point with other Gas in the Network; and
 - (ii) deliver Gas in a commingled state to the Delivery Point.
- (b) The Service Provider will not be liable for, and the User will indemnify and hold the Service Provider harmless from and against, any and all Damages or claims in connection with or arising as a result of the commingling of Gas or delivery of Gas

in a commingled state pursuant to clause 9.2(a) unless and to the extent ~~that the negligent act or omission or wilful misconduct of the Service Provider caused that Damage or claim the Service Provider's conduct constitutes wilful misconduct or negligence or the Service Provider's action is inconsistent with that expected of a reasonable service provider.~~

9.3 Custody and control of Gas

The custody and control of Gas:

- (a) delivered at a Receipt Point passes to the Service Provider at the Receipt Station at the Receipt Point at which that Gas is delivered; and
- (b) delivered by the Service Provider to or for the User at a Delivery Point passes from the Service Provider to the User or the User's nominee, agent or transferee at the Delivery Station at the Delivery Point.

9.4 Responsibility for Gas

- (a) The Service Provider is responsible for Gas in its custody and control between the Receipt Stations and the Delivery Station at the Delivery Point and must replace (by way of commercial purchase of UAG in accordance with clause 9.5(d) and 9.5(e)) any Gas lost whilst in the care and control of the Service Provider at a time and on the terms determined by the Service Provider in its absolute discretion.
- (b) The Service Provider will not be liable for, and the User will indemnify and hold the Service Provider harmless from and against, any and all Damages or claims in connection with or arising as a result of any matter or thing which may be done, happen or arise with respect to Gas prior to the receipt of Gas by the Service Provider at a Receipt Station or after its delivery at a Delivery Station at a Delivery Point.

9.5 Unaccounted for Gas

- (a) Notwithstanding any other provision of this Agreement, the Service Provider's obligation under this Agreement to purchase a Quantity of UAG is subject to and only applies to the extent that the Service Provider has timely access to verified and sufficiently accurate data at each Receipt Point to be able to calculate the LG Quantity.
- (b) The Service Provider will calculate an LG Quantity on the basis of the available data at the time.
- (c) The Service Provider may update the LG Quantity at any time to reflect updated data for an LG Period. However, the Service Provider is not obliged to recalculate the LG Quantity for a LG Period once 12 months have elapsed since the end of that LG Period.

- (d) The Service Provider will purchase UAG equal to:
 - (i) the Service Provider's forward estimate of the LG Quantity for an LG Period; less
 - (ii) the difference between the Quantities of UAG the Service Provider has previously purchased for any earlier LG Period and the LG Quantity for that LG Period.
- (e) The Service Provider will purchase UAG on a competitive commercial basis. This basis will be determined by the Service Provider, acting reasonably, and may include (without limitation) any one or a combination of the following:
 - (i) utilising a competitive open tender for the supply and/or haulage of Gas over any period, as reasonably determined by the Service Provider; and
 - (ii) sourcing Gas directly from the Short Term Trading Market.
- (f) The Service Provider will recover all costs of purchasing UAG through the Reference Tariffs in accordance with the provisions of the Access Arrangement.
- (g) The Service Provider may, by notice, terminate its obligations under clause 9.4(a) and this clause 9.5 with effect from the date that parties other than the Service Provider assume the responsibility to purchase UAG. Such termination may be subject to conditions reasonably required by the Service Provider and will not prejudice the right of the Service Provider to recover the cost of UAG in accordance with the Access Arrangement.

10. Gas quality

10.1 Specification Gas

- (a) The Service Provider is not obliged to provide a Service if the Gas delivered at a Receipt Point does not comply with the following and the failure to comply is of a type likely to negatively affect the ability of a prudent and efficient service provider to provide the Service with:
 - (i) the specifications prescribed by any New South Wales law, including but not limited to any regulation made under the *Gas Supply Act 1996* (NSW), applying during this Agreement that extends to any such Gas; and
 - (ii) where the law referred to in clause 10.1(a)(i) does not prescribe a particular matter, or for any period during this Agreement in which there is no such law, the specification as notified from time to time by the Service Provider. The Service Provider shall only amend Annexure 2 in response to a change of circumstances where the changes are of a type

reasonably likely to impact on the Service Provider's ability to ensure the continued quality, safety, reliability and security of supply of gas. The initial specification is set out in Annexure 2.

- (b) The Service Provider may receive into the Network and may transport, haul or deliver Gas that would, but for the operation of this clause 10.1(b) be Out-of-Specification Gas if:
- (i) the Director-General of the Department of Water and Energy issues an exemption to the Service Provider in relation to the requirements of the Gas Supply (Safety and Network Management) Regulation 2008 (NSW) related to the specifications of Gas, in which case the Specification under this Agreement is modified (for the period during which the exemption applies) to the extent necessary to accord with the terms of that exemption; or
 - (ii) the Service Provider reasonably believes that the conveyance of the Gas is necessary to ensure the safety of the public or the security of the Network and the Gas is conveyed in accordance with regulation 23.2(a) of the Gas Supply (Safety and Network Management) Regulation 2008 (NSW), in which case the specification of the Gas so conveyed in the Network or delivered to Delivery Points is deemed to be the Specification for the purpose of this Agreement to the extent the Gas is delivered in accordance with regulation 23.2.
- (c) As between the Service Provider and the User, the User must ensure and procure that Gas delivered to each Relevant Receipt Point complies with the Specification.
- (d) The User acknowledges that Gas delivered to a Receipt Point will enter into the Network in close proximity to and will be available for use by a large number of persons, and that Gas delivered at any Receipt Point which does not meet the Specification may result in those persons suffering damage.
- (e) The Service Provider will not be liable for, and the User will indemnify and hold the Service Provider harmless from and against, any and all Damages or claims in connection with or arising as a result of the delivery of Gas at any Receipt Point which does not meet the Specification unless and to the extent ~~that the negligent act or omission or wilful misconduct of the Service Provider caused that Damage or claim the Service Provider's conduct constitutes wilful misconduct or negligence or the Service Provider's action is inconsistent with that expected of a reasonable service provider.~~

10.2 Service Provider's rights in relation to Out-of-Specification Gas at Receipt Point

If the Service Provider reasonably believes that Gas which does not comply with the Specification (**Out-Of-Specification Gas**) is being or may be delivered to any Receipt Point, whether the Out-Of-Specification Gas is being delivered by or on behalf of the User or otherwise, then the Service Provider may:

- (a) direct the User or any other person to cease or cause the cessation of the delivery of Gas to the Receipt Point or to cease or cause the cessation of the delivery of Gas to any pipe or system of pipes through which Gas is delivered to the Receipt Point; and/or
- (b) without prior notice to the User, cease to accept all or any portion of Gas being delivered to that Receipt Point and notify the User as soon as reasonably practicable thereafter of its actions.

10.3 Consequences of the Service Provider exercising rights under clause 10.2

- (a) On receipt of a direction under clause 10.2(a), the User must immediately cease or cause the cessation of the delivery of Gas to the Receipt Point or the delivery of Gas to any pipe or system of pipes through which Gas is delivered by or on behalf of the User to the Receipt Point.
- (b) If the Service Provider issues a direction under clause 10.2(a) or ceases to accept Gas under clause 10.2(b), then:
 - (i) if Gas delivered to any Receipt Point was Out-Of-Specification Gas, the User will not be relieved of its obligation to pay any Charges under this Agreement; or
 - (ii) if Gas delivered to all Relevant Receipt Points did meet the Specification, then to the extent that the Service Provider was unable to deliver a Quantity of Gas equal to the MDQ at a particular Demand Customer Delivery Point for any period in excess of one Day, the Demand Charge for that Delivery Point for that period will be calculated by reference to the actual amount withdrawn at the Delivery Point on each Day during that period, rather than by reference to the Chargeable Demand for that Delivery Point.
- (c) The Service Provider is not liable to the User or to the User's Customers for any Damage if it directs the User to cease the delivery of Gas, or if it ceases to take delivery of Gas, under clause 10.2.
- (d) The Service Provider will not be liable for, and the User will indemnify and hold the Service Provider harmless against, any and all Damages or claims in connection with or arising as a result of the giving of direction or the cessation of Gas delivery under clause 10.2 or any failure of the User to comply with a direction issued under clause 10.2 unless and to the extent **that the negligent act or omission or wilful**

~~misconduct of the Service Provider caused that Damage or claim the Service Provider's conduct constitutes wilful misconduct or negligence or the Service Provider's action is inconsistent with that expected of a reasonable service provider.~~

10.4 User to satisfy the Service Provider

The User must, if requested by the Service Provider:

- (a) provide evidence to the satisfaction of the Service Provider that facilities and management plans exist to enable satisfactory measurement of the quality of Gas at each Receipt Point or any point where Gas is introduced into a pipe or system of pipes through which Gas is delivered to a Receipt Point;
- (b) provide facilities to enable the Service Provider to monitor continuously the quality of Gas at the points referred to in clause 10.4(a);
- (c) provide evidence that Gas quality measurement equipment at the points described in clause 10.4(a) is maintained and calibrated in accordance with good industry practice and appropriate Australian and internationally recognised standards; and
- (d) provide access to maintenance records for any Gas quality measurement equipment at the points described in clause 10.4(a).

10.5 User's preventative measures

The User must have, and upon request by the Service Provider, must satisfy the Service Provider that the User has the contractual or other legal rights and management procedures in place to prevent Out-Of-Specification Gas being delivered to the Receipt Points.

10.6 Service Provider must deliver Gas to Specification

Provided that all Gas received by the Service Provider at all Receipt Points meets the Specification and that the provisions of this clause 10 (or equivalent provisions) have been complied with by all Network Users (such that the Service Provider is able, taking into account clause 9.2, to receive and deliver Gas that complies with the Specification), the Service Provider must ensure that Gas delivered by it at the Delivery Point meets the Specification.

10.7 Amendment of Specification

The Service Provider must use reasonable endeavours to notify the User prior to any change to the Specification by the Service Provider pursuant to clause 10.1(a)(ii).

10.8 Gas Source

- (a) The User must notify the Service Provider in writing or ensure that the Service Provider is properly notified of the contractual and all the possible physical source or sources of the Gas prior to its entry into the Network, and must notify the Service

Provider in writing prior to any change or anticipated change in the source or sources of the Gas.

- (b) Prior to a change in the contractual or physical source or sources of the Gas, the User must comply with its obligations to provide evidence and information to the Service Provider under clauses, 10.4 and 10.5 with respect to the Gas from the new source or sources.

10.9 User responsible for Gas Testing

The User must:

- (a) test the Gas; or
- (b) cause the Gas to be tested,

in accordance with the Service Provider's Safety and Operating Plan.

10.10 Gas Testing by User

- (a) The User must keep a register or cause a register (**Register**) to be kept containing copies of all test results including raw measurements used to determine derived values such as Wobbe index values.
- (b) The Register must be kept at the User's main office or at the main office of the person conducting the tests.
- (c) The User must ensure (or cause the person conducting the tests to ensure) that the Register is open for public inspection during all business hours and copies are to be made available:
 - (i) to the Director General of the New South Wales Department of Water and Energy on request and at no cost to the Director General; and
 - (ii) to the Service Provider on request and at no cost to the Service Provider; and
 - (iii) to any other person upon request and on payment of a reasonable fee.
- (d) The User must maintain (or cause to be maintained) all testing equipment in accordance with the Service Provider's Safety and Operating Plan in respect of which the Service Provider will:
 - (i) make a copy available to the User upon request; and
 - (ii) provide reasonable notice to the User of relevant changes made by the Service Provider to the Safety and Operating Plan.

- (e) The User must make available (or cause to be made available to the Service Provider) all records relating to the maintenance of the testing equipment on the Service Provider's request.
- (f) The User must notify (or must cause the person conducting the tests to notify) the Director General of the New South Wales Department of Water and Energy and the Service Provider without delay by telephone, facsimile or email if it becomes aware of any test result that shows that the Gas to be delivered to a Receipt Point is Out-Of-Specification Gas.
- (g) Within 7 days of notifying the Director General and the Service Provider by telephone pursuant to clause 10.10(f), the User must send written notice (or cause such notice to be sent) to the Director General and the Service Provider.
- (h) Without limiting any of clauses 10.10(a)-(g), the User must make available or cause to be made available to the Service Provider any information relating to the testing of Gas, whether or not any Gas meets the Specification, test equipment, test results or notifications to any person in relation to whether or not Gas meets the Specification.
- (i) The Service Provider will not be liable for, and the User will indemnify and hold the Service Provider harmless from and against, any and all Damages or claims in connection with or arising as a result of the failure of the User to comply with its obligations under this clause 10.10 unless and to the extent ~~that the negligent act or omission or wilful misconduct of the Service Provider caused that Damage or claim the Service Provider's conduct constitutes wilful misconduct or negligence or the Service Provider's action is inconsistent with that expected of a reasonable service provider.~~

11. Addition of Delivery Points

11.1 Addition by Request

The User may at any time Request the Service Provider to add a new Delivery Point to the Relevant Customer List in accordance with clause 11.3.

11.2 Deemed Request

- (a) The Service Provider will deem the final notification by AEMO to the Service Provider that transfer of a delivery point from another Network User to the User has been completed in accordance with the Retail Market Procedures to be a Request pursuant to clause 11.1 and the Service Provider must add the relevant delivery point to the Relevant Customer List, provided that, subject to clause 11.2(b):
 - (i) the delivery point is already subject to a Haulage Reference Service provided by the Service Provider to the relevant Network User;

- (ii) for a Volume Customer Delivery Point, the MHQ required at that delivery point is less than or equal to 6m³/Hour;
- (iii) for a Demand Customer Delivery Point, the User has prior to initiating the transfer of the delivery point under the Retail Market Procedures:
 - (A) advised the Service Provider of the DPI of that delivery point and the date on which the proposed transfer will occur; and
 - (B) obtained the Service Provider's written confirmation that the delivery point is subject to a Haulage Reference Service provided by the Service Provider to the Network User.
- (b) The Service Provider may choose to waive any one or more of the requirements set out in clause 11.2(a), in which case the Service Provider must add the relevant delivery point to the Relevant Customer List if those requirements which have not been waived have been met.
- (c) The Service Provider must use reasonable endeavours to provide the written confirmation required under clause 11.2(a)(iii)(B) within 2 Business Days of receipt of advice pursuant to clause 11.2(a)(i) .
- (d) Where the Service Provider adds a Delivery Point pursuant to clause 11.2(a):
 - (i) the assigned Tariff Class for the Delivery Point, and the Assignment Date will be the same as the assigned Tariff Class and Assignment Date for that Delivery Point pursuant to the transferring Network User's Haulage Reference Service Agreement;
 - (ii) if the Delivery Point is a Demand Customer Delivery Point, as at the date of the transfer of the Delivery Point, the MDQ, MHQ, Load Shedding Priority or Load Shedding Priorities, Chargeable Demand, Demand Reset Date and ELMS Data for that Delivery Point under this Agreement will be the same as applied to that Delivery Point pursuant to the transferring Network User's Haulage Reference Service Agreement; and
 - (iii) any subsequent changes to the MDQ, MHQ, Load Shedding Priority, Chargeable Demand, Demand Reset Date and ELMS Data for that Delivery Point will be made in accordance with the terms of this Agreement.

11.3 Procedure To Add a Delivery Point By Request

The Service Provider must agree to the addition of the Delivery Point to, and include the new Delivery Point in, the Relevant Customer List if:

- (a) the User complies with the provisions of the Access Arrangement relating to Requests, including payment of the costs of processing that Request as set out in the Access Arrangement;
- (b) the Service Provider is able to satisfy its obligations to observe any Queue established under the Access Arrangement and there is no Queue or the User's Request for Service is at the head of the Queue and capacity is available;
- (c) if applicable to that Request, the Service Provider has sufficient capacity available in the Network to provide the Service to the proposed Delivery Point;
- (d) the Service Provider is able to assign the Delivery Point to a Tariff Class based on the characteristics of the relevant Customer as provided by the User, and if necessary for a Tariff Class to be able to be assigned, the User and the Service Provider agree on the assigned Tariff Class;
- (e) the Service Provider is provided with evidence that the Customer at the proposed Delivery Point has been notified that the Charges payable under this Agreement in respect of that Delivery Point are applicable to that Delivery Point regardless of the identity of the supplier;
- (f) the User accepts the Service Provider's offer to provide the Haulage Reference Service to the Delivery Point;
- (g) the User has provided to the Service Provider all of the details required to complete the Relevant Customer List and set out in clause 25.5 for the Delivery Point;
- (h) where the Delivery Point is a Demand Customer Delivery Point:
 - (i) that Delivery Point is served by Network facilities having a maximum allowable operating pressure less than or equal to 1,050 kPa;
 - (ii) in the Service Provider's reasonable opinion, it is technically and economically feasible to connect the proposed Delivery Point to such Network facilities (in which case, such connection will be subject to such charges and conditions as determined by the Service Provider); and
 - (iii) the Service Provider and the User agree on the requirements (if any) for the installation of a Delivery Station, the Charges payable in respect of the Delivery Point, the MDQ and the MHQ for the proposed Delivery Point;

- (i) where the Delivery Point is a Volume Customer Delivery Point:
 - (i) that Delivery Point is served by Network facilities having a maximum allowable operating pressure less than or equal to 500 kPa;
 - (ii) in the Service Provider's reasonable opinion, it is technically and economically feasible to connect the proposed Delivery Point to such Network facilities (in which case, such connection will be subject to such charges and conditions as determined by the Service Provider);
 - (iii) the Service Provider and the User agree on the MHQ for the Delivery Point; and
- (j) the Service Provider and the User agree on any connection charges (or other capital contribution) payable by the User in respect of that Delivery Point.

11.4 Transfer of Pre-STTM Service Delivery Points at commencement of 2010 Access Arrangement

- (a) Within one month of the date of this Agreement, the User may by written notice to the Service Provider add all Pre-STTM Service Delivery Points to the Relevant Customer List as Delivery Points under this Agreement (**Bulk Transfer**), provided the date of this Agreement is on or before the date which is two months after the date the 2010 Access Arrangement came into effect (**Sunset Date**).
- (b) This clause 11.4 ceases to have effect after the Sunset Date.
- (c) Where the User issues a notice of a Bulk Transfer:
 - (i) the Bulk Transfer will occur from the date of that notice (**Bulk Transfer Date**);
 - (ii) the total charges payable by the User under this Agreement and any Pre-STTM Service Agreement for all Delivery Points the subject of a Bulk Transfer under this Agreement (**Bulk Transfer Delivery Points**) will not exceed the amount that would have been payable had all such Delivery Points been subject to this Agreement as from the first Day the 2010 Access Arrangement came into effect;
 - (iii) subject to clauses 11.4(c)(iv) and 11.4(c)(vi) from the Bulk Transfer Date each Bulk Transfer Delivery Point will be assigned to a Tariff Class depending on the type of service provided to that Delivery Point immediately prior to the Bulk Transfer Date, as follows:

Pre-STTM Service provided to the Bulk Transfer Delivery Point immediately prior to the Bulk Transfer Date	Reference Tariff applicable to that Delivery Point under this Agreement
Tariff Reference Service and the Delivery Point is located in the Wilton Network Section	V-Coastal
Tariff Reference Service and the Delivery Point is located in a Country Network	V-Country
Throughput Reference Service	DT
Capacity Reservation Service or Managed Capacity Reference Service, and a capped charge applied to the Delivery Point	DT
Capacity Reservation Service or Managed Capacity Reference Service, other than as above, and the Delivery Point is located in the Wilton Newcastle or the Wilton Wollongong Network Section	DC-1 through DC-11 as applicable to the first four numbers of the station identified number for the Delivery Point.
Capacity Reservation Service or Managed Capacity Reference Service, other than as above (Country Network Sections)	DC-Country

- (iv) Where a Delivery Point qualifies for assignment to the DCFR, DMT, DMTFR or DT categories in accordance with the Access Arrangement, the User may elect that such Delivery Point is assigned at the Bulk Transfer Date to that Tariff Class instead of the Tariff Class assigned to it by the table in clause 11.4(c)(iii);
- (v) the Assignment Date for the assignment of each Bulk Transfer Delivery Point to a Tariff Class pursuant to clause 11.4(c)(iii) or 11.4(c)(iv) will be deemed to be 1 July 2009;
- (vi) the MHQ, MDQ and ELMS Data for a Bulk Transfer Delivery Point will be equivalent to any MHQ, MDQ and ELMS Data applicable to that Delivery Point immediately prior to the Bulk Transfer Date;
- (vii) subject to clauses 11.4(c)(viii) and 11.4(c)(ix), for each Demand Customer Delivery Point the Chargeable Demand will be equal to the ninth-highest Quantity of Gas withdrawn from that Delivery Point in a Day in the period 1 July 2009 to 30 June 2010 and the MDQ will be reduced to equal the Chargeable Demand. 1 July 2010 will be the "**Demand Reset Date**" for that Delivery Point with respect to that Chargeable Demand;

- (viii) the User may elect to maintain the MDQ and the Chargeable Demand for any Bulk Transfer Delivery Point at the same level as applied to the MDQ immediately prior to the Bulk Transfer Date. 1 July 2009 will be the "**Demand Reset Date**" for that Delivery Point with respect to that Chargeable Demand; and
 - (ix) if there is any pre-existing agreement between the Service Provider and the User to maintain a certain level of MDQ for a minimum time, which the Service Provider has relied upon when making capital expenditure in relation to a service to the Delivery Point, the initial Chargeable Demand will be that agreed level of MDQ. 1 July 2009 will be the "**Demand Reset Date**" for that Delivery Point with respect to that Chargeable Demand.
- (d) In the event that any Bulk Transfer Delivery Points are the subject of a service under a Pre-STTM Service Agreement immediately prior to the Bulk Transfer Date which is not equivalent to a Reference Service, the User and Service Provider will consult together to agree either:
- (i) how to accommodate the transfer of the Delivery Point to this Agreement, without disadvantaging the reasonable commercial and technical interests of both the User and the Service Provider, or
 - (ii) to provide the service as a negotiated service and to commence good faith negotiations to finalise such an agreement as soon as reasonably possible.
- (e) Any subsequent changes to the MDQ, MHQ, Reference Tariff, Chargeable Demand, Load Shedding Priority or any other information in the Relevant Customer List will be made in accordance with the terms of this Agreement.
- (f) The Service Provider and the User agree that any Pre-STTM Service Agreements between them are terminated and of no further effect as at the Bulk Transfer Date and neither of them will have any obligation to the other under those terminated agreements, other than an obligation which has accrued prior to the date of termination, or which is expressed to continue after termination.

11.5 Charges Payable for Additional Delivery Points

Where the User wishes to add a Delivery Point under this clause 11, the Service Provider may, in addition to any other charges payable under this Agreement, require the payment of a surcharge in accordance with section 4 of the Access Arrangement.

11.6 User to provide evidence

Prior to agreeing to the addition of a new Delivery Point, the Service Provider may require the User to provide evidence that:

- (a) the User has the right or the capacity to provide the Service Provider with access to the Delivery Point and to the Measuring Equipment at the Delivery Point in accordance with clause 16; or
- (b) where the Service Provider will not be providing a Meter Data Service to the User, the User has suitable arrangements in place to enable the User to satisfy clause 18.

12. Deletion of Delivery Points

- (a) Subject to the User complying with any relevant law, the User may at any time give to the Service Provider at least 3 Business Days' notice in writing to delete a Volume Customer Delivery Point and the Service Provider must delete that Delivery Point in accordance with such notice.
- (b) Subject to the User complying with any relevant law, the User may at any time give to the Service Provider at least 30 Days' notice in writing to delete a Demand Customer Delivery Point and the Service Provider must delete that Delivery Point in accordance with such notice.
- (c) If the Service Provider receives notification from AEMO that a Delivery Point has been transferred to another Network User in accordance with the Retail Market Procedures, the Service Provider must delete that Delivery Point from the Relevant Customer List on the date on which the Delivery Point is added to the other Network User's service agreement.
- (d) From the time a Delivery Point is deleted in accordance with this clause 12:
 - (i) the User's entitlement to information concerning that Delivery Point will cease; and
 - (ii) the Service Provider will have no further obligations in respect of that Delivery Point under this Agreement.

13. Change of Receipt Point or Delivery Point

- (a) This clause 13 does not apply to any Delivery Point in a Network Section which has more than one Receipt Point where all of those Receipt Points are recognised as the same Short Term Trading Market hub.
- (b) The User may not change a Receipt Point or Delivery Point without the Service Provider's prior written consent, which shall only be withheld on reasonable

commercial or technical grounds, and which may be given subject to reasonable commercial and technical conditions. An example might be, if Jemena would not receive at least the same amount of revenue it would have received before the change.

- (c) The Service Provider must reply to a request from the User to change a Receipt Point or a Delivery Point within 14 Business Days of receiving the User's request accompanied by all information reasonably necessary to enable the Service Provider to consider the request. If at the time the request is made, the User informs the Service Provider in writing that due to hardship, the User requires an urgent reply to its request, the Service Provider will use reasonable endeavours to respond to the request within 2 Business Days of receiving the request.

14. Receipt Points and Receipt Stations

14.1 Application

- (a) Clauses 14.5, 14.6, 14.7, 14.8 and 14.9 of this clause 14 apply to all Receipt Points.
- (b) Clauses 14.2, 14.3 and 14.4 of this clause 14 only apply to Receipt Points established after the date of this Agreement.

14.2 New Receipt Points

- (a) The User must ensure that, prior to establishing, taking Gas at or using any Relevant Receipt Point, there is a Receipt Station at each Relevant Receipt Point that:
 - (i) is in physical operation at the Receipt Point; and
 - (ii) is immediately upstream of any connection to the Network; and
 - (iii) meets the requirements of this clause 14.
- (b) The User must ensure that a Receipt Station referred to in clause 14.2(a):
 - (i) complies with specifications approved by the Service Provider from time to time; and
 - (ii) conforms with the technical requirements for such facilities set out in Annexure 5 or as published from time to time by the Service Provider, which requirements will be in accordance with good industry practice for this type of facility and conform to appropriate Australian and internationally recognised standards and codes (including AS2885).

14.3 Approval of Receipt Station Specifications for new Receipt Points

- (a) The User must, at least 4 weeks prior to installation of a Receipt Station, submit Receipt Station specifications comprising design, operation and maintenance principles to the Service Provider.
- (b) The User must not install a Receipt Station unless and until the Service Provider gives written approval (which must not be unreasonably withheld or delayed) to the specifications submitted to it by the User pursuant to clause 14.3(a).

14.4 Additional Costs of new Receipt Points

The Service Provider may require each User of a new Receipt Point, to pay a proportion of the reasonable costs incurred by the Service Provider, as reasonably determined by the Service Provider, in:

- (a) modifying any part of its Network; and/or
- (b) installing any systems required to enable the new Receipt Point to be established and integrated into the operation of the Network,

which the Service Provider has not recovered from the person who established the Receipt Point or from Network Users. Where reasonably practicable, the Service Provider must use reasonable endeavours to provide the User with an estimate of the User's proportion of costs.

14.5 Ownership of Receipt Station Components at Receipt Point

The Parties acknowledge that the ownership of the Receipt Station components will vary as between Receipt Points and such components may be owned by the Service Provider, the User or a third party.

14.6 Equipment at a Receipt Station

Except to the extent to which the Service Provider has agreed to provide them under this Agreement, the Service Provider may require the User to provide any or all of the following systems at a Receipt Station:

- (a) a Filtration and Liquid Separation System;
- (b) a Gas Quantity Measurement System;
- (c) a Flow and Pressure Control System; and
- (d) if the Service Provider reasonably requires, a Gas Quality Measurement System.

14.7 Service Provider may operate the Flow and Pressure Control System

Notwithstanding anything in this Agreement, the User must procure that the Service Provider may on giving reasonable notice to the User:

- (a) operate at the cost (such costs to be reasonable) of the User the Flow and Pressure Control System of any Receipt Station which is not owned by the Service Provider; and/or
- (b) modify the extent of the flow and pressure control requirements listed in paragraph 4 of Annexure 5 applicable to any existing and proposed Receipt Stations and require the User to undertake such work as, in the reasonable opinion of the Service Provider, is necessary to ensure that all Receipt Stations comply with such modified requirements.

14.8 Alterations and Additional Equipment

- (a) The Service Provider may require (acting reasonably) alterations to equipment, movement of equipment or the installation of additional equipment at a Receipt Station including, but not limited to, alterations to equipment or installation of additional equipment to achieve upgraded measurement performance, or to accommodate changes in Gas demand characteristics.
- (b) Where the Service Provider owns any Receipt Station components which are to be replaced or altered under clause 14.8(a), the Service Provider must undertake the work itself at the Service Provider's expense.
- (c) Where the Service Provider does not own the components, the Service Provider must notify the User of the alterations required under clause 14.8(a) and the User must promptly carry out such works or the User must procure the owner of the components to carry out such works and, if the User (or, if applicable, the owner of the components) does not complete the works within a reasonable period specified by the Service Provider, the Service Provider may carry out such alterations or install such equipment at the reasonable cost of the User.

14.9 Pressure at Receipt Point

- (a) The Service Provider is not obliged to provide a Service if the pressure at which Gas is received at the relevant Receipt Point does not comply with the minimum and maximum pressure specifications for that Receipt Point, as notified from time to time by the Service Provider and this is such as to negatively affect the ability of a prudent and efficient service provider to provide a Service. The Service Provider shall only amend Annexure 6 in response to a change of circumstances where the changes are of a type reasonably likely to impact on the Service Provider's ability to ensure the continued quality, safety, reliability and security of supply of gas. The initial minimum and maximum pressure specifications are set out in Annexure 6.

- (b) The Service Provider is not liable for, and the User will indemnify and hold the Service Provider harmless from and against, any and all Damages or claims in connection with or arising as a result of Gas being delivered through any Receipt Point which does not comply with the minimum and maximum pressure specifications in accordance with this clause 14 unless and to the extent ~~that the negligent act or omission or wilful misconduct of the Service Provider caused that Damage or claim the Service Provider's conduct constitutes wilful misconduct or negligence or the Service Provider's action is inconsistent with that expected of a reasonable service provider.~~

15. Delivery Points and Delivery Stations

15.1 Requirement for a Delivery Station

- (a) The User must ensure that prior to the Commencement Date for a Reference Service, there is a Delivery Station that:
- (i) is in physical operation at each Delivery Point; and
 - (ii) is as close to the Network as practicable; and
 - (iii) except to the extent to which the Service Provider has responsibility for Delivery Station components under this Agreement, meets the requirements of this clause 15.
- (b) Each Delivery Station must be designed, maintained, tested and calibrated in accordance with good engineering practice and industry standards, and in accordance with specifications approved by the Service Provider prior to installation.
- (c) Delivery Stations which were in physical operation prior to the date of this Agreement must comply with the Service Provider's specifications at the time the Delivery Station was commissioned.
- (d) The User must not take or permit any person to take Gas through a Delivery Station which was not in physical operation as at the date of this Agreement until the Delivery Station has been purged and commissioned by or to the satisfaction of the Service Provider.

15.2 Ownership of Delivery Station Components at existing Delivery Stations

The Service Provider and the User must comply with their respective obligations set out in Annexure 7 in relation to the design, ownership, operation and maintenance of Delivery Station components.

15.3 Provision of Basic Metering Equipment at existing Delivery Station

The Service Provider must provide Basic Metering Equipment at the first Delivery Station at each Delivery Point.

15.4 Alterations and Additional Equipment at existing Delivery Station

- (a) In respect of Delivery Station components that the User owns, at the reasonable written request of the Service Provider, the User must (at its own expense) alter equipment, move equipment or install additional equipment at a Delivery Station for reasons including, but not limited to, alterations to equipment or installation of additional equipment to achieve upgraded measurement performance.
- (b) The User must carry out the alterations or installations referred to in clause 15.4(a) within such reasonable period of time specified by the Service Provider.
- (c) If the User does not finish the alterations or installations within the period of time specified by the Service Provider pursuant to clause 15.4(b), the Service Provider or its authorised contractors may carry out the alterations or installations at the cost of the User, such cost to be reasonable.
- (d) If the Service Provider is the owner of any Delivery Station components which are to be altered or replaced in accordance with clause 15.4(a), then the Service Provider must or must cause its authorised contractors to (at its own expense except where the Delivery Station components are altered, moved or installed for safety or operational reasons resulting from the acts or omissions of the User or the User's Customer(s), in which case the User will bear the cost) alter or install these components.

15.5 Basic Metering Equipment Upgrade at existing Delivery Station

- (a) The Service Provider must or must cause its authorised contractors to upgrade Basic Metering Equipment at a Delivery Station if it requires upgrading in order to accept the MDQ and/or the MHQ (as the case may be) for that Delivery Point.
- (b) If required by the Service Provider, reasonable costs incurred by the Service Provider for upgrading the Basic Metering Equipment must be borne by the User.

15.6 Basic Metering Equipment Downgrade at existing Delivery Station

- (a) The Service Provider may downgrade Basic Metering Equipment at its own discretion subject to the requirement that it must consult with the User to determine whether the User's Customer intends to increase load and/or change the User's Customer's pattern of usage such that a downgrade is no longer required.
- (b) The User is not entitled to require the Service Provider to downgrade Basic Metering Equipment.

- (c) Where the Service Provider downgrades Basic Metering Equipment as a result of a change in load or pattern of usage by the User's Customer, if the Service Provider requires the User to pay the reasonable costs of such a downgrade, it must advise the User in writing of such costs prior to the downgrade and the User must pay the full costs of such a downgrade.

15.7 Additional Delivery Stations at Delivery Points

- (a) Subject to clause 15.7(c), a Delivery Point will contain only one Delivery Station unless the Service Provider agrees to install an additional Delivery Station in accordance with clause 15.7(b).
- (b) The Service Provider may at the request of the User agree to install an additional Delivery Station at a Demand Customer Delivery Point in which case:
 - (i) the Parties will be responsible for designing, operating and maintaining the Delivery Station components as described in Annexure 7;
 - (ii) if required by the Service Provider, the User must pay the Service Provider's reasonable charges (as notified by the Service Provider) in accordance with Annexure 7 as applicable for the additional Delivery Station;
 - (iii) if required by the Service Provider, the User must further pay the Service Provider's reasonable charges (as notified by the Service Provider) where the Service Provider carries out any of the User's responsibilities listed in Annexure 7 as applicable; and
 - (iv) the ownership of the various components of the Delivery Station is set out in Annexure 7, except as specifically identified as otherwise by the Service Provider and the User.
- (c) If a Demand Customer Delivery Point contained more than one Delivery Station prior to the Commencement Date, then the Service Provider must continue to transport Gas to those Delivery Stations. The User must pay Provision of Basic Metering Equipment Charges and Charges for Meter Data Services for each Delivery Station.

15.8 Permanent Disconnection, Decommissioning and Meter Removal

- (a) The Service Provider must, at the request of the User permanently disconnect supply to a Delivery Point or remove meters, regulators and filters from a Delivery Station (which shall, for the purposes of this clause 15.8, constitute decommissioning if determined by the Service Provider).

- (b) The User must:
 - (i) provide the Service Provider with sufficient information to enable the Service Provider to determine the appropriate method of disconnection or decommissioning; and
 - (ii) pay the applicable Ancillary Fee.
- (c) Where the Service Provider's costs exceed the applicable Ancillary Fee for the disconnection or decommissioning of a Demand Customer Delivery Point, the Service Provider may recover from the User its additional costs reasonably incurred in disconnecting or decommissioning the Delivery Point.
- (d) Once a Delivery Point is disconnected or decommissioned, it will be deleted from the Relevant Customer List and from that time, the User's entitlement to information concerning that Delivery Point will cease and the Service Provider will have no further obligations in respect of that Delivery Point under this Agreement.

15.9 Temporary Disconnection and reconnection by User

- (a) The User may enter into an agreement with the Service Provider to permit the User to perform disconnections and reconnections of supply at a Delivery Point in which case the User may perform such disconnections and reconnections in accordance with the terms of that agreement.
- (b) The parties acknowledge that the Service Provider may have different technical and accreditation standards for different types of Delivery Points and that the agreement to permit the User to perform disconnections and reconnections pursuant to clause 15.9(a) will apply only to the types of Delivery Point for which the User has been accredited under that agreement.
- (c) If the User has not entered into an agreement described in clause 15.9(a), the User may not perform any disconnections or reconnections of supply.
- (d) Any disconnection of a Delivery Station pursuant to this clause 15.9 will not cause the Delivery Point to be deleted from the Relevant Customer List.

15.10 Ownership of Network

- (a) The User does not acquire any right to, title to, or interest in the Network or any part thereof.
- (b) The Service Provider does not dedicate any particular portion of facilities forming part of the Network to the Services provided to the User.

15.11 Repair of Basic Metering Equipment

Where the Service Provider is responsible for maintenance of the Basic Metering Equipment and provided that the User provides the Service Provider and its authorised contractors with access (or procures that the Service Provider and its authorised contractors are provided with access) at reasonable times to the Delivery Station and procures the co-operation of the User's Customer, the Service Provider must or must cause its authorised contractors to carry out necessary repairs of the Basic Metering Equipment within a reasonable time of becoming aware of the need to do so.

15.12 No liability for disconnection

- (a) The Service Provider is not liable to the User or to the User's Customers for any Damage unless and to the extent ~~that the negligent act or omission or wilful misconduct of the Service Provider caused that Damage or claim the Service Provider's conduct constitutes wilful misconduct or negligence or the Service Provider's action is inconsistent with that expected of a reasonable service provider~~ if a Delivery Station is decommissioned pursuant to clause 15.8 or supply is disconnected or reconnected pursuant to clause 15.9.
- (b) Without limiting clause 15.12(a), the Service Provider is not liable for, and the User will indemnify and hold the Service Provider harmless from and against any and all Damages or claims unless and to the extent ~~that the negligent act or omission or wilful misconduct of the Service Provider caused that Damage or claim the Service Provider's conduct constitutes wilful misconduct or negligence or the Service Provider's action is inconsistent with that expected of a reasonable service provider~~ in connection with or arising as a result of the cessation of the delivery of Gas at a Delivery Station upon the decommissioning of a Delivery Station or the disconnection of supply pursuant to clause 15.8 or 15.9.

15.13 Alterations or additions at User's request

Subject to clause 15.1, if the User requires alterations or additions to be made to a Delivery Station and the Service Provider agrees to make such alterations or additions (such agreement not to be unreasonably withheld if the alteration or addition is necessary and reasonable for the continued safe operation of the Network):

- (a) the Service Provider must or must cause its authorised contractors to make the requested additions and alterations to any of the Delivery Station components that it owns; and
- (b) all alterations or additions (whether performed pursuant to clause 15.13(a) or otherwise) are to be carried out at the cost of the User.

16. Measuring Equipment – access, safety and estimation

16.1 Safe Access to Measuring Equipment

- (a) The User must use reasonable endeavours to provide the Service Provider with clear and safe access to each Delivery Station and to the Measuring Equipment at each Delivery Point.
- (b) The User must ensure that any area surrounding the Measuring Equipment (including any enclosure or building surrounding the Measuring Equipment) is safe (including for access to the measuring equipment) and complies at all times with applicable regulations, standards (including the Service Provider's standards, policies and procedures and Australian standards) and Gas-fitting rules.
- (c) If any area surrounding the Measuring Equipment (including any enclosure or building surrounding the Measuring Equipment) becomes unsuitable for the safe and continuous operation (including access to the Measuring Equipment) of the Network, then the Service Provider may alter Measuring Equipment, move Measuring Equipment or install additional Measuring Equipment for the purposes of the safe and continuous operation of the Network at the User's cost. An area will be considered unsuitable if it cannot be accessed without risk of personal injury or is of a type where it is reasonably foreseeable that Measuring Equipment will sustain damage.
- (d) Except where immediate access is required for safety reasons or in an emergency, where the Service Provider considers that clause 16.1(c) may apply, it will provide the User with written notice stating the reasons why it considers clause 16.1(c) applies and provide the User with a reasonable period of time within which to remedy the matters before taking action under clause 16.1(c).

16.2 Service Provider's power of entry

The Service Provider may, and the User must, use reasonable endeavours to procure that the Service Provider and the Service Provider's authorised contractors may, at all reasonable times, and without giving prior notice to the User or the User's Customer, enter and have access to any Delivery Point:

- (a) to obtain access to any Measuring Equipment;
- (b) for any purpose associated with this Agreement; or
- (c) under any power conferred on the Service Provider by law,

free of any charge or hindrance from the User or any other person.

16.3 Consequences of no access

If the Service Provider is unable to safely access a Delivery Point for any of the purposes of clause 16.2, then the Service Provider may at its option do any or all of the following:

- (a) estimate the Quantity of Gas delivered to that Delivery Point, by having regard to Gas consumption patterns for that Delivery Point, and render an invoice based on such estimate; and/or
- (b) without limiting the Service Provider's rights to curtailment, reduction or interruption of the Services in accordance with clauses 24 or 25, after providing the User with 6 Hours written notice, cease providing the Service in respect of such Delivery Point; and/or
- (c) after giving the User 1 Business Day's written notice for safety issues, and 5 Business Day's notice for all other issues, replicate at a location accessible to the Service Provider, and at the User's reasonable cost, the Measuring Equipment at the Delivery Point.

16.4 Presence at tests

Subject to clause 16.2, each Party may have a representative present during the erection or alteration of Receipt Stations or Delivery Stations, and at any reading, inspection, testing, calibration, repairing or maintenance of Measuring Equipment and if the User is not the person who consumes Gas at the Delivery Point, a representative of that person may also be present during the testing or measurement of the Measuring Equipment at that Delivery Point.

16.5 No tampering with Measuring Equipment

- (a) The User must not tamper with, adjust, disconnect, by-pass, interfere with or otherwise damage or render inoperable or inaccurate the Measuring Equipment or take or attempt to take Gas from any part of the Network before it passes the Measuring Equipment at the Delivery Point.
- (b) The User must use its best endeavours to ensure that no other person (except for the Service Provider or the Service Provider's authorised contractors) does or attempts to do anything described in clause 16.5(a).
- (c) Clause 16.5(a) does not prevent the User from performing:
 - (i) alterations or additions in accordance with clause 15.4(a);
 - (ii) maintenance of equipment in accordance with Annexure 7; or
 - (iii) disconnections and reconnections of supply in accordance with clause 15.9,

provided that such actions do not otherwise damage or render inoperable or inaccurate any other part of the Measuring Equipment.

16.6 User to notify Service Provider of tampering or inaccuracy

The User must notify the Service Provider promptly upon becoming aware of any circumstances which might reasonably be expected to affect the accuracy or security of the Measuring Equipment. If the User has not already notified the Service Provider, upon becoming aware of any such circumstances, the Service Provider will promptly notify the User.

16.7 Quantity of Gas if Measuring Equipment fails

- (a) If the Measuring Equipment at a Delivery Point or Receipt Point fails to operate or register accurately for any period of time, then the Quantity of Gas delivered to that Delivery Point or Receipt Point for that period will be the amount estimated by the Service Provider in accordance with clause 16.7(b), unless otherwise agreed between the parties.
- (b) When estimating a Quantity of Gas for the purposes of clause 16.7(a), the amount will be determined by the Service Provider:
 - (i) by using the registration of any installed check meter which is accurately registering; or, if that is not possible, then;
 - (ii) if the percentage of error can be determined by calibration, tests or mathematical calculation, by varying the Quantity recorded during the period since the Measuring Equipment was previously tested by one half of the error; or
 - (iii) if neither of the options in clauses 16.7(b)(i) or 16.7(b)(ii) are possible, then by having regard to Gas consumption patterns for that Delivery Point.

16.8 Right to alter Measuring Equipment

The Service Provider has the right at its absolute discretion and at the User's cost:

- (a) to install flow control mechanisms on the Measuring Equipment at any Delivery Point, allowing the Service Provider to control the amount of Gas withdrawn by the User at that Delivery Point; and
- (b) alter or make additions to the Measuring Equipment installed at any Delivery Point,

where this is required by the Service Provider for the safe and reliable operation of the Network, for the protection of the Network or to ensure the User's compliance with the provisions of this Agreement. Where the safe and reliable operation or the protection of the Network does not necessitate immediate action, the Service Provider will notify the User of any

issue coming within the scope of this clause 16.8 and outline its concern and, where the issue relates to the User's compliance with the provisions of this Agreement, state a reasonable period of time within which the User may rectify the issue before the Service Provider will take action at the User's cost.

17. Meter Data Service

17.1 Meter Data Service offered as a Reference Service

- (a) This clause 17.1 applies where the Service Provider offers a Meter Data Service as a Reference Service.
- (b) The User Requesting a Haulage Reference Service at a Delivery Point is deemed to have Requested a Meter Data Service at that Delivery Point commencing on the same Commencement Date as the Haulage Reference Service.
- (c) Acceptance by the Service Provider of the Request for the Haulage Reference Service at the Delivery Point will be deemed to be acceptance of the Request for the Meter Data Service at the Delivery Point.
- (d) The term for any Meter Data Service will be from the Commencement Date of the Haulage Reference Service to that Delivery Point until the earlier of:
 - (i) the deletion of the relevant Delivery Point from the Relevant Customer List; and
 - (ii) termination of this Agreement; and
 - (iii) the Meter Data Service Date.
- (e) Where the User Requests a Haulage Reference Service, the Service Provider must provide, and the User must take, a Meter Data Service pursuant to which the Service Provider must:
 - (i) read or where permitted under this Agreement or applicable law, estimate the meter reading at the relevant Delivery Points; and
 - (ii) provide on-site data and communication equipment where economically and technically feasible, at the Delivery Point.
- (f) Where the Service Provider provides Daily Meter Reading Facilities but does not provide Communications Facilities, then the Quantities passing through that Measuring Equipment must be recorded by the Service Provider Daily.
- (g) Where the Service Provider provides Daily Meter Reading Facilities and Communications Facilities, then the Quantities passing through that Measuring Equipment must be recorded and telemetered by the Service Provider Daily.

- (h) Subject to clause 17.1(i), where the Service Provider does not provide Daily Meter Reading Facilities, the Service Provider must read the Measuring Equipment monthly in accordance with the meter reading cycle adopted by the Service Provider for the locality and class of the Delivery Station.
- (i) Where the Quantity of Gas delivered to the Delivery Point is expected to be less than 1 TJ in any 12 month period, the Service Provider must read the Measuring Equipment every 91 Days (plus or minus 4 Days).
- (j) On payment of the relevant Ancillary Fee by the User, the User may request a special meter read of the Measuring Equipment outside the monthly meter reading cycle adopted by the Service Provider for the locality and class of the Delivery Station pursuant to clause 17.1(h), or the date of a reading of a meter pursuant to clause 17.1(i).
- (k) The Service Provider must:
 - (i) advise the User of the Quantity of Gas taken at each Delivery Point where there are no Daily Meter Reading Facilities or Communications Facilities available within 2 Business Days of validated monthly meter data being available to the Service Provider, the date of a reading of a meter pursuant to clause 17.1(i), or the date of a special meter read pursuant to clause 17.1(j); and
 - (ii) for each Day advise the User of the Quantity of Gas taken at each Delivery Point that has Daily Meter Reading Facilities and Communication Facilities available within 1 Business Day of the meter data being available to the Service Provider,

in such format as the Service Provider from time to time nominates after giving reasonable notice of any change in format. The Service Provider will take into consideration all reasonable concerns raised by a User regarding changes to the format, if these are received by the Service Provider within two business days following the User's receipt of a notice advising of a change of format.
- (l) If the User requests more immediate or real time access to meter data at a Delivery Point than the Daily access provided under clause 17.1(j), the User may obtain that access:
 - (i) with the consent of the Service Provider;
 - (ii) directly from the Measuring Equipment by connection established at the cost of the User;
 - (iii) using equipment, established by and at the cost of the User, to electronically communicate data on a more immediate basis or real time basis; and

- (iv) if the connections and equipment referred to in clauses 17.1(l)(ii) and 17.1(l)(iii) respectively:
 - (A) are made in accordance with the manufacturer's specification for the Measuring Equipment and all applicable laws, regulations and standards; and
 - (B) do not interfere with or disrupt the operation of the Measuring Equipment owned and operated by the Service Provider or corrupt any meter data.

17.2 Meter Data Service not offered as a Reference Service

- (a) This clause 17.2 applies where the Service Provider does not offer a Meter Data Service as a Reference Service.
- (b) Where the Service Provider does not offer a Meter Data Service as a Reference Service but does offer it as a Service, the User may request a Meter Data Service in accordance with clause 17.2(c).
- (c) Where the Meter Data Service is offered as a Service, the User may:
 - (i) when Requesting a Haulage Reference Service for a Delivery Point; or
 - (ii) where the Service Provider is already providing a Haulage Reference Service to the User for a Delivery Point,request a Meter Data Service for that Delivery Point.
- (d) The Service Provider must, at the time of responding to the Request for the Haulage Reference Service, advise the User of the terms and conditions (including price) on which it will accept the request for the Meter Data Service pursuant to clause 17.2(c).
- (e) The User may accept such terms and conditions, advised by the Service Provider pursuant to clause 17.2(d), within a period of 14 Days, or such other time period agreed between the parties, from the date on which the Service Provider advises the User of those terms and conditions.
- (f) If:
 - (i) the User does not Request a Meter Data Service;
 - (ii) the Service Provider does not offer a Meter Data Service; or
 - (iii) the User does not accept an offer for a Meter Data Service,the User must comply with clause 18.

- (g) The User must ensure that no later than the Meter Data Service Date, the User has:
- (i) accepted a Meter Data Service from the Service Provider in accordance with this clause 17.2; or
 - (ii) otherwise satisfies clause 18,
- failing which the Service Provider may suspend the delivery of Gas to the Delivery Point.
- (h) The term for any Meter Data Service which is not a Reference Service will be from the commencement date agreed by the Parties for the Meter Data Service, which date must not be earlier than the Meter Data Service Date, until the date on which the relevant Delivery Point is deleted from the Relevant Customer List or the date on which this Agreement is terminated.

17.3 Meter Data Service Date

On and from the Meter Data Service Date, the Service Provider:

- (a) will cease to offer the Meter Data Service as a Reference Service; and
- (b) may offer the Meter Data Service as a Service.

17.4 Delivery Points to which the Meter Data Service is provided

The Delivery Points to which the Meter Data Service is provided under this Agreement are specified in the Relevant Customer List.

17.5 Notice

In the event that the User reasonably forms the view that meter data information or a meter reading is incorrect, it shall notify the Service Provider of this in writing as soon as reasonably practicable, stating the reasons for the User's belief. The Service Provider undertakes to investigate the matter and advise the User of its findings without delay. Except for circumstances beyond its control, the Service Provider remains liable for the accuracy of the information provided by it.

18. Metering requirements where User does not take a Meter Data Service

18.1 Application

With the exception of clause 18.5, this clause 18 only applies where:

- (a) the Service Provider ceases to offer a Meter Data Service as a Reference Service; and

- (b) the Service Provider does not offer to provide, or the User does not take, a Meter Data Service.

18.2 User to provide Daily Meter Reading Facilities at Demand Customer Delivery Points

- (a) The User must provide Daily Meter Reading Facilities and Communication Facilities which comply with clause 18.4(b) at each Delivery Station at a Demand Customer Delivery Point.
- (b) The User must provide the Service Provider with details of the meters and meter index readings specified by the Service Provider each Day in a format that is reasonably acceptable to the Service Provider and in accordance with a timetable determined by the Service Provider.

18.3 User to read meters at Volume Customer Delivery Points

- (a) The User must:
 - (i) where the Quantity of Gas delivered to a Volume Customer Delivery Point is expected to be greater than 1 TJ in any 12 month period, read the Measuring Equipment at least each 30 Days (plus or minus 2 Days); or
 - (ii) where the Quantity of Gas delivered to a Volume Customer Delivery Point is expected to be less than 1 TJ in any 12 Month period, read the Measuring Equipment each 91 Days (plus or minus 4 Days).
- (b) The Service Provider and the User may agree that the Measuring Equipment be read at agreed Volume Customer Delivery Points at different frequencies to those specified in clause 18.3(a).
- (c) The User must provide the Service Provider with details of the meters and meter readings, in writing or otherwise in such format that is reasonably acceptable to the Service Provider, within 3 Business Days of the date of reading the Measuring Equipment.

18.4 Interference with Measuring Equipment

- (a) Any Additional Measuring Equipment installed and operated by or on behalf of the User must not interfere with the proper operation of the other Measuring Equipment.
- (b) Prior to installation or modification of any Additional Measuring Equipment, the User must demonstrate to the Service Provider that the Additional Measuring Equipment conforms to good engineering practice and any Service Provider or industry standards and complies with all appropriate safety requirements.

- (c) If any Additional Measuring Equipment installed by the User interferes with or disrupts the operation of the Measuring Equipment owned and operated by the Service Provider or corrupts any meter data at the Delivery Point, the User must rectify the cause of such interference or disruption as soon as possible at its own cost.

18.5 Liability

Notwithstanding the fact that a party other than the Service Provider may be providing the Meter Data Service and except to the extent that such Damage is caused by the negligence, wilful misconduct or breach of this Agreement by the Service Provider, the Service Provider is not liable for, and the User will indemnify and hold the Service Provider harmless from and against, any and all Damages or claims in connection with or arising as a result of the installation, operation, maintenance or removal by the User, its agent or other person authorised by the User of any Measuring Equipment, Daily Meter Reading Facilities, Communications Facilities, Additional Measuring Equipment or any connections installed or being installed at the Delivery Point.

19. Allocation

- (a) At any time, Gas may be transported and delivered to a Volume Customer Delivery Point on behalf of one Network User only.
- (b) Where Gas is delivered to a Demand Customer Delivery Point for more than one Network User, the User and the other relevant Network Users must, prior to the Commencement Date for the Service to that Delivery Point, establish allocation methodologies and notification processes reasonably acceptable to the Service Provider.
- (c) If no such methodologies or processes are established in accordance with clause 19(b) the Service Provider may, at its option, commence the Service and adopt a reasonable methodology such as pro-rating based on the MDQ.

20. Charges

20.1 Applicable Charges

During the term of this Agreement, the User must pay the following Charges for the Services provided for, or in connection with the provision of the Services to, each Delivery Point:

- (a) the applicable Reference Tariffs set out in the Reference Tariff Schedule (including as may be subject to a Minimum Charge);
- (b) any applicable Ancillary Fee; and

- (c) any other amounts payable by the User under the terms of this Agreement.

20.2 Charges based on Access Agreement

The User acknowledges that the Charges have been calculated in accordance with and on the basis of the Access Arrangement as amended from time to time.

20.3 Provision of Basic Metering Equipment Charge

Where a Delivery Point is or becomes served under more than one service agreement, the Provision of Basic Metering Equipment Charge will be allocated by the Service Provider among those service agreements in proportion to the MDQs or MHQs specified in each service agreement.

20.4 Calculation of invoiced instalments of periodic charges

Instalments of any Charges for a Delivery Point which are expressed with respect to time (e.g. monthly or annual charges) to be specified in an invoice issued in accordance with clause 21 must be calculated on a Daily pro rata basis based on the number of days in the Billing Period to be invoiced for the Delivery Point.

20.5 Theft Of Gas

- (a) If, due to theft of Gas, the Service Provider has invoiced a User with incorrect Charges in respect of a Delivery Point, the Service Provider may:
 - (i) reasonably determine what should have been the correct Charges in respect of that Delivery Point;
 - (ii) upon request by the User, provide the User with a copy of the Service Provider's calculation of the amount specified in clause 20.5(a)(i); and
 - (iii) invoice that User for the difference between what was invoiced for that Delivery Point and the amount specified clause 20.5(a)(i).
- (b) The User must pay the amount of any difference referred to in clause 20.5(a)(iii) in accordance with clause 22.

21. Allocation of Tariff Classes

- (a) The User acknowledges that each Delivery Point under this Agreement will be assigned a Tariff Class in accordance with the principles set out in Section 3 of the Access Arrangement (Reference Tariffs and Reference Tariff variations), which Tariff Class will be conclusively recorded in the Relevant Customer List.

- (b) If the User reasonably believes the characteristics of the Customer at a Delivery Point qualify for the assignment criteria of a Tariff Class other than the Tariff Class to which that Delivery Point has been assigned, it may give written notice to the Service Provider:
 - (i) setting out reasons and any evidence reasonably required by the Service Provider to support assignment of the Delivery Point to another Tariff Class; and
 - (ii) requesting that the Service Provider reassess the assigned Tariff Class in accordance with the principles set out in Section 3 of the Access Arrangement (Reference Tariffs and Reference Tariff variations).
- (c) The Service Provider must notify the User whether or not a Tariff Class assigned to a Delivery Point will be changed (in accordance with the principles set out in Section 3 of the Access Arrangement (Reference Tariffs and Reference Tariff variations) within 20 Business Days of:
 - (i) receiving a notice under clause 21(b); or
 - (ii) determining (otherwise than pursuant to a notice issued under clause 21(b)) such a change is required in accordance with the principles set out in Section 3 of the Access Arrangement (Reference Tariffs and Reference Tariff variations).

22. Invoicing and payments

22.1 Service Provider to issue invoice

- (a) The Service Provider will render invoices at regular intervals but not less frequently than monthly.
- (b) Each invoice will specify the amounts payable for all Services supplied to the User under this Agreement in the most recently completed Billing Period. Where relevant, such amounts will be calculated using the meter data or estimated meter data from all relevant Delivery Points.
- (c) Any adjustments or outstanding amounts in respect of any previous Billing Period must be included in the invoice.
- (d) If the User requests, the Service Provider may send a copy of the invoice to the User by electronic mail or facsimile on the date the invoice is generated.

22.2 Invoicing of Gas Balancing Charges

The User's portion of the Operational Balancing Cost as specified in the notice given by the Service Provider under paragraph 5(d) of Annexure 3 may be included in any invoice under

this clause 22, or separately invoiced in accordance with Annexure 3. In either event, the provisions of this clause 22 apply, except that payment of the amount is due on the date specified in the notice.

22.3 Due Date for payment

- (a) Except as otherwise stated in clause 22.2, the User must pay the aggregate amount stated in each invoice within 14 days of the date of the invoice (**Due Date**). Where payment falls due on a Day which is not a Business Day, the Due Date will be the last Business Day before the date which is 14 Days after the date of the invoice.
- (b) The User must nominate in writing the recipient of invoices if different to the party specified in Annexure 1.

22.4 Method of Payment

- (a) Unless otherwise agreed by the Service Provider, payment of invoices must be made by unendorsed bank cheque, telegraphic transfer or electronic funds transfer to an account nominated by the Service Provider.
- (b) If payment is made by telegraphic transfer or electronic funds transfer, the funds must be immediately available and payment will be deemed to be made only when the funds are credited to the Service Provider's account.

22.5 Interest on overdue payments

- (a) If the User fails to pay an invoice by the Due Date, the User must, if required by the Service Provider, pay the Service Provider interest on any amount outstanding.
- (b) Interest will be calculated from the Due Date to the actual date of payment (both inclusive) at an annual percentage rate equal to the aggregate of:
 - (i) the corporate overdraft reference rate (monthly charging cycle) applied by the Commonwealth Bank of Australia (**Bank**) as at the Due Date (or if the Bank ceases to quote such a rate, then the rate which in the opinion of the Bank is equivalent to such rate in respect of similar overdraft accommodation) expressed as a percentage; plus
 - (ii) 2 per cent per annum.

22.6 Disputed payments

If the User disputes part or all of an invoice given by the Service Provider to the User under clause 22.1:

- (a) the User must, within 10 days after receipt of the invoice, notify the Service Provider in writing specifying the amount in dispute and the reasons for the dispute;
- (b) the Parties must comply with the dispute resolution process set out in clause 32; and
- (c) the User must pay the full aggregate amount of the invoice (except any amount which is manifestly wrong) in accordance with clause 22.3 and if the User fails to do so, the Service Provider may require the User to pay interest on the amount outstanding (excluding any amount which is manifestly wrong) in accordance with clause 22.5.

22.7 Payment on resolution of dispute

If as a result of resolution of a dispute referred to in clause 22.6 the Service Provider is obliged to pay an amount to the User, then the Service Provider must credit the amount payable by it in the next invoice. If the User so requires, the Service Provider must pay interest on the amount payable from the date of payment by the User to the date of payment by the Service Provider (both inclusive), calculated in accordance with clause 22.5.

22.8 Overcharging and undercharging

- (a) Where the Service Provider has:
 - (i) undercharged or not charged a User, the User is not obliged to pay the correct amount pursuant to clause 22.8(b) to the extent the User is precluded by law from recovering those charges from its customers provided that the User has complied with the requirements of all applicable Laws and any relevant contracts and has used reasonable endeavours to recover the relevant charges in accordance with its rights at Law or under a relevant contract;
 - (ii) overcharged a User, the User may seek to recover the correct amount to the extent permitted by law and pass those charges through to its customers.
- (b) If the User has been overcharged or undercharged under this Agreement and the User has paid an invoice containing the overcharge or the undercharge, then the Parties must agree on the correct amount payable and either:
 - (i) the Service Provider will credit or debit that difference to the User in the next invoice as appropriate; or

- (ii) within 5 Business Days of the Parties agreeing on the correct amount payable, the Service Provider will refund the User or the User must pay the difference as appropriate.
- (c) If the Party to whom the amount is owed so requires, the amount will include interest in accordance with clause 22.5 from the date of payment by the User or the date of invoice by the Service Provider (whichever is applicable), to the date of payment or refund under this clause 22.8 (whichever is applicable) (both inclusive).
- (d) A Party may not claim from the other Party any amount overcharged or undercharged if more than 2 Calendar Years have elapsed since the date of the relevant invoice.
- (e) Nothing in this clause 22.8 is intended to exclude the operation of the Network Code. If there is any inconsistency between this clause 22.8 and the Network Code, the provisions of the Network Code will prevail.

22.9 User to provide information

If information necessary for billing purposes is in the control of the User, the User must on request from the Service Provider furnish that information to the Service Provider within 3 Business Days after the end of the relevant Billing Period. If the User fails to furnish the information, the Service Provider is entitled to render an invoice based on the Service Provider's reasonable estimate.

22.10 Justification of calculations

Each Party is entitled to require the other Party to provide sufficient evidence to establish the accuracy of any statement, charge or computation made by the other Party under this Agreement.

22.11 Set-off

Either Party is entitled, without prejudice to any other rights or remedies it may have, to withhold and set-off payment of any moneys not under dispute that are due or owing under this Agreement to the other Party against any amounts not under dispute that are due or owing under this Agreement by the other Party.

22.12 Calculation of Charges for broken periods

If a Charge is calculated on a monthly basis, and the first or last month is not a full Calendar Month, the charge will be calculated on a pro-rata Daily basis. The amount will be calculated by dividing the number of Days during which the Service has been provided by the total number of Days in that Calendar Month.

22.13 Payment free of deduction or withholding

The User must pay amounts payable under this Agreement free and clear of any deductions or withholding except if required by law to deduct or withhold.

23. Goods and Services Tax

23.1 Definitions

For the purposes of this clause 23, terms defined in the GST law have the same meaning when used in this clause 23.

23.2 GST exclusive consideration

Unless otherwise stated, all amounts payable or the value of other consideration provided in respect of supplies made in relation to this Agreement are exclusive of GST (if any). If GST is levied or imposed on any supply made (or deemed to have been made) under or in accordance with this Agreement, the amounts payable or the value of the consideration provided for that supply (or deemed supply) ('**Payment**') shall be increased by such amount as is necessary to ensure that the amount of the Payment net of GST is the same as it would have been prior to the imposition of GST.

23.3 Reimbursements

Where any amount is payable to a Party as a reimbursement, indemnification or similar payment calculated by reference to a loss, cost, expense or other amount incurred by that Party, then such amount will be reduced by the amount of any input tax credit available to that Party and, if a taxable supply, will be increased by an amount equal to the GST payable in relation to that supply.

23.4 Payment of amount of GST

Subject to the issue of a tax invoice in accordance with clause 23.5, any additional amount payable pursuant to clauses 23.2 or 23.3 must be paid at the time any payment to which it relates is payable. Where an additional amount payable is not referable to an actual payment, then it will be payable within 10 days of a tax invoice being issued by the Party making the supply.

23.5 Tax Invoice

Where in relation to this Agreement a Party makes a taxable supply, that Party will provide a tax invoice in respect of that supply before the additional amount payable in respect of that supply becomes due.

23.6 Adjustments

If the GST payable in relation to a supply made under or in accordance with this Agreement varies from the additional amount paid by the Party acquiring that supply (**Recipient**) under clause 23.2, then the Party making that supply (**Supplier**) will provide a corresponding refund or credit to, or will be entitled to receive the amount of that variation from, the Recipient. Any payment, credit or refund under this clause 23.6 is deemed to be a payment, credit or refund of the additional amount payable under clause 23.2. Where there is an adjustment event, the Supplier must issue an adjustment note to the Recipient as soon as the Supplier becomes aware of the adjustment event.

23.7 ABN and GST Warranty

Each Party warrants that it is GST registered and has a valid Australian Business Number.

24. Suspension of Service

24.1 Suspension at User's Request – Temporary Disconnection

- (a) The User may request the Service Provider to stop or suspend the delivery of Gas to one or more Delivery Points on payment of the relevant Ancillary Fee by the User and the Service Provider must at the later of:
- (i) the earliest reasonably practical date after receipt of written notice from the User; and
 - (ii) the date requested by the User,
- stop or suspend the delivery of Gas to the Delivery Point(s) nominated in the notice, but that suspension will not relieve the User from its obligations under this Agreement to pay for the relevant Service if the Service Provider is able to provide it to that Delivery Point.
- (b) If requested by the Service Provider, a representative of the User must be present when the Service Provider stops or suspends the delivery of Gas to the Delivery Point.
- (c) The Service Provider is entitled to charge the User the applicable Ancillary Fee for costs reasonably incurred by the Service Provider for stopping or suspending the delivery of Gas at the User's request.

24.2 Suspension by Service Provider

- (a) The Service Provider may suspend the delivery of Gas to any Delivery Point (at the Service Provider's sole discretion) and is not obliged to provide the Service if:
- (i) the Service Provider has not received sufficient Gas at a Relevant Receipt Point to meet Gas withdrawals from the part of the Network servicing that Delivery Point;
 - (ii) Gas is delivered to a Relevant Receipt Point which:
 - (A) is Out-of-Specification Gas; or
 - (B) does not comply with the minimum and maximum pressure specifications for that Receipt Point set out in Annexure 6, as amended from time to time by the Service Provider. The Service Provider shall only amend Annexure 6 in response to a change of circumstances where the changes are of a type reasonably likely to impact on the Service Provider's ability to ensure the continued quality, safety, reliability and security of supply of gas;
 - (iii) the User or the User's Customer has not ceased or reduced (at the Service Provider's direction) or procured the cessation or reduction of the delivery, withdrawal or taking Gas at a Delivery Point or the delivery of Gas to a Receipt Point if notified to do so under clause 25.4(c);
 - (iv) the AEMO has instructed the Service Provider to suspend the delivery of Gas to the Delivery Point; or
 - (v) the User is not a Registered Participant.
- (b) The Service Provider is entitled to charge the User for costs reasonably incurred by the Service Provider for stopping or suspending the delivery of Gas in the circumstances set out in clause 24.2(a)(iii) and (v).

24.3 No Liability

- (a) The Service Provider is not liable to the User or to the User's Customers, employees, agents or contractors for any Damage if it suspends delivery of Gas under this clause 24.
- (b) Without limiting clause 24.3(a), the Service Provider is not liable for, and the User will indemnify and hold the Service Provider harmless from and against, any and all Damages or claims in connection with or arising as a result of the suspension of the delivery of Gas unless and to the extent ~~that the negligent act or omission or wilful misconduct of the Service Provider caused that Damage or claim the Service Provider's conduct constitutes wilful misconduct or negligence or the Service~~

~~Provider's action is inconsistent with that expected of a reasonable service provider pursuant to this clause 24.~~

- (c) The User acknowledges that suspension of delivery of Gas under this clause 24 does not reduce the User's obligation to pay Charges under this Agreement.

25. Interruptions and curtailments

25.1 Application

This clause 25 applies to the User irrespective of any Receipt Point where Gas is received by the Service Provider or the User's contractual obligations or physical arrangements at or upstream of any Receipt Point.

25.2 Scheduled Interruptions

- (a) The Service Provider may, without being in breach of this Agreement, effect any repairs, testing, maintenance, replacement, upgrading or any other works related to the Network which are reasonably required.
- (b) The Service Provider may interrupt or reduce the Services during the work referred to in clause 25.2(a) to the extent necessary to enable that work to proceed.
- (c) If the Service Provider intends to interrupt or reduce the Services in accordance with clause 25.2(b), the Service Provider will:
 - (i) notify the User and the relevant Customer as early as reasonably practicable (and use reasonable endeavours to provide no less than 5 Business Days' notice) prior to the interruption or reduction of Services of its intention to interrupt or reduce the Services;
 - (ii) use reasonable endeavours to agree with the User the timing of the intended interruption or reduction; and
 - (iii) use reasonable endeavours to minimise the period during which the Services are interrupted or reduced.
- (d) If the Service Provider notifies the User that it intends to interrupt or reduce the Services in accordance with clause 25.2(b), the User will use best endeavours ensuring that there is a cessation or reduction of:
 - (i) the delivery of Gas to any Receipt Points nominated by the Service Provider; or
 - (ii) the taking of Gas at any Delivery Points or class of Delivery Points nominated by the Service Provider,

in accordance with the directions of the Service Provider.

25.3 Emergency Interruptions

- (a) The Service Provider may, without being in breach of this Agreement, interrupt or reduce the Services (including by suspending or interrupting supply to any Delivery Points, ceasing to accept Gas at any Receipt Point, or any other measure) in cases of emergency or risk of injury or damage to any person or property (including the Network) for such period as the Service Provider reasonably believes is necessary.
- (b) The Service Provider must, as soon as is reasonably practicable, inform the User or the relevant Customer of the circumstances giving rise to an emergency interruption or reduction of Services and of the likely duration of such interruption or reduction.

25.4 Load Shedding

- (a) If at any time for any reason there is, or the Service Provider reasonably believes or anticipates that there may be, a failure of supply or shortfall in supply in or to any part of the Network, the Service Provider is entitled to curtail or interrupt the receipt, transportation or delivery of Gas and is entitled to implement Load Shedding.
- (b) The User acknowledges that the Service Provider will determine whether to request a reduction or cessation of Load in accordance with the Load Shedding principles set out in the Operational Schedules.
- (c) If the Service Provider notifies (including, for the purposes of this clause 25.4, notice given verbally) the User that:
 - (i) there has been a failure of sufficient supply in or to any part of the Network; or
 - (ii) that it has reasonable grounds to believe or anticipate that there may be a failure of sufficient supply in or to any part of the Network,

the User will use best endeavours ensuring that there is a cessation or reduction of Load at the User's Delivery Points in the affected Network Section in accordance with the directions of the Service Provider.

- (d) At the same time as or following notification to the User under clause 25.4(c), the Service Provider at its sole discretion will determine the Load Shedding Priority up to which Load must be reduced or cease and notify the User as soon as practicable of the Load Shedding Priority and Load Types that must be reduced or cease (at the direction of the Service Provider).
- (e) The Service Provider may at any time and at its absolute discretion change the Load Shedding Priority up to which Load must be reduced or cease and notify the User as soon as practicable of any such change.

- (f) The User acknowledges and agrees that immediately after notifying the User of the applicable Load Shedding Priority in accordance with clauses 25.4(d) or 25.4(e), the Service Provider is entitled to contact the User's Customers at Delivery Points with relevant Load Types and direct those Customers to cease or reduce their consumption of Gas in accordance with the directions of the Service Provider.
- (g) The Service Provider may instruct those Customers whose ELMS Data shows Load Types at Load Shedding Priorities up to and including the Load Shedding Priority nominated by the Service Provider under clause 25.4(d) or 25.4(e) to cease withdrawing, taking or using Gas for each of those Load Types or reduce Loads to a lesser Quantity of Gas specified by the Service Provider.
- (h) The User must use best endeavours to ensure that each of its Customers complies with any direction given to it by the User or the Service Provider to cease or reduce Load under this clause 25.4.
- (i) Unless otherwise directed by the Service Provider, the User must comply with, and must use best endeavours to ensure that the Customer complies with, any Curtailment Plan provided to the Service Provider.
- (j) If a Customer fails to comply with any instruction it receives from the Service Provider or User under this clause 25.4, the Service Provider may physically curtail, suspend, reduce or interrupt Gas supply to that Customer using whatever means at its disposal.
- (k) The Service Provider will not be liable for, and the User will indemnify and hold the Service Provider harmless from and against, any and all Damages suffered or incurred by the User and/or the User's Customers in connection with or arising as a result of Load Shedding, provided that the Service Provider acts in accordance with the principles of this clause 25.4 in good faith unless and to the extent ~~that the negligent act or omission or wilful misconduct of the Service Provider caused that Damage or claim the Service Provider's conduct constitutes wilful misconduct or negligence or the Service Provider's action is inconsistent with that expected of a reasonable service provider.~~

25.5 Load Shedding Priority

- (a) All Load at each Volume Customer Delivery Point will have a Load Shedding Priority of 10.
- (b) The Parties agree that for each Demand Customer Delivery Point added to a Relevant Customer List pursuant to clause 11 for which no ELMS Data has been provided the Service Provider is entitled to curtail delivery of Gas to that Delivery Point or request that a User or Customer cease withdrawing, taking or using Gas at that Delivery Point at any level or to any Quantity it deems appropriate in its absolute discretion and without taking into account the Load available to be reduced or cease at any Load Shedding Priority at any other Delivery Point.

25.6 Provision of ELMS Data

- (a) The User must provide ELMS Data for each Demand Customer Delivery Point.
- (b) If the User is required to provide ELMS Data for a Delivery Point and has not done so, the Service Provider may (acting reasonably) determine a Load Type or Load Types for that Delivery Point or any Quantity of Gas at that Delivery Point.
- (c) The User may request a copy of its ELMS Data for the Delivery Points under this Agreement and any other agreement the User has with the Service Provider from the Service Provider at any time. Any such request must be in writing.
- (d) Subject to the Service Provider's obligations to keep ELMS Data confidential, the Service Provider must provide the User with a copy of ELMS Data it has in respect of the User's Delivery Points (or if it does not have ELMS Data for those Delivery Points, notify the User accordingly) within a reasonable time of receiving the User's request pursuant to clause 25.6(c). If ELMS Data is confidential to a third party (including another Network User) and the Service Provider is not able to confirm that it has written consent to disclose that ELMS Data, the Service Provider is not obliged to disclose that ELMS Data to the User, but must notify the User that it is unable to disclose that information.
- (e) The User may ask the Service Provider to update the ELMS Data for Delivery Points under this Agreement at any time. The Service Provider is obliged to make such a change only if the User provides evidence to the Service Provider's reasonable satisfaction justifying any changes requested.
- (f) The Service Provider may ask the User to:
 - (i) confirm and/or update the ELMS Data for that User's Delivery Points (whether under this Agreement or any other agreement with the Service Provider) at any time; and
 - (ii) provide evidence to the Service Provider's reasonable satisfaction justifying the ELMS Data provided.
- (g) The User must comply with a request from the Service Provider pursuant to clause 25.6(f) within 20 Business Days of receiving that request.
- (h) The User warrants that all ELMS Data it provides to the Service Provider is accurate and complete. The User must advise the Service Provider as soon as practicable after becoming aware that any ELMS Data it has provided to the Service Provider is no longer accurate or complete.
- (i) If, in the course of implementing Load Shedding, or a simulation of Load Shedding, the Service Provider determines that contact information contained in the ELMS Data for a Delivery Point is inaccurate, the Service Provider may update the ELMS Data for that Delivery Point in accordance with information provided by a Customer.

The Service Provider may (but is not obliged to) request the User to confirm that ELMS Data in accordance with clause 25.6(f)

- (j) The User acknowledges that where the Tariff Class for a Delivery Point has in part been determined according to its Load Type. If the User:
 - (i) fails to comply with its obligations under clause 25.6(g); or
 - (ii) the Service Provider reasonably believes that ELMS Data provided by the User is incomplete or inaccurate,

the Service Provider may alter the Tariff Class assigned to a Delivery Point, in accordance with the principles set out in Section 3 of the Access Arrangement (Reference Tariffs and Reference Tariff variations).

25.7 Service Provider not liable

- (a) If the Service Provider:
 - (i) interrupts, curtails or reduces Services;
 - (ii) implements Load Shedding; or
 - (iii) requires a reduction or cessation of Load from any User or Customer,

in accordance with the principles of this clause 25, the Service Provider will not be liable for, and the User will indemnify and hold the Service Provider harmless from and against any and all Damage or claims in connection with or arising as a result of that Load Shedding, interruption, curtailment, reduction or requirement (including any reduction in supply to Customers as a result) unless and to the extent ~~that the negligent act or omission or wilful misconduct of the Service Provider caused that Damage or claim the Service Provider's conduct constitutes wilful misconduct or negligence or the Service Provider's action is inconsistent with that expected of a reasonable service provider.~~
- (b) The Service Provider may not rely on clause 25.7(a) to the extent that the Damage was caused by:
 - (i) an interruption, curtailment or reduction in Services which occurred solely as a result of a scheduled interruption under clause 25.2; and
 - (ii) the Service Provider has failed to notify the User as early as reasonably practicable prior to the interruption, curtailment or reduction of Services.

- (c) Without limiting clauses 25.4(k) and 25.7(a), the Service Provider is not liable for, and the User will indemnify and hold the Service Provider harmless from and against, any and all Damages or claims in connection with or arising as a result of:
 - (i) the User's failure to comply with clause 25; or
 - (ii) a failure by a User's Customer to act in accordance with the instructions or requests received from the Service Provider or the User under clause 25.4.

25.8 Reduction of Demand Charge

If the Service Provider is unable to deliver the MDQ to a Demand Customer Delivery Point for any period in excess of one Day as the result of:

- (a) an event occurring wholly within the Network (and not to due to any event, action or circumstance upstream of a Receipt Point); and
- (b) either:
 - (i) the Service Provider carrying out work pursuant to clauses 25.2 or 25.3; or
 - (ii) curtailment or interruption of supply under clause 25.4 arising from circumstances solely within the Service Provider's control,

the Demand Charge for that Delivery Point will be reduced during the period of reduced service so that the Demand Charge in that period is calculated by reference to the actual amount withdrawn at the Delivery Point each Day during that period, rather than by reference to the Chargeable Demand specified in Relevant Customer List.

26. Force Majeure

26.1 Definition

- (a) In this clause 26, and subject to clause 26.1(b), **Force Majeure Event** means any event, circumstance or cause not within the control of a Party and which by the exercise of due diligence that Party is not reasonably able to prevent or overcome, including (without limitation):
 - (i) acts of God including, without limitation, earthquakes, floods, washouts, landslides, lightning and storms;
 - (ii) strikes, lockouts, bans, slowdowns or other industrial disturbances;

- (iii) acts of enemy, wars, invasions, blockades or insurrections, riots and civil disturbances, arrest and restraint of rulers and peoples;
 - (iv) fire or explosion;
 - (v) epidemic or quarantine;
 - (vi) order of any court or tribunal or the order, act, or omission or failure to act of any government or governmental authority having jurisdiction, or failure to obtain any necessary governmental consent or approval;
 - (vii) equipment breakdown, breakages or accident to machinery, the Network or Pipelines, the necessity for making repairs and/or alterations in machinery, the Network or Pipelines (other than routine maintenance for which notice has not been given), freezing of wells or failure of reserves; or
 - (viii) native title claims.
- (b) It is acknowledged by the Parties that:
- (i) lack of finances by any Party;
 - (ii) lack of funds by any Party;
 - (iii) changes in market conditions for transportation and/or the purchase and sale of Gas (except where these affect the operation of the Network);
 - (iv) the inability of any Party to borrow funds or to obtain a supply of Gas; or
 - (v) if the User is not the person consuming Gas at the Delivery Point, the inability of that person to take Gas due to any event or circumstance within the control of that person,
- will under no circumstances constitute or cause a Force Majeure Event.
- (c) The User is responsible for establishing that a person's inability to take Gas as mentioned in clause 26.1(b)(v) arises from an event or circumstance which is not within that person's control.

26.2 Consequences of Force Majeure

Subject to clauses 26.4, 26.5 and 26.6, if by reason of a Force Majeure Event a Party (**Affected Party**) is affected in the performance of any obligation or clause under this Agreement:

- (a) that Party will be excused during the time, and to the extent that, such performance is so affected; and

- (b) that Party will not, to that extent, be liable to the other Party for any Damage of any kind arising out of, or in any way connected with, that non-performance.

26.3 Notification and Diligence

Upon the occurrence of a Force Majeure Event, the Affected Party must:

- (a) as soon as possible notify the other Party in writing, giving:
 - (i) full particulars of the Force Majeure Event;
 - (ii) the date of commencement of the Force Majeure Event and an estimate of the period of time required to enable it to resume full performance of its obligations; and
 - (iii) where possible, the means proposed to be adopted to remedy or abate the Force Majeure Event and the effects of the Force Majeure Event;
- (b) use all reasonable diligence and employ all reasonable means to remedy or abate the Force Majeure Event and the effects of the Force Majeure Event as expeditiously as possible. However, nothing in this clause 26 will require a Party to settle a strike, lockout, ban, slowdown or other industrial disturbance, civil disobedience or native title claim against its judgment, and it is acknowledged that settlement of any such disturbance is entirely within the discretion of the Party affected;
- (c) resume performance as expeditiously as possible after termination of the Force Majeure Event or after the Force Majeure Event has abated to an extent which permits resumption of performance;
- (d) notify the other Party in writing when the Force Majeure Event has terminated or abated to an extent which permits resumption of performance to occur; and
- (e) notify the other Party in writing when resumption of performance has occurred.

26.4 Liability Not Relieved

A Force Majeure Event which affects a Party's performance under this Agreement will not relieve that Party of liability in the event, and to the extent, that its negligence caused or contributed to its failure to perform under this Agreement. A Party will not be relieved from a breach of an obligation or liability to the extent that it arises from the failure of that party to comply with clause 26.3.

26.5 Demand Charge for delivery of less than MDQ

If a Force Majeure Event affecting the Service Provider occurs within the Network and prevents the Service Provider from performing its obligations to the User in respect of a

Demand Customer Delivery Point, the Demand Charge for any Delivery Point to which the Service Provider was unable to deliver Gas to the MDQ for that Delivery Point will, for any period during which the Service Provider is unable to deliver Gas to the MDQ, be calculated by reference to the actual amount withdrawn each Day at that Delivery Point.

26.6 Force Majeure does not affect obligations to pay

Subject to clause 26.5 and clause 26.7, this clause 26 does not relieve the User from any obligation to pay any amounts owing by the User to the Service Provider pursuant to this Agreement.

26.7 Prolonged Force Majeure

The Service Provider and the User must consult in good faith to decide what action should be taken to carry out the intentions of this Agreement if, as a result of a Force Majeure Event, a party is affected in the performance of any obligation or clause under this Agreement for a period of 12 Calendar Months. If after 1 Calendar Month the Parties are unable to agree upon resolving the Force Majeure Event, then:

- (a) if the Force Majeure Event wholly prevents the performance of this Agreement, either Party may terminate this Agreement by giving to the other Party not less than 30 Days' prior written notice to that effect; or
- (b) if the Force Majeure Event prevents delivery of Gas to some but not all of the Delivery Points, either Party may delete those Delivery Points from the Relevant Customer List by giving to the other Party not less than 3 Business Days' notice,

and thereafter neither Party will be under any further obligation to the other in respect of this Agreement or the deleted Delivery Points as the case may be, but each Party will remain responsible for the performance of obligations under this Agreement arising prior to the date of termination and after that date for the performance of obligations in respect of any Delivery Points which are not deleted.

27. Termination or cessation

27.1 Grounds for termination or cessation of Services

Without limiting clause 27.2, 27.3 or 26.7, if a Party (the **First Party**):

- (a) materially defaults in the performance of any of the material covenants or obligations imposed upon it by this Agreement (other than the User's obligation to pay) and, where the default is capable of remedy, fails to remedy the default within 20 Business Days from the receipt of written notice from the other Party requiring it to remedy the default;

- (b) suffers a resolution passed or an order is made by the Court for its winding up except for the purposes of a solvent reconstruction or amalgamation;
- (c) is placed in liquidation or is placed under external administration; or
- (d) makes or enters into or endeavours to make or enter into any composition, assignment or other arrangement with or for the benefit of its creditors,

then the other Party may by notice in writing, either:

- (e) terminate this Agreement; or
- (f) if the First Party is the User:
 - (i) cease to provide the Services; or
 - (ii) cease to provide the Services to those Delivery Points the subject of the relevant default,

such termination or cessation to take effect 48 Hours after delivery of the notice.

27.2 Right of Service Provider to terminate

- (a) Subject to clause 27.2(b), the Service Provider may terminate this Agreement by 30 Days' written notice if, as a result of a Change in Law after the date of this Agreement:
 - (i) the Reference Services provided under this Agreement are no longer available to the User under the Access Arrangement as a Reference Service; or
 - (ii) in the opinion of the Service Provider (acting reasonably), the commercial position of the Service Provider under this Agreement is materially adversely affected.
- (b) The Service Provider may only exercise its right to terminate under clause 27.2(a)(ii) if the Service Provider and the User, negotiating in good faith, have been unable to agree on a way to deal with the relevant Change in Law to each Party's reasonable satisfaction within 14 days of the Service Provider notifying the User of the relevant Change in Law.

27.3 Failure to pay

If the User defaults in payment of any moneys payable under this Agreement, excluding payments disputed under clause 22.6, for a period of 7 Days after notification of the default then the Service Provider may, at the Service Provider's sole discretion, either terminate this Agreement or cease to provide Service to any one or more Delivery Points by notice in writing,

such termination or cessation to take effect 48 Hours after delivery of the notice and/or may call on the Security.

27.4 Preservation of rights after termination

Termination of this Agreement for any reason will not extinguish or otherwise affect:

- (a) any rights of either Party against the other which:
 - (i) accrued prior to the time of the termination including, without limitation, the Service Provider's right to payment by the User in respect of amounts owing prior to termination or amounts payable for Services for which no invoice has been rendered at the date of termination or the Service Provider's right to call on the Security; or
 - (ii) otherwise relate to or may arise at any future time from any breach or non-observance of obligations under this Agreement which arose prior to the time of the termination; or
- (b) the provisions of this Agreement which by their nature survive termination including clause 31.

27.5 Preservation of rights after cessation of Services

- (a) Cessation of Services by the Service Provider for any reason will not extinguish or otherwise affect any rights of either Party against the other which:
 - (i) accrued prior to the time of the cessation including, without limitation, the Service Provider's right to payment by the User in respect of amounts owing prior to the cessation of Services or amounts payable for Services for which no invoice has been rendered at the date of cessation or the Service Provider's right to call on the Security;
 - (ii) continue to accrue after the time of the cessation including, without limitation, the Service Provider's right to payment by the User of the Minimum Annual Charge; or
 - (iii) otherwise relate to or may arise at any future time from any breach or non-observance of obligations under this Agreement which arose prior to the time of the cessation.
- (b) Nothing in this Agreement requires the Service Provider to recommence provision of Services once the Service Provider ceases to provide services under clause 26.7, 27.1 or 27.3.

28. Liability

28.1 General Provision

Without limiting the scope of the express provisions on liability and the indemnities in this Agreement, this clause 28 shall, to the extent permitted by law, regulate all remaining liabilities of the Service Provider and the User, including liability arising out of or in connection with:

- (a) this Agreement;
- (b) the use of the Network by the User;
- (c) the provision of Services by the Service Provider; or
- (d) the provision of information by the Service Provider permitted under clause 31.

28.2 Indemnity

- (a) Without limiting the scope of any other express provisions in this Agreement and subject to this clause 28, the User must indemnify and hold the Service Provider and its directors, officers, employees, agents and contractors harmless from and against any and all Damage suffered or incurred by the Service Provider or any of its directors, officers, employees, agents or contractors in connection with or arising as a result of:
 - (i) any personal injury or death caused by the negligent acts or omissions of the User, or the User's directors, officers, employees agents or contractors;
 - (ii) any damage to the property of the Service Provider caused by the negligent acts or omissions of the User, or the User's directors, officers, employees agents or contractors; or
 - (iii) any breach of the provisions of this Agreement (including any warranty given by the User under this Agreement).
- (b) Without limiting the scope of any other express provisions in this Agreement and subject to this clause 28, the Service Provider must indemnify and hold the User and its directors, officers, employees, agents and contractors harmless from and against any and all Damage suffered or incurred by the User or any of its directors, officers, employees, agents or contractors in connection with or arising as a result of:
 - (i) any personal injury or death caused by the negligent acts or omissions of the Service Provider, or the Service Provider's directors, officers, employees agents or contractors;

- (ii) any damage to the property of the User caused by the negligent acts or omissions of the Service Provider, or the Service Provider's directors, officers, employees, agents or contractors; or
 - (iii) any breach of the provisions of this Agreement (including any warranty given by the Service Provider under this Agreement).
- (c) Each indemnity in this Agreement is a continuing obligation, separate and independent from the other obligations of the parties, and survives termination, completion or expiration of this Agreement.
- (d) Nothing in this clause prevents any other provision of this Agreement, as a matter of interpretation, also surviving the termination of this Agreement.
- (e) It is not necessary for a party to incur expense or make any payment before enforcing a right of indemnity conferred by this Agreement.
- (f) Despite clauses 28.2(a) and 28.2(b), each party must mitigate any liability or costs, losses and damages the subject of the indemnity provided to that party.

28.3 Exclusion of warranties

All express or implied warranties, representations or covenants which are not contained in this Agreement are excluded to the maximum extent permitted by law. If a condition or warranty is implied into this Agreement under the *Trade Practices Act 1974* (Commonwealth) or any equivalent State or Territory legislation that cannot be excluded, then the Service Provider's liability to the User for breach of the condition or warranty is limited to (at the Service Provider's option):

- (a) the re-supply of the relevant service under this Agreement; or
- (b) the payment of having the relevant service re-supplied.

28.4 Scope of Liability

- (a) Subject to clause 28.6, the liability of a Party (the **First Party**) to the other Party (the **Second Party**) (whether under this Agreement (including under an indemnity) or, to the extent permitted by law, otherwise) is limited to Direct Damage arising from:
 - (i) personal injury or death caused by the negligent acts or omissions of the First Party or the First Party's directors, officers, employees, agents or contractors;
 - (ii) any damage to the property of the Second Party or to property for which the Second Party is responsible under this Agreement which is caused by the First Party's directors, officers, employees agents or contractors; or

- (iii) any breach of the provisions of this Agreement (including any warranty) by the First Party, including where caused by or arising out of the First Party's negligence.
- (b) The aggregate liability of the Service Provider to the User, its directors, officers, employees and agents, whether by way of indemnity, by statute (to the extent that it is possible to limit or exclude such liability) in tort (for negligence or otherwise) or on any basis at law or in equity is limited to the sum of:
 - (i) the amount which, but for this clause 28, is recoverable and which, in fact, is recovered under the Service Provider's policies of insurance; and
 - (ii) any uninsured retentions (such as deductibles or excesses).

28.5 Exclusion of Consequential Damage

- (a) Subject to clauses 28.5(b) and 28.6, the First Party is not liable for, and does not indemnify the Second Party in respect of, any Consequential Damage howsoever caused (including but not limited to, by the negligence of the First Party), suffered by the Second Party in connection with this Agreement.
- (b) Clause 28.5(a) does not limit a party's liability in respect of liability to the extent that, ignoring the application of clause 28.5(a), the party is indemnified for that liability under a policy of insurance.

28.6 Circumstances in which limitations and exclusions do not apply

- (a) The limitations of liability referred to in clauses 28.4 and 28.5 do not apply in respect of the User's liability for the Damage in connection with or arising as a result of:
 - (i) an Unauthorised Overrun;
 - (ii) delivery of Gas into the Network which does not meet the Specification;
 - (iii) delivery of Gas to a Receipt Point which does not comply with the minimum and maximum pressure specifications for that Receipt Point set out in Annexure 6;
 - (iv) the failure by the User to ensure the cessation of the delivery, withdrawal or taking of Gas as required under this Agreement;
 - (v) the aggregate deliveries from the User and all other Network Users on a Day to a Network Section not being equal to the aggregate withdrawals by the User and all other Network Users on that Day from that Network Section; or

- (vi) the indemnities provided by the User under this Agreement (unless otherwise provided).
- (b) The limitations of liability referred to in clauses 28.4(a) and 28.5 do not apply in respect of the Service Provider's liability for Damage caused by the delivery to a Delivery Point of Gas which does not meet the Specification where that delivery was caused by the negligence or wilful default of the Service Provider unless the delivery of that Gas would not have occurred (whether or not contributed to by the comingling of Gas in the Network) but for the delivery of Gas which does not meet the Specification to a Relevant Receipt Point.

28.7 Contribution to loss or damage

- ~~(a) This clause 28.7 does not apply to liabilities unless and to the extent the Service Provider's conduct constitutes wilful misconduct or negligence or the Service Provider's action is inconsistent with that expected of a reasonable service provider where the User has provided an indemnity under this Agreement.~~

The liability of a Party for Damage, howsoever caused (including, but not limited to, by the negligence of that Party), suffered by the other Party in connection with this Agreement is reduced to the extent that the negligent or unlawful act or omission of the other Party caused that Damage.

28.8 Civil Liability Act

- (a) To the extent permitted by law, Part 4 of the Civil Liability Act 2002 (NSW) (and any other equivalent statutory provisions in any other state or territory) is excluded from applying to any right, obligation or liability of either Party under this Agreement whether in contract, tort or otherwise in an action for damages.
- (b) All other rights, obligations and liabilities (including those relating to proportionate liability) of each Party are preserved and are as specified in or by this Agreement whether in contract, tort or otherwise in an action for damages.

28.9 User's supply arrangements

The User must include in all its supply arrangements with persons who are provided with Gas from or in the Network, a provision that limits or excludes the User's liability to those persons, to the extent reasonably practicable, and in particular in relation to transportation of Gas, the operation of the Network and any Services provided by the Service Provider (whether under this Agreement or otherwise).

29. Transfer

29.1 Service Provider may transfer

The Service Provider may assign, transfer or novate this Agreement or transfer any or all of its rights under this Agreement without the User's prior written consent. The Service Provider must notify the User in writing of any such assignment, transfer or novation.

29.2 No assignment without consent

The User may not assign, transfer or novate this Agreement without the Service Provider's prior written consent. The User must request any assignment in writing.

29.3 Transfers in accordance with the Retail Market Procedures

Where Retail Market Procedures apply, the User may transfer any or all of its rights under this Agreement in accordance with the Retail Market Procedures. In such a case, where the AEMO has provided the Service Provider with final notification that a delivery point is being transferred between Users:

- (a) the Service Provider will, as appropriate (and subject to the requirements of clause 11.2 being met), add the delivery point to this Agreement in accordance with clause 11.2, or delete the Delivery Point from this Agreement in accordance with clause 12; and
- (b) subject to confirmation by the User or AEMO that the outgoing Network User and the relevant Customer both consent to the disclosure of historical information, the relevant User will have access to the Delivery Point information in accordance with clause 31(d).

29.4 Transfers where the Retail Market Procedures do not apply

- (a) Where there are no relevant Retail Market Procedures governing transfer of capacity, the User may, without the Service Provider's consent, transfer, by way of subcontract, all or any of the User's contracted capacity to another person (the **third party**) with the following consequences:
 - (i) the User's rights against, and obligations to, the Service Provider under this Agreement are (subject to clause 29.4(a)(ii)) unaffected by the transfer; but
 - (ii) the User must immediately give notice to the Service Provider of:
 - (A) the subcontract and its likely duration;
 - (B) the identity of the third party; and

- (C) the amount of the contracted capacity transferred.
- (b) The User may, with the Service Provider's consent, transfer all or any of the User's contracted capacity to another party (the **third party**) as outlined in rule 105(3) of the National Gas Rules. The Service Provider must not withhold its consent unless it has reasonable grounds, based on technical or commercial considerations, for doing so. An example might be, if the Service Provider would not receive at least the same amount of revenue it would have received before the change.
- (c) The Service Provider must reply to a Request from the User for the Service Provider's consent to a transfer or assignment under clause 29.4(b) within 14 Business Days of receiving the Request accompanied by all information reasonably necessary to enable the Service Provider to consider the Request. If at the time the Request is made, the User informs the Service Provider in writing that due to hardship, the User requires an urgent reply to its Request, the Service Provider will use reasonable endeavours to respond to the Request within 2 Business Days of receiving the Request.
- (d) If the Service Provider gives its consent under clause 29.4(b):
- (i) the User must procure the third party to execute, prior to the assignment taking effect, a deed of covenant in favour of the Service Provider agreeing to comply with the provisions and obligations of this Agreement; and
 - (ii) the User consents to the Service Provider providing the third party with the details (including all details contained in the Relevant Customer List such as the MDQ and Demand Charge) regarding any Delivery Point.
- (e) Unless otherwise agreed, any transfer made under clause 29.4(b) by the User will be effective only on the first Day of the Calendar Month following execution of any deed of covenant under clause 29.4(d)(ii).
- (f) Any transfer made under clause 29.4(b) does not affect rights or liabilities that had accrued under, or in relation to, the Agreement before the transfer took effect.

30. Security and Financial Standing

- (a) If requested by the Service Provider where reasonably necessary, the User must provide Security to the Service Provider for an amount reasonably determined by the Service Provider to be:
- (i) the sum of the User's previous two invoices at the time the Security is requested; or
 - (ii) the average total Charges payable by the User to the Service Provider under this Agreement over two Billing Periods for each Delivery Point,

whichever is greater.

- (b) The Service Provider may review the amount of the Security where reasonably necessary and may require the User to increase (or decrease, as the case may be) the amount of Security where, in the Service Provider's reasonable opinion, the amount of the Security is less (or more) than the greater of:
 - (i) the sum of the User's previous two invoices at the time the Security is requested; and
 - (ii) the average total Charges payable by the User to the Service Provider under this Agreement over two Billing Periods for each Delivery Point.
- (c) Any interest earned on the Security may be retained by the Service Provider and form part of the Security. Nothing in this Agreement is to be taken as imposing any obligation on the Service Provider to maximise or obtain any return on amounts deposited.
- (d) If requested by the Service Provider where reasonably necessary, the User must, in a timely manner:
 - (i) demonstrate its ability to meet all financial obligations under this Agreement; and
 - (ii) provide all information reasonably required by the Service Provider for the purpose of assessing the User's credit worthiness.
- (e) The information requested by the Service Provider under 30(d) may include the User's most recent Financial Report to the Service Provider or, where the User is not required under the *Corporations Act 2001* to produce a Financial Report, create a Financial Report and provide the same to the Service Provider within 30 days of the request.
- (f) The User represents and warrants that:
 - (i) the most recent Financial Report and any other information provided to the Service Provider in accordance with clause 30(d) were prepared in accordance with the *Corporations Act 2001* requirements for Financial Reports for a financial year; and
 - (ii) there has been no change in the state of its affairs since the end of the accounting period to which the most recent Financial Reports provided to the Service Provider in accordance with clause 30(d) relate which might have a material adverse effect upon the User's ability to perform any of its obligations under this Agreement or upon the business or operations of the User.
- (g) The User repeats the representation and warranties in clause 30(f) on the Commencement Date for each Reference Service.

- (h) The Service Provider may release the Security at any time.
- (i) The Service Provider must release the Security within 10 Business Days of the date which is the later of the termination of this Agreement and the date on which all amounts which are owing or payable or remaining unpaid, whether present, unascertained, immediate, future or contingent, by the User to the Service Provider have been paid in full.

31. Confidentiality

- (a) Unless otherwise provided in this clause 31, the Service Provider must not disclose any Confidential Information under this Agreement except where permitted by the National Gas Law.
- (b) Neither Party may disclose Confidential Information under this Agreement without the prior written consent of the other Party except to the extent that the disclosure:
 - (i) is required by applicable laws or by requirements of any government or government agency having jurisdiction over the disclosing Party **(Disclosing Party)**;
 - (ii) is required by any securities commission having jurisdiction over the Disclosing Party or a Related Body Corporate of the Disclosing Party, or by the rules of any stock exchange on which are listed the shares in the capital of the Disclosing Party or a Related Body Corporate of the Disclosing Party;
 - (iii) is to the Disclosing Party's employees, directors, consultants, contractors, advisers or agents;
 - (iv) relates to information that is at the time of disclosure lawfully generally available to the public, other than as a result of a breach of this Agreement;
 - (v) is to a bona fide purchaser of substantially all of the Disclosing Party's assets or, in the case of the Service Provider, of any or all of its Network;
 - (vi) is required by an order of a court of competent jurisdiction;
 - (vii) is to a bank or other financial institution in connection with the Disclosing Party's financial affairs; or
 - (viii) is required to enable the Disclosing Party to comply with its obligations under any law including, but not limited to:
 - (A) the Retail Market Procedures;
 - (B) the National Gas Statement of Opportunities;

- (C) the Short Term Trading Market;
- (D) market operation rules; and
- (E) the Disclosing Party's Gas reticulator's or Gas supplier's authorisation.

(c) The User consents to the disclosure by the Service Provider to third parties of:

- (i) information relating to Quantities of Gas historically delivered to (or estimated to have been delivered to) a Delivery Point;
- (ii) Load profile and information relating to Load Types and appliances installed at the premises supplied by the Delivery Point;
- (iii) current Charges applicable to the Service(s) provided to a Delivery Point; and
- (iv) any other information regarding that Delivery Point, including but not limited to, the MDQ, MHQ, Chargeable Demand And Tariff Class for a Delivery Point,

where the Customer at the relevant Delivery Point has provided its written consent to the Service Provider (or the User provides any other form of evidence that the Customer consents to such disclosure reasonably acceptable to the Service Provider).

(d) The User consents to the disclosure by the Service Provider to another Network User of:

- (i) information relating to Quantities of Gas historically delivered to a Delivery Point;
- (ii) Load profile and information relating to Load Types and appliances installed at the premises supplied by the Delivery Point;
- (iii) current Charges applicable to the Service(s) provided to a Delivery Point; and
- (iv) any other information regarding that Delivery Point, including but not limited to, the MDQ, MHQ, Chargeable Demand and Tariff Class for a Delivery Point,

where the relevant Delivery Point has been or has been requested to be transferred to the other Network User.

(e) Where the Service Provider offers to add a new Delivery Point or increase the MHQ or MDQ of a Demand Customer Delivery Point in response to a Request from the User, the User consents to the Service Provider disclosing the existence and terms

of the offer to any Customer at that Delivery Point or other third party which has a direct financial interest in the terms of the offer.

- (f) The User acknowledges and agrees that the aggregated consumption data of a group of Customers (such that the individual consumption of each Customer is not reasonably ascertainable) or a Network Section is not Confidential Information and that the Service Provider may disclose such data to the market at its discretion.
- (g) This clause 31 survives the termination of this Agreement.

32. Dispute resolution

32.1 Application

- (a) The Parties acknowledge and agree that this clause 32 does not, and is not intended to, limit or exclude in any way the provisions in the National Gas Law in relation to dispute resolution.
- (b) The Parties agree that where a Party refers any matter in connection with this Agreement or its performance to be dealt with in accordance with the dispute resolution provisions set out in the National Gas Law:
 - (i) if an access determination is made by the dispute resolution body in respect of the access dispute, the Parties must comply with that access determination;
 - (ii) neither Party can subsequently utilise this clause 32 in respect of the same dispute.

32.2 Notification of Dispute

If a Party claims that there exists:

- (a) any dispute or difference of opinion between the Parties; or
- (b) the absence of agreement by the Parties,

about a matter which arises out of or relates to this Agreement, or the breach, termination, validity or subject matter thereof, or as to any related claim in restitution or at law, in equity or pursuant to any statute (**Dispute**), then that Party must notify the other Party of the Dispute.

32.3 Nomination of Representative

As soon as practicable after a notice is given under clause 32.2, each Party must nominate in writing a representative authorised to settle the Dispute on its behalf.

32.4 Good Faith Discussions

Each Party must enter into discussions in good faith, to resolve the Dispute or to agree on a process to resolve all or part of the Dispute. Unless the parties otherwise agree, discussions between the Parties' representatives under this clause 32.4 must continue for 7 Business Days after notice of the Dispute was given under clause 32.2.

32.5 Mediation

- (a) Each Party expressly agrees to endeavour to settle the Dispute by mediation administered by the Australian Commercial Disputes Centre (**ACDC**) before having recourse to arbitration or litigation.
- (b) The mediation shall be conducted in accordance with the ACDC Guidelines for Commercial Mediation (**Guidelines**) which are operating at the time the matter is referred to ACDC.
- (c) The Guidelines set out the procedures to be adopted, the process of selection of the mediator and the costs involved.
- (d) The terms of the Guidelines are hereby deemed incorporated into this Agreement.
- (e) Clause 32 shall survive termination of this Agreement.

32.6 Urgent relief

Nothing in this clause 32 will prevent a Party from seeking urgent declaratory or injunctive relief.

32.7 Information confidential

Any information or documents disclosed by a representative during the course of the discussions under this clause 32:

- (a) must be kept confidential; and
- (b) may not be used except to attempt to settle the Dispute.

32.8 Without Prejudice Discussions

Any discussions which take place as contemplated by this clause 32 will be without prejudice to the respective rights and obligations of the Parties in relation to the subject matter of the Dispute.

33. Notices

33.1 Notice in Writing

A Party giving notice or notifying under this Agreement must do so in writing and direct it to the recipient's address specified in Annexure 1, as varied by any notice.

33.2 Receipt of Notice

A notice given in accordance with clause 33.1 is regarded as being given by the sender and received by the addressee:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, 3 Business Days from and including the date of postage; or
- (c) if sent by facsimile transmission, when the sender's facsimile system generates a message confirming successful transmission of the total number of pages of the notice unless, within 1 Business Day after that transmission, the recipient informs the sender that it has not received the entire notice.

34. General

34.1 Entire agreement

This Agreement:

- (a) constitutes the entire agreement between the Parties as to its subject matter; and
- (b) in relation to that subject matter, supersedes any prior understanding or agreement between the Parties and any prior clause, warranty, indemnity or representation imposed, given or made by a Party.

34.2 Severability

- (a) The Parties agree that a construction of this Agreement that results in all provisions being enforceable is to be preferred to a construction that does not so result.
- (b) If, despite the application of clause 34.2(a), a provision of this Agreement is illegal or unenforceable:
 - (i) if the provision would not be illegal or unenforceable if a word or words were omitted without changing the primary intent of the provision, that word or those words are severed; and

- (ii) in any other case, the whole provision is severed,
and the remainder of this Agreement continues in force.

34.3 Waiver

- (a) A waiver of any provision of or right under this Agreement:
 - (i) must be in writing signed by the Party entitled to the benefit of that provision or right; and
 - (ii) is effective only to the extent set out in any written waiver.
- (b) Without limiting clause 34.3(a), the Service Provider may waive strict compliance with the requirements of this Agreement by the User to the extent that such a waiver will not have the effect of contravening the National Gas Law.

34.4 Relationship between Parties

This Agreement does not create a relationship of employment, agency or partnership between the Parties.

34.5 Enforceability

Each Party warrants that it has all necessary power and authority and holds all authorisations required by any law to enter into and perform its obligations under this Agreement and that this Agreement is binding on that Party and enforceable against it in accordance with its terms.

34.6 Further assurances

Each Party must sign all such documents and do all such things as shall be necessary or desirable to give full effect to this Agreement.

34.7 Inurement

This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

34.8 Counterparts

This Agreement may be executed in counterparts and the counterparts taken together constitute one and the same instrument.

34.9 Governing law and jurisdiction

This Agreement is governed by the law applicable in New South Wales. Each Party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales.

34.10 Survival of indemnities

Each indemnity in this Agreement is a continuing obligation, separate and independent from the other obligations of the parties, and survives termination of this Agreement.

Executed as an agreement.

**Executed by Jemena Gas Networks (NSW) Ltd
ACN 003 004 322** in accordance with section 127
of the *Corporations Act* (Cth)

by or in the presence of:

Signature of Secretary/other Director

Name of Secretary/other Director in full

Signature of Director

Name of Director

Executed by **[insert]** in accordance with
section 127 of the *Corporations Act* (Cth) by or in
the presence of:

Signature of Secretary/other Director

Name of Secretary/other Director in full

Signature of Director

Name of Director

Annexure 1 — Addresses of Parties for Notices

Service Provider	
Address	Level 20, 111 Pacific Highway, North Sydney, NSW 2060
Attention	Contracts Manager
Phone	+61 2 9455 1500
Fax	+61 2 9455 1501
User	
Address	
Attention	
Phone	
Fax	

Annexure 2 — Gas Specification

Parameter		Specification Limit	
1	Wobbe Index ¹	Min.	46.0 MJ/m ³
		Max.	52.0 MJ/m ³
2	Oxygen ¹	Max.	0.2 mol%
3	Hydrogen Sulphide ¹	Max.	5.7 mg/m ³
4	Total Sulphur ^{1,2}	Max.	50 mg/m ³
5	Water Content ¹	Max. Dew Point 0°C at maximum transmission pressure upstream of receipt point, but in any case no more than 112.0 mg/m ³	
6	Hydrocarbon Dewpoint ¹	Max.	2° at 3,500 kPaG
7	Total Inert Gases ¹	Max.	7.0 mol %
8	Solid Matter and Liquids	Nil Permitted	
9	Temperature at Receipt Point	-5°C to 50°C	
10	Odorant	Odorant to be of a type approved by the Service Provider. Level of odorant to be 12 milligrams per cubic metre or such other level as the Service Provider may require.	

¹ The standard testing clauses for all Gas properties are

Temperature 15°C

Absolute Pressure 101.325 kPa

With the natural gas dry (that is, completely free of water vapour)

² Including odorant, or an allowance for odorant in cases where odorant is injected downstream of test points.

Annexure 3 — Gas Balancing Until Commencement of an Alternate Gas Balancing Arrangement

1. General Qualifications

- (a) Annexure 3 will govern the Gas Balancing of Network Sections at the times specified in clause 7.1 of the Agreement.
- (b) In Country Networks, each User will be deemed to be in balance within the Network Section; that is, the User's Input will be deemed to be equal to the Withdrawal Quantity of that User on a Day.
- (c) Should any of the following circumstances cease to apply, the Service Provider will notify the User of the actions that it reasonably considers necessary to take account of the changed circumstances and to ensure the continued quality, safety, reliability and security of supply of Gas as notified to the User and the Service Provider and User will comply with such notice:
 - (i) each Network Section has only one pressure controlled Receipt Point and all other Receipt Points are flow controlled;
 - (ii) the operator of a pipeline for flow controlled Receipt Points will aim to input a Quantity of Gas each Day at each Receipt Point equal to the Confirmed Nominations of Network Users served by it through that Receipt Point;
 - (iii) the Receipt Point at Wilton from the Moomba Sydney Pipeline is pressure controlled; and
 - (iv) UAG is supplied by the Service Provider.

2. Definitions

In this Annexure 3:

- (a) **Change in Target Linepack** means the User's Target Linepack at the end of the Day minus the User's Target Linepack at the end of the previous Day;
- (b) **Forecast Requirement** means the forecast requirement notified to the Service Provider under paragraph 3(b) including each of the components listed in that paragraph;
- (c) **Forecast Withdrawal** has the meaning given to that term in paragraph 3(b);

- (d) **Input** means the User's input determined under paragraph 4;
- (e) **Participant Imbalance Amount** means the Quantity of Gas which the User nominates to rectify part or all of the participant imbalance for the Network Section caused by differences between the total of Inputs and any Quantity purchased from the Service Provider under paragraph 5(c), and the Withdrawal Quantity on any Day, determined in accordance with the Network Code, the National Gas Law or the Retail Market Procedures (whichever is applicable);
- (f) **Proposed Nomination** has the meaning given to that term in paragraph 3(d);
- (g) **Reconciliation Amount** means the Quantity of Gas which the User nominates to rectify part or all of the imbalance caused by the reconciliation of withdrawals between the Quantity determined by data estimation and the Quantity withdrawn as measured by meter on any Day in accordance with the Network Code, the Retail Market Procedures or the National Gas Law (whichever is applicable);
- (h) **Target Linepack**, for a User, means the target linepack determined by the Service Provider as at the end of a Day as follows:
 - (i) target linepack for the Wilton Network Section at the end of the Day will be allocated to each User in proportion to its MDQ (or where there is no MDQ, an amount determined by the Service Provider after consultation with the User);
 - (ii) target linepack in all other Network Sections for a single designated User will be deemed to be equal to the linepack in that Network Section and the target linepack for each other User will be deemed to be zero;
- (i) **User's Confirmed Nomination** means the Quantity determined under paragraph 3(f); and
- (j) **Withdrawal Quantity** of a User at a Receipt Point on a Day means the total of:
 - (i) Demand Customer Delivery Point Withdrawals, being the total Quantity of Gas withdrawn on the Day at all of the User's Demand Customer Delivery Points, as determined by measurement or as otherwise agreed under the Agreement; and
 - (ii) Volume Customer Delivery Point Withdrawals, being:
 - (A) the total Quantity of Gas withdrawn on the Day at all of the User's Volume Customer Delivery Points which are Non Daily Metered Delivery Points, calculated, and allocated to the User, in accordance with the Network Code, the Retail Market Procedures or the National Gas Law (whichever is applicable). Where there are no applicable regulatory requirements, the Quantity withdrawn will be the Quantity calculated and allocated

by the Service Provider for each Network Section in proportion to the Quantities nominated by all Users of that Network Section under paragraph 3(b) and allocated to the Receipt Point used by the User in supplying Volume Customer Delivery Points in proportion to the User's Forecast Withdrawal requirement for Non-Daily Metered Delivery Points (which are Volume Customer Delivery Points) for that Receipt Point under paragraph 3(b)(i)(B); plus

- (B) the total Quantity of Gas withdrawn on the Day at all of the User's Volume Customer Delivery Points which are Daily Metered Delivery Points.

3. Daily Forecasts and Nominations

- (a) Each Day, and for each Receipt Point at which the User receives Gas under this Agreement and any other agreement for the transportation of Gas between the Service Provider and the User, the User must provide the Service Provider with its forecast of withdrawals from the Network for each of the next three Days.
- (b) Each Day, and for each Receipt Point at which the User receives Gas under this Agreement and any other agreement for the transportation of Gas between the Service Provider and the User, the User must inform the Service Provider of its Gas requirements for the Day under all such transportation agreements as follows:
 - (i) forecast of Gas to be withdrawn from the Network in total ('**Forecast Withdrawals**') calculated in accordance with paragraph 3(d) and itemising the following amounts:
 - (A) the forecast Gas requirement for non daily metered Volume Delivery Points (which will not include any Reconciliation Amount); and
 - (B) when required in advance of any Day by the Service Provider, the forecast withdrawal at designated Delivery Points, in such manner and in relation to such times as the User and the Service Provider agree;
 - (ii) Reconciliation Amount, provided that the Service Provider is not required to accept the Reconciliation Amount as part of the Forecast Requirement unless the total of all Reconciliation Amounts for all Network Users on a Day in a Network Section equals zero; and
 - (iii) the Participant Imbalance Amount, provided that the Service Provider is not required to accept the Participant Imbalance Amount as part of the Forecast Requirement unless the total of all Participant Imbalance

Amounts for all Network Users of a Day in a Network Section equals zero,

(the requirements nominated by the User under paragraphs 3(b)(i) to 3(b)(iii) inclusive are, together, the '**Forecast Requirement**').

- (c) The User must satisfy the requirements of paragraph 3(b) for all Delivery Points other than a Delivery Point at which an automatic feedback control system is used to establish a direct relationship between input at a flow controlled Receipt Point and the quantity actually withdrawn at the Delivery Point.
- (d) The User must make nominations of the components of its Forecast Requirement in good faith so that the Forecast Withdrawals under paragraph 3(b)(i) for all Receipt Points serving the Network Section is the aggregate amount which the User intends to withdraw from the Network Section on the Day under all transportation agreements.
- (e) For each Day, the Service Provider must advise the User of the Quantity of Gas which the User should plan to deliver or have delivered into the Network Section at each Receipt Point on that Day in order to enable the Service Provider to satisfy the User's Forecast Requirement and any other aggregate needs for the relevant Network Section (including adjustment for the User's change in share of linepack) to ensure safe and reliable supply (**Proposed Nomination**).
- (f) For each Day, the User must advise the Service Provider of the Quantity of Gas which the User intends to deliver or have delivered into the Network at each Receipt Point on that Day (**User's Confirmed Nomination**) and which Quantity must equal the Quantity advised by the Service Provider under paragraph 3(d).
- (g) If the User fails to provide the Service Provider with a valid Forecast Requirement and/or valid User's Confirmed Nomination, the Service Provider must determine the User's Confirmed Nomination on the basis of the Quantity which was the User's Forecast Requirement (adjusted for any Reconciliation Amount and/or Participant Imbalance Amount) for the same Day in the prior week (or where such Day is a public holiday, based on the same Day in the week two weeks prior).
- (h) The User and the Service Provider must complete each of their obligations set out in paragraphs 3(a) to 3(g):
 - (i) in accordance with a timetable published from time to time in the Retail Market Procedures or the National Gas Law; or
 - (ii) where there is no timetable under paragraph 3(h)(i), in accordance with a timetable published from time to time in the Network Code or by the Service Provider.

4. User's Input

- (a) The Service Provider carries out Gas Balancing between the Receipt Point at which Gas intended for a Delivery Point first enters the Network Section, and that Delivery Point.
- (b) In this Annexure 3, the Service Provider must determine the User's Input as follows:
 - (i) where there is only one Network User at the Receipt Point the User's Input will be the metered Quantity at the Receipt Point net of UAG purchased by the Service Provider;
 - (ii) where two or more Network Users receive Gas at the EGP Horsley Park Receipt Point, or at the EGP Port Kembla Receipt Point, the User's Input will be:
 - (A) subject to paragraph 4(b)(ii)(B), the metered Quantity at the Receipt Point net of UAG purchased by the Service Provider allocated to the User and other Network Users in proportion to their Users' Confirmed Nominations for the Day; and
 - (B) in respect of a User at a Delivery Point at which an automatic feedback flow control system is used to establish a direct relationship between input at an EGP Receipt Point and the Quantity actually withdrawn at the Delivery Point, the difference between the metered Quantity at the Receipt Point net of UAG purchased by the Service Provider, and the total of the Users' Confirmed Nominations for all other Network Users plus the User's Confirmed Nomination for its other Delivery Points; and
 - (iii) where two or more Network Users receive Gas at the Wilton Receipt Point and where the Quantity metered at the Wilton Receipt Point on a Day net of UAG purchased by the Service Provider:
 - (A) exceeds or is equal to the aggregate of Confirmed Nominations for Network Users of that Receipt Point for the Day, then the User will be deemed to have delivered its User's Confirmed Nomination for the Day and that will be the User's Input; and
 - (B) is less than the aggregate of Users' Confirmed Nominations for Network Users of that Receipt Point for the Day, then the total Quantity metered at that Receipt Point on the Day net of UAG purchased by the Service Provider will be allocated among those Network Users in proportion to their Users' Confirmed Nominations for the Day and that allocation will be the User's Input;

- (iv) where two or more Network Users receive Gas at a Receipt Point in the Wilton Network Section that is not referred to in paragraphs (ii) or (iii) above, the Service Provider will (acting reasonably and taking into account the technical and commercial arrangements at that Receipt Point) advise the Network Users receiving Gas at that Receipt Point of the method by which their Input will be calculated; and
 - (v) where there is more than one Network User at the Receipt Point on any other Network Section, the Network User's Input for each Network User will be deemed to be the Network User's Withdrawal Quantity plus Change in Target Linepack.
- (c) The Service Provider has the discretion to adjust the User's Input for a Network Section, as determined in accordance with paragraphs 4(b)(i) to 4(b)(iv), for the User or for any Network User in order to take account of:
- (i) any Quantity of Gas that the User receives in that Network Section from any Network User as agreed to by the Service Provider (at the Service Provider's sole discretion); or
 - (ii) any Quantity of Gas that the User transfers to any Network User in that Network Section as agreed to by the Service Provider (at the Service Provider's sole discretion).

5. Gas Balancing

- (a) The User must act in good faith to ensure that the Quantity of Gas delivered to each Network Section for or on behalf of the User on each Day is equal to the Quantity withdrawn from the Network Section by the User on the Day, adjusted for any Change in Target Linepack for the User for the Network Section (and subject to any amounts specified in accordance with paragraphs 3(b)(i) or 3(b)(iii)). If a User has more than one agreement for the transportation of Gas pertaining to a particular Network Section and Receipt Point, Gas Balancing arrangements will apply to the aggregates of Quantities input at the Receipt Point and withdrawn under those agreements.
- (b) Where paragraph 4(b)(iii)(A) applies in relation to a Day for the Wilton Receipt Point, the Service Provider must purchase a Quantity of operational balancing Gas equal to the difference between the total Quantity metered at the Wilton Receipt Point on the Day net of UAG purchased by the Service Provider and the aggregate of Network Users' Confirmed Nominations for Network Users of that Receipt Point for the Day. The total costs to the Service Provider of acquiring the operational balancing Gas is the **Operational Balancing Cost**.
- (c) Where paragraph 5(b) applies, the Quantity of Gas purchased by the Service Provider will be sold by it to those Network Users of the Wilton Network Section whose withdrawals on the Day exceed their Inputs adjusted for any Participant

Balance Amount for the Day, in proportion to the amounts of those differences for that Receipt Point. Such Network Users are obliged to purchase the quantities so nominated by the Service Provider. The Service Provider will apportion the Operational Balancing Cost each Day between all Users of the Wilton-Newcastle Network Section or the Wilton-Wollongong Network Section whose Withdrawal Quantity exceeds their User's Input (adjusted for any Participant Imbalance Amount for that Day). The Service Provider will apportion the Operational Balancing Cost in proportion to the amounts of those differences between Withdrawal Quantity and User's Input. The User will pay its apportioned share of the Operational Balancing Cost for the Gas sold to it under this paragraph.

- (d) The Service Provider will notify the User of its portion of the Operational Balancing Cost. The User must pay the amount specified in, and in accordance with the requirements of, the notice.
- (e) The Service Provider and the User must comply with the provisions dealing with participant balancing or incentive mechanisms for participants:
 - (i) in the Network Code, or
 - (ii) where they replace the relevant provisions in the Network Code, in Retail Market Procedures or the National Gas Law (whichever is applicable).

Annexure 4 — Gas Balancing Where an Alternative Gas Balancing Arrangement Ceases To Apply

1. General Qualifications

- (a) Annexure 4 will govern the Gas Balancing of Network Sections at times as specified by clause 7.2 of the Agreement.

For example, following the commencement of the Short Term Trading Market, if at any time the Short Term Trading Market or an alternative mechanism approved by the Service Provider under clause 7.4(a) of the Reference Service Agreement ceases to operate, Annexure 4 will take effect.

- (b) In Country Networks, each User will be deemed to be in balance within the Network Section; that is, the User’s Input will be deemed to be equal to the Withdrawal Quantity of that User on a Day.
- (c) Should any of the following circumstances cease to apply, the Service Provider will notify the User of the actions that it reasonably considers necessary to take account of the changed circumstances and to ensure the continued quality, safety, reliability and security of supply of Gas and the Service Provider and User will comply with such notice:
 - (i) each Network Section has only one pressure controlled Receipt Point, all other Receipt Points will be flow controlled;
 - (ii) the operator of a pipeline for flow controlled Receipt Points will aim to input a Quantity of Gas each Day at each Receipt Point equal to the Confirmed Nominations of Network Users served by it through that Receipt Point;
 - (iii) the Receipt Point at Wilton from the Moomba Sydney Pipeline is pressure controlled; and
 - (iv) UAG is supplied by the Service Provider.

2. Definitions

In this Annexure 4:

- (a) **Forecast Withdrawal** has the meaning given to that term in paragraph 3(b);
- (b) **Input** means the User’s input determined under paragraph 4;

- (c) **Proposed Nomination** has the meaning given to that term in paragraph 3(d);
- (d) **User's Confirmed Nomination** means the Quantity determined under paragraph 3(f);
- (e) **User's Daily Imbalance** for a Receipt Point means the Quantity of Gas calculated by subtracting the User's Withdrawal Quantity for a Receipt Point from that User's Input Quantity for that Receipt Point; and
- (f) **Withdrawal Quantity** of a User at a Receipt Point on a Day means the total of:
 - (i) Demand Customer Delivery Point Withdrawals, being the total Quantity of Gas withdrawn on the Day at all of the User's Demand Customer Delivery Points, as determined by measurement or as otherwise agreed under the Agreement; and
 - (ii) Volume Customer Delivery Point Withdrawals, being:
 - (A) the total Quantity of Gas withdrawn on the Day at all of the User's Volume Customer Delivery Points which are Non Daily Metered Delivery Points, calculated, and allocated to the User, in accordance with the Network Code, the Retail Market Procedures or the National Gas Law (whichever is applicable). Where there are no applicable regulatory requirements, the Quantity withdrawn will be the Quantity calculated and allocated by the Service Provider for each Network Section in proportion to the Quantities nominated by all Users of that Network Section under paragraph 3(b)(i) and allocated to the Receipt Point used by the User in supplying Volume Customer Delivery Points in proportion to the User's Forecast Withdrawal requirement for Non-Daily Metered Delivery Points (which are Volume Customer Delivery Points) for that Receipt Point under paragraph 3(b)(i)(B); plus
 - (B) the total Quantity of Gas withdrawn on the Day at all of the User's Volume Customer Delivery Points which are Daily Metered Delivery Points.

3. Daily Forecasts and Nominations

- (a) Each Day, and for each Receipt Point at which the User receives Gas under this Agreement and any other agreement for the transportation of Gas between the Service Provider and the User, the User must provide the Service Provider with its forecast of withdrawals from the relevant Network Section for each of the following three Days (or seven Days when requested for operational reasons).

- (b) Each Day, and for each Receipt Point at which the User receives Gas under this Agreement and any other agreement for the transportation of gas between the Service Provider and the user, the User must inform the Service Provider of its Gas requirements for the Day under all such transportation agreements as follows:
- (i) forecast of Gas to be withdrawn from the Network in total ('**Forecast Withdrawals**') calculated in accordance with paragraph 3(d) and itemising the following amounts:
 - (A) forecast Gas requirement for non-daily metered Volume Delivery Points; and
 - (B) when required in advance of any Day by the Service Provider, the forecast withdrawal at designated Delivery Points, in such manner and in relation to such times as the User and the Service Provider agree.

(Forecast Withdrawal)

- (c) The User must satisfy the requirements of paragraph 3(b) for all Delivery Points other than a Delivery Point at which an automatic feedback control system is used to establish a direct relationship between input at a flow controlled Receipt Point and the quantity actually withdrawn at the Delivery Point.
- (d) The User must make nominations of its Forecast Withdrawals in good faith so that the Forecast Withdrawals under paragraph 3(b) for all Receipt Points serving the Network Section is the aggregate amount which the User intends to withdraw from the Network Section on the Day under all transportation agreements.
- (e) For each Day, the Service Provider must advise the User of the Quantity of Gas which the User should plan to deliver or have delivered into the Network Section at each Receipt Point on that Day in order to enable the Service Provider to satisfy the User's Forecast Withdrawals and any other aggregate needs for the relevant Network Section (including adjustment for the User's change in share of linepack) to ensure safe and reliable supply (**Proposed Nomination**).
- (f) For each Day, the User must advise the Service Provider of the Quantity of Gas which the User intends to deliver or have delivered into the Network Section or otherwise intends to receive at each Receipt Point on that Day (**User's Confirmed Nomination**) and which Quantity must equal the Quantity advised by the Service Provider under paragraph 3(d).
- (g) If the User fails to provide the Service Provider with valid Forecast Withdrawals and/or valid User's Confirmed Nomination, the Service Provider must determine the User's Confirmed Nomination on the basis of the Quantity which was the User's Forecast Withdrawals for the same Day in the prior week (or where such Day is a public holiday, based on the same Day in the week two weeks prior).

- (h) The User and the Service Provider must complete each of their obligations set out in paragraphs 3(a) to 3(g) in accordance with a timetable determined through consultation between the Service Provider and User.

4. User's Input

- (a) The Service Provider carries out Gas Balancing between the Receipt Point or Receipt Points for the Wilton Network Section at which Gas intended for a Delivery Point first enters the Network Section, and that Delivery Point.
- (b) In this Annexure 4, the Service Provider must determine the User's Input as follows:
 - (i) where there is only one Network User at the Receipt Point the User's Input will be the metered Quantity at the Receipt Point net of UAG purchased by the Service Provider.
 - (ii) where two or more Network Users receive Gas at the EGP Horsley Park Receipt Point, or at the EGP Port Kembla Receipt Point, the User's Input will be:
 - (A) subject to paragraph 4(b)(ii)(B), the metered Quantity at the Receipt Point net of UAG purchased by the Service Provider allocated to the User and Network Users in proportion to their Users' Confirmed Nominations for the Day; and
 - (B) in respect of a User at a Delivery Point at which an automatic feedback flow control system is used to establish a direct relationship between input at an EGP Receipt Point and the Quantity actually withdrawn at the Delivery Point, the difference between the metered Quantity at the Receipt Point net of UAG purchased by the Service Provider, and the total of the Users' Confirmed Nominations for all Network Users plus the User's Confirmed Nomination for its other Delivery Points;
 - (iii) where two or more Users receive Gas at a Receipt Point in the Wilton Network Section that is not referred to in paragraphs (ii) or (iii) above, the Service Provider will (acting reasonably and taking into account the technical and commercial arrangements at that Receipt Point) advise the Network Users receiving Gas at that Receipt Point of the method by which their Input will be calculated; and
 - (iv) where two or more Network Users receive Gas at the Wilton Receipt Point, then the total Quantity metered at that Receipt Point on the Day net of UAG purchased by the Service Provider will be allocated among those Network Users in proportion to their Network Users' Confirmed Nominations for the Day and that allocation will be the User's Input.

- (c) The Service Provider has the discretion to adjust the User's Input for a Network Section, as determined in accordance with paragraphs 4(b)(i) to 4(b)(iv), for the User or for any Network User in order to take account of:
 - (i) any Quantity of Gas that the User receives in that Network Section from any Network User as agreed to by the Service Provider (at the Service Provider's sole discretion); or
 - (ii) any Quantity of Gas that the User transfers to any Network User in that Network Section as agreed to by the Service Provider (at the Service Provider's sole discretion).

5. Gas Balancing

- (a) For the avoidance of doubt, the User is responsible for ensuring that the aggregate Quantity of Gas delivered by or for the account of the User, through the Receipt Point(s) for a Network Section, is equal to:
 - (i) the aggregate quantity of gas delivered to or for the account of the User to Delivery Points within that Network Section; plus
 - (ii) any change in linepack in the Network Section allocated to the User by the Service Provider or other share of aggregate needs for a Network Section to ensure safe and reliable supply.
- (b) When determining an allocation of the total change in linepack for a Network Section between the User and other Network Users, the Service Provider will seek to apply a methodology which reflects the linepack requirements of the services which were provided to the User. If the Service Provider considers that a more direct method of allocation is not available, the Service Provider may prorata total change in linepack based on each Network Users' typical aggregate capacity entitlement for all network services.
- (c) The Service Provider shall be entitled to publish (and disclose to the public) the User's Daily Imbalance by Receipt Point at the Service Provider's sole discretion.
- (d) The Service Provider and the User must comply with the provisions dealing with participant balancing or incentive mechanisms for participants:
 - (i) in the Network Code, or
 - (ii) where they replace the relevant provisions in the Network Code, in the National Gas Law and Retail Market Procedures.

Annexure 5 — Receipt Points and Receipt Stations

1. Filtration and Liquid Separation System

The Receipt Station shall include a filtration and liquid separation system (**Filtration and Liquid Separation System**) which meets the following requirements:

- (a) the filter and separator shall not be fitted with a bypass;
- (b) a minimum of 2 parallel filter and separator runs are to be installed, each capable of treating the MHQ of the Receipt Station at the lowest inlet pressure clauses;
- (c) the Gas filter shall be capable of removing all solid particles greater than 1 micrometre in diameter;
- (d) the liquid separator shall remove all liquids travelling in the Gas stream; and
- (e) the filter differential pressures and the liquid level of the separator holding vessel shall be continuously measured and the signals telemetered to the SCADA System.

2. Gas Quality Measurement System

2.1 Requirements of Gas Quality Measurement System

The Receipt Station shall include a Gas quality measurement system (**Gas Quality Measurement System**) which enables the following measures of quality to be determined continuously and telemetered in real time to the SCADA System:

- (a) Gas Outlet Temperature;
- (b) Gas Relative Density;
- (c) Gas Heating Value;
- (d) Gas Water Dew Point;
- (e) Gas Carbon Dioxide Content;
- (f) Gas Hydrocarbon Dew Point;
- (g) Gas Oxygen Content;
- (h) Gas Total Sulphur Content;
- (i) Gas Hydrogen Sulphide Content; and

- (j) Gas Odorant Content.

2.2 Measurement other than at a Receipt Station

- (a) If the Service Provider consents, qualities other than the Gas Outlet Temperature may be measured at a location other than the Receipt Point. The Service Provider shall be entitled to withhold its consent if it reasonably believes that measurement at such other location will not give a true indication of the quality of Gas being delivered at the Receipt Point.
- (b) If the Service Provider has consented to any quality being measured at a location other than the Receipt Point, the Service Provider may at any later time withdraw that consent and require the quality to be measured at the Receipt Point if it believes that measurement at such other location is not giving a true indication of the quality of Gas being delivered at the Receipt Point.
- (c) If measured other than at a Receipt Station, all equipment used for measuring the qualities of Gas shall be designed, maintained and calibrated in accordance with good engineering practice and industry standards as agreed by the Service Provider.

2.3 Calibration and testing of equipment

- (a) The Service Provider may at any time require the User to test or calibrate the Gas Quality Measurement System.
- (b) The Service Provider is entitled to be present at a test or calibration of equipment and to receive copies of all test results.
- (c) The Service Provider shall bear the costs of a test or calibration if the test or calibration results show that the Gas Quality Measurement System was accurate within the tolerances agreed between the Service Provider and the User.
- (d) If the Gas Quality Measurement System is being tested or calibrated other than under paragraph 2.3(a):
 - (i) the User shall notify the Service Provider of the timing of such testing or calibration;
 - (ii) the Service Provider is entitled to attend such testing or calibration; and
 - (iii) promptly after receiving the results of such testing or calibration, the User must provide the Service Provider with a copy of those results.

3. Gas Quantity Measurement System

- (a) A Receipt Station shall include a Gas quantity measurement system (**Gas Quantity Measurement System**) which ensures that continuous measurement is maintained in the event of routine calibration, equipment maintenance, individual equipment malfunction, loss of external electricity supplies or loss of telemetry signals.
- (b) The Gas Quantity Measurement System must be such that the Primary Measurement elements and all Secondary Measurements required to convert the Primary Measurement to Standard Conditions and to calculate the Quantity of Gas are duplicated. The individual Primary and Secondary Measurements as well as the calculated Quantity of Gas shall be telemetered in real time to the SCADA System.
- (c) The Service Provider may at any time require the User to test or calibrate the Gas Quantity Measurement System.
- (d) The Service Provider is entitled to be present at a test or calibration and to receive copies of all test results.
- (e) The Service Provider shall bear the costs of a test or calibration if the test or calibration results show that the Gas Quantity Measurement System was accurate to within the tolerances agreed between the Service Provider and the User.
- (f) If the Gas Quantity Measurement System is being tested or calibrated other than under paragraph 3(c);
 - (i) the User shall notify the Service Provider of the timing of such testing or calibration;
 - (ii) the Service Provider is entitled to attend such testing or calibration; and
 - (iii) promptly after receiving the results of such testing or calibration, the User shall provide the Service Provider with a copy of those results.

4. Flow and Pressure Control System

The Receipt Station flow and pressure control system (**Flow and Pressure Control System**) shall be designed to:

- (a) prevent over-pressure of the Network;
- (b) provide control of the Network pressures and inflows;
- (c) prevent backward flow through the Receipt Station;

- (d) enable the operation and balancing of a particular part of the Network when more than one Receipt Station supplies that part; and
- (e) enable the immediate termination of supply.

Annexure 6 — Gas Pressure at Receipt Points

Receipt Point	Min. Delivery Pressure at outlet of Custody Transfer Station (kPa)	Max. Delivery Pressure at outlet of Custody Transfer Station(kPa)
<i>Wilton Network Section</i>		
Horsley Park	3,600+	4,500 ^{^^}
Rosalind Park	3,800+	4,500 ^{^^}
Port Kembla	2,600+	3,500
Wilton	3,800+	6,895
<i>Country Networks</i>		
Bargo	1,750	6,895
Bathurst	1,750	10,000
Blayney	1,750	10,000
Boorowa	1,750	6,895
Bowral	1,750	6,895
Coolamon	1,750	6,895*
Cootamundra	1,750	10,000
Cowra	1,750	10,000
Dubbo	1,750	6,895*
Dubbo West	1,750	6,895*
Forbes	1,750	6,895*
Ganmain	1,750	6,895*
Goulburn	1,750	6,895
Junee	1,750	10,000
Leeton	1,750	6,895*
Lithgow	1,750	10,000
Marulan	1,750	6,895
Millthorpe	1,750	10,000
Moss Vale	1,750	6,895
Murrami	1,750	6,895*
Narrandera	1,750	6,895*
Narromine	1,750	6,895*
Oberon	1,750	10,000
Orange	1,750	10,000
Parkes	1,750	6,895*
Rockdale	1,750	6,895*
Sally's Corner	1,750	6,895
Wallerawang	1,750	10,000

Receipt Point	Min. Delivery Pressure at outlet of Custody Transfer Station (kPa)	Max. Delivery Pressure at outlet of Custody Transfer Station(kPa)
West Wyalong	1,750	6,895
Yass	1,750	6,895
Yoogali (Griffith)	1,750	6,895*
Young	1,750	10,000

If marked “+” then the Minimum Delivery Pressure may be subject to future increase to the Maximum Delivery Pressure

If marked “**” Upgrades to the Service Provider's facilities are required to accommodate 10,000 kPa.

If marked “^” 4500 kPa Maximum Delivery Pressure limitation is in place to satisfy technical code & license requirements due to third party activity. Maximum Delivery Pressures will be reinstated to 6,895 kPa when code and license requirements allow.

The Service Provider will notify Users of any updates to this Annexure and publish the updated Annexure on its website.

Annexure 7 — Ownership of Delivery Station Components

1. Ownership of Delivery Station Components where Delivery Point not served by Medium or Low Pressure Distribution Network and Delivery Station did not exist at 1 August 1997

Where the Delivery Point is served other than by the Medium or Low Pressure Distribution Network and where the Delivery Station was not in physical operation as at 1 August 1997:

- (a) the Service Provider does not own, and the User is responsible to operate and maintain and, if applicable, design the following Delivery Station components:
 - (i) concrete pads, security fencing, safety and firefighting equipment;
 - (ii) power supply;
 - (iii) stormwater and other services required by any local authority; and
 - (iv) noise mitigation facilities,such that the design, operation and maintenance of these components conforms to good engineering practice and industry standards as required by the Service Provider;

- (b) subject to agreement to the contrary with the User, the Service Provider must own, operate and maintain and, if applicable, design the following Delivery Station components and, if required by the Service Provider, the User must pay the Service Provider's reasonable charges in connection with installing the following Delivery Station components:
 - (i) Gas meters;
 - (ii) pressure regulators and safety valves;
 - (iii) filters;
 - (iv) pressure and temperature measurement instrumentation;
 - (v) flow calculation equipment;
 - (vi) remote telemetry equipment and links and any additional equipment used for Gas quantity measurement, or for recording or transmitting data;
 - (vii) meter set pipe spools;

- (viii) meter set valves; and
- (ix) over pressure protection; and
- (c) the User is responsible to operate and maintain the pipe from the point 225 millimetres outside the boundary of the site to the meter control valve so that the operation and maintenance of the pipe conforms to good engineering practice and industry standards as required by the Service Provider; and
- (d) where the Service Provider provides, operates and/or maintains any of the Delivery Station components listed in paragraph 1(a) or 1(c), the User must pay the reasonable costs of providing, operating and/or maintaining those components.

2. Ownership of Delivery Station Components where Delivery Point not served by Medium or Low Pressure Distribution Network and Delivery Station existed at 1 August 1997

Where the Delivery Point is served other than by the Medium or Low Pressure Distribution Network and where the Delivery Station was in physical operation as at 1 August 1997:

- (a) the Service Provider does not own, and the User shall be responsible to operate and maintain the following Delivery Station components:
 - (i) meter set pipe spools;
 - (ii) meter set valves;
 - (iii) concrete pads, security fencing, safety and firefighting equipment;
 - (iv) power supply;
 - (v) stormwater and other services required by any local authority; and
 - (vi) noise mitigation facilities,

such that the operation and maintenance of these components conforms to good engineering practice and industry standards as required by the Service Provider;
- (b) the Service Provider owns, and is responsible to operate and maintain at its own cost, the following Delivery Station components:
 - (i) Gas meters;
 - (ii) pressure regulators and safety valves;
 - (iii) filters;
 - (iv) pressure and temperature measurement instrumentation;

- (v) flow calculation equipment;
 - (vi) remote telemetry equipment and links; and
 - (vii) any additional equipment used for Gas Quantity measurement, or for recording or transmitting data; and
 - (viii) over pressure protection;
- (c) the User is responsible to operate and maintain the pipe from the point 225 millimetres outside the boundary of the site to the meter control valve so that the operation and maintenance of the pipe conforms to good engineering practice and industry standards as required by the Service Provider; and
- (d) where the Service Provider operates and/or maintains any of the Delivery Station components listed in paragraph 2(a) or 2(c), the User must pay the reasonable costs of operating and/or maintaining those components.

3. Ownership of Delivery Station Components where Delivery Point is served by Medium or Low Pressure Distribution Network

Where the Delivery Point is served by the Medium or Low Pressure Distribution Network:

- (a) the Service Provider does not own and the User is responsible to maintain any facilities required at the Delivery Point which are not usually required for Delivery Points of that type (such as noise mitigation facilities, fencing required by any local council or other authority), such that the maintenance of these components conforms to good engineering practice and industry standards as agreed by the Service Provider;
- (b) subject to agreement to the contrary with the User, the Service Provider must own, operate and maintain and may design the following Delivery Station components:
- (i) Gas meter;
 - (ii) pressure regulator;
 - (iii) filter; and
 - (iv) over pressure protection; and
- (c) the User is responsible to operate and maintain the pipe from the point 225 millimetres outside the boundary of the site to the meter control valve so that the operation and maintenance of the pipe conforms to good engineering practice and industry standards as required by the Service Provider; and

- (d) where the Service Provider operates and/or maintains any of the Delivery Station components listed in paragraph 3(a) or 3(c), the User shall pay the reasonable costs of operating and/or maintaining those components.

Access arrangement information for the access arrangement

JGN's NSW gas distribution networks

1 July 2010 – 30 June 2015

**Amended by order of the Australian
Competition Tribunal, 30 June 2011**

June 2010

Table of contents

1	Introduction.....	3
1.1	Purpose of the access arrangement.....	3
1.2	Purpose of this access arrangement information	3
1.3	Access arrangement periods	3
2	Jemena Gas Networks	4
2.1	Description of the Jemena Gas Networks	4
2.1.1	<i>Background.....</i>	<i>4</i>
2.1.2	<i>Current configuration and operation</i>	<i>4</i>
3	Forecast demand.....	7
3.1	Forecast demand	7
3.1.1	<i>Total forecast.....</i>	<i>8</i>
3.2	Forecast pipeline capacity	9
3.3	Demand, consumption and customer numbers in the earlier AA period	9
4	Forecast operating expenditure	10
4.1	Forecast operating expenditure	10
4.2	Forecast non-O&M costs	10
4.3	Key performance indicators for the AA period	11
4.4	Operating expenditure in the earlier AA period.....	11
5	Forecast capital expenditure.....	12
5.1	Forecast capital expenditure	12
6	Capital base	13
6.1	Summary.....	13
6.2	Opening capital base for the earlier AA period	13
6.3	Opening capital base	13
6.4	Projected capital base in the AA period	16
6.5	Capital contributions	17
6.6	Capital expenditure in the earlier AA period	17
7	Cost of capital.....	18
7.1	Summary.....	18
7.2	Treatment of tax.....	18
7.3	Weighted average cost of capital model	19
7.3.1	<i>Cost of equity.....</i>	<i>19</i>
7.3.2	<i>Cost of debt</i>	<i>20</i>

7.4	Weighted average cost of capital parameters.....	20
7.4.1	<i>Inflation forecast</i>	20
7.4.2	<i>Gearing</i>	20
7.4.3	<i>Nominal risk-free rate</i>	20
7.4.4	<i>Market risk premium</i>	20
7.4.5	<i>Equity beta</i>	20
7.4.6	<i>Debt risk premium and credit rating</i>	21
7.4.7	<i>Dividend imputation</i>	21
8	Depreciation	22
8.1	Summary.....	22
8.2	Assumptions on economic life of assets for regulatory depreciation.....	22
8.3	Depreciation and accumulated depreciation.....	23
9	Revenue requirement	25
10	Services	26
10.1	Summary.....	26
10.2	Cost allocation overview	26
10.3	Price path	26
11	Reference tariffs	28
11.1	Volume and demand tariff classes.....	28
11.1.1	<i>Volume tariff classes</i>	28
11.1.2	<i>Demand tariff classes</i>	28
11.1.3	<i>Transaction costs</i>	30
11.1.4	<i>Ability to respond to price signals</i>	30
11.2	Efficient pricing.....	30
11.2.1	<i>Tariff efficiency</i>	30
12	Price control formulae	31
12.1	Summary.....	31
12.2	Haulage reference service	31
12.2.1	<i>Tariff variation mechanism</i>	31
12.2.2	<i>Tariff variation process</i>	32
12.3	Other reference services.....	32
12.3.1	<i>Tariff variation mechanism</i>	32
12.3.2	<i>Tariff variation process</i>	32
12.4	Cost pass through tariff variation mechanism.....	32
	Glossary	33

1 Introduction

Jemena Gas Networks (NSW) Ltd ACN 003 004 322 (**JGN**) is the owner, controller and operator of gas distribution networks in NSW (**JGN network**).

Chapter 1 describes the form and structure of the access arrangement (**AA**) and this Access Arrangement Information (**AAI**) for the period 1 July 2010 to 30 June 2015 (**AA period**), and the regulatory arrangements that inform the content of these documents.

1.1 Purpose of the access arrangement

The AA for the AA period details the commercial and technical terms upon which JGN offers reference services to users and prospective users by means of four covered pipelines:

- the New South Wales (NSW) distribution system
- the Central West distribution system
- Wilton to Newcastle distribution pipeline
- Wilton to Wollongong distribution pipeline.

On 9 June 2009, the Australian Energy Regulator (**AER**) directed JGN to consolidate the terms of access for these four covered pipelines into one AA.

The AA is the fourth one for JGN.

1.2 Purpose of this access arrangement information

This AAI contains information that enables users and prospective users to understand the derivation of the elements of the AA for the AA period.

1.3 Access arrangement periods

This document refers to two different AA periods. These are both defined below and in the glossary:

- **earlier AA period** – the period 1 July 2005 to 30 June 2010
- **AA period** – the period 1 July 2010 to 30 June 2015.

2 Jemena Gas Networks

As an aid to understanding the AA for the AA period, this chapter describes the physical operation of the JGN gas distribution network and the services JGN offers.

2.1 Description of the Jemena Gas Networks

This section provides an overview of the physical JGN network, the services provided, its users, and end users of gas (**customers**). It explains characteristics and emerging trends and opportunities that affect reference services and tariffs in the AA for the AA period.

2.1.1 *Background*

JGN provides natural gas transportation and associated services to users of the JGN network.

The JGN network has its origins in 1837 when the Australian Gas Light Company (**AGL**) was formed to light the streets of Sydney. The network has grown through a combination of extensions, new developments and acquisitions. It now provides gas to more than 1 050 000 of its users' customers across Sydney, Newcastle, the Central Coast, and Wollongong, and over 20 country centres including those within the Central Tablelands, Central West, Southern Tablelands and Riverina districts.

2.1.2 *Current configuration and operation*

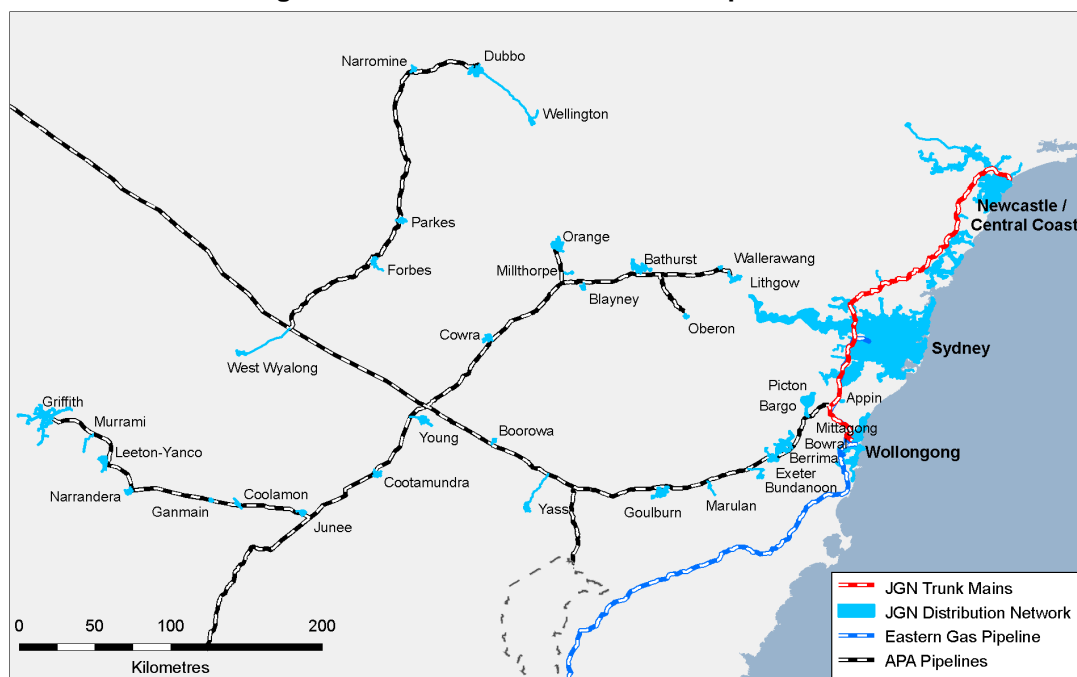
At present the section of the JGN network that serves Sydney, Newcastle and Wollongong has four receipt points through which it accepts gas from three principal sources:

- the Moomba to Sydney Pipeline (**MSP**), owned by the Australian Pipeline Trust and APT Investment Trust (**APA Group**), which principally transports gas produced in the Cooper basin to JGN's Wilton receipt point
- the Jemena-owned Eastern Gas Pipeline (**EGP**), which principally transports gas produced in Bass Straight from the Longford plant in Victoria to:
 - the JGN's Horsley Park receipt point
 - the JGN's Port Kembla receipt point
- the Sydney Gas Company¹ (**SGC**), which injects local coal seam methane at the Rosalind Park receipt point near Campbelltown.

¹ On 1 April, 2009, AGL Energy Limited announced that it had completed the compulsory acquisition of remaining shares in SGL (<http://imagesignal.comsec.com.au/asxdata/20090401/pdf/00941156.pdf>).

There are separate country receipt points (32 in all) for each of the country centres served by the JGN network. All of those centres are connected to the MSP or the Central West Pipeline, both owned by the APA Group.

Figure 2-1: JGN network overview map



At each of these network receipt points, natural gas is physically transferred from the transmission pipeline/facility owner to JGN and commercially transferred from the shipper of gas on the transmission pipeline to the user who contracts with JGN for reticulation of the gas to customers or itself. Custody transfer quality meters are located at each of the JGN network’s receipt points to measure the transfer of gas from the transmission pipeline/facility into the network.

The JGN network currently consists of approximately 267 km of trunk mains, 143 km of primary mains, 1428 km of secondary mains, 22 596 km of medium and low pressure mains, 36 network receipt points, 27 trunk receiving stations, 14 primary regulating stations, and 575 district regulator sets.

The section of the JGN network that serves Sydney, Newcastle and Wollongong is balanced as a single network as are each of the network sections that serve country centres. ‘Balancing’ refers to arrangements that ensure that users in aggregate inject into the JGN network each day similar amounts of gas as they withdraw. This ensures that operating gas pressure in all parts of the reticulation network stay within technically acceptable limits. Under these arrangements, each user of a network section is responsible for the injection of enough gas to meet the demands of its customers on a daily basis. Balancing ensures that the balance of supply/demand to the network is managed and that there are commercially and

technically feasible arrangements in place to supply operational balancing gas on each day.

3 Forecast demand

Refer to chapter 11 of the AER's final decision, Jemena Gas Networks, Access arrangement proposal for the NSW gas networks, 1 July 2010–30 June 2015, June 2010 (**final decision**) for further information.

3.1 Forecast demand

Table 3-1, Table 3-2 and Table 3-3 set out the forecast customer numbers, minimum and maximum demand, and volume over the AA period respectively.

Table 3-1: Forecast customer numbers by type and tariff class for AA period

	2010-11	2011-12	2012-13	2013-14	2014-15
Residential	1 082 658	1 115 918	1 148 907	1 189 233	1 233 758
Small business	30 496	30 961	31 082	30 911	31 045
Total small customers	1 113 154	1 146 879	1 179 989	1 220 144	1 264 802
Large customers	412	412	410	409	409
Total customers	1 113 566 ^a	1 147 291	1 180 399	1 220 553	1 265 211

a: In Table 4-1 of the revised access arrangement information, this amount is 1 113 567. However, this is a typographical error because the total of the individual line items for 2010-11 in that table is 1 113 566.

Table 3-2: Average daily load small and large customers for the AA period and maximum daily quantity (MDQ) large customers (TJ) per year

	2010-11	2011-12	2012-13	2013-14	2014-15
Small customers	95.1	95.1	97.1	96.4	96.4
Large customers ^a	213.9	217.9	213.6	207.7	208.8
Total average load	275.7	279.1	276.6	270.8	270.8
MDQ large customers	326	331	325	318	318

a: Large customers operate on average less than 365 days a year.

Table 3-3: Load by customer type and tariff for the AA period (TJ)

Service	2010-11	2011-12	2012-13	2013-14	2014-15
Residential	22 553	22 336	22 747	22 793	22 934
Small business	12 148	12 359	12 682	12 378	12 237
Total load small customers	34 701	34 695	35 429	35 171	35 171

Service	2010-11	2011-12	2012-13	2013-14	2014-15
Large customers	65 936	67 183	65 529	63 685	63 685
Total load all customers	100 637	101 878	100 959	98 856	98 856

3.1.1 Total forecast

The resulting total forecast is shown in Table 3-4 (weather normalised).

Table 3-4: Total gas forecast 2008-09 to 2014-15

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Total load (TJ)							
Residential	21 310	22 518	22 553	22 336	22 747	22 793	22 934
Small Business	11 753	12 039	12 148	12 359	12 682	12 378	12 237
Total small customers	33 063	34 557	34 701	34 695	35 429	35 171	35 171
Large customers	64 675	64 643	65 936	67 183	65 529	63 685	63 685
Total load	97 738	99 200	100 637	101 878	100 959	98 856	98 856
Customer numbers							
Residential	1 022 084	1 052 085	1 082 658	1 115 918	1 148 907	1 189 233	1 233 758
Small business	29 750	30 210	30 496	30 961	31 082	30 911	31 045
Total small customers	1 051 834	1 082 295	1 113 154	1 146 879	1 179 989	1 220 144	1 264 802
Large customers	414	411	412	412	410	409	409
New network connections							
New estates and high rise	18 197	22 945	24 306	26 067	26 016	33 554	37 956
Electricity to gas	6332	7056	6267	7193	6973	6772	6568
Total new residential	24 529	30 001	30 573	33 260	32 989	40 326	44 524
Small business	888	975	1075	1175	1251	1335	1410
Large customers	6	3	3	3	3	3	3

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
HDD index standard							
HDD index	496	490	484	479	473	468	462
Average residential load per year (GJ)							
Existing customers	20.4	21.5	20.9	20.1	19.9	19.3	18.7
New estates and high rise	18.1	17.0	16.7	16.1	15.8	15.2	14.6
Electricity to gas	14.6	14.6	15.7	14.8	14.5	14.0	13.6
Average load all residential	20.8	21.3	20.7	19.7	19.8	19.2	18.6
MDQ large customers							
MDQ large customers	331	318	326	331	325	318	318

3.2 Forecast pipeline capacity

Capacity and utilisation information for a distribution network is not available or meaningful for a distribution pipeline. The JGN network is a meshed network made up of interconnected pipes and there are a number of practical considerations governing why the calculation of utilisation is not straightforward and therefore may not be practicable².

3.3 Demand, consumption and customer numbers in the earlier AA period

Information about the demand, consumption and customer numbers in the earlier AA period can be found in Table 3-1, Table 3-2 and Table 3-3 in the revised access arrangement information.

² AER, Draft decision, *Jemena, Access arrangement proposal for the NSW gas networks, 1 July 2010 –30 June 2015*, February 2010, p. 250.

4 Forecast operating expenditure

This chapter sets out the forecast operating expenditure (**opex**) and key performance indicators (**KPIs**) for the AA period.

Refer to chapter 9 of the final decision for further information regarding the basis on which the forecast opex has been derived.

4.1 Forecast operating expenditure

Forecast opex over the AA period is shown in Table 4-1.

Table 4-1: Forecast opex (\$m, real, 2009–10)

	2008-09 (adjusted base year)	AA period					
		2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Non-O&M	40.2	41.8	42.9	43.3	43.8	44.4	45.1
O&M	83.4	82.4	90.4	90.6	101.8	99.8	102.1
Total operating expenditure	123.6	124.2	133.3	133.9	145.6	144.2	147.3

4.2 Forecast non-O&M costs

Table 4-2 summarises forecast opex excluding operating and maintenance expenditure (**O&M**) activities.

Table 4-2: Forecast non-O&M expenditure (\$m, real, 2009–10)

	2008-09 (adjusted base year)	AA period					
		2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Administration and overhead							
Base cost	19.7	18.3	18.5	18.9	19.5	20.3	21.0
One-off events	-1.7	0.00	0.00	0.00	0.00	0.00	0.00

	AA period						
	2008-09 (adjusted base year)	2009- 10	2010- 11	2011- 12	2012- 13	2013- 14	2014- 15
Step changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Government levies	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Marketing	6.2	6.7	6.7	6.7	6.7	6.7	6.7
UAG ^a	12.9	13.8	13.4	13.4	13.3	13.0	13.1
Carbon costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Self insurance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt raising	0.0	0.0	1.3	1.3	1.3	1.4	1.4
Total non-O&M expenditure	40.2	41.8	42.9	43.3	43.8	44.4	45.1

a: The UAG target for the AA period is 2.34 per cent.

4.3 Key performance indicators for the AA period

Table 4-3 sets out KPIs for the AA period.

Table 4-3: KPIs: operating cost per metre and cost per customer site (\$, real, 2009–10)

	2010-11	2011-12	2012-13	2013-14	2014-15
Operating cost per metre	4.5	4.6	5.2	5.3	5.5
Operating cost per customer site	100.6	100.7	111.2	109.3	110.9

4.4 Operating expenditure in the earlier AA period

Information about the operating expenditure in the earlier AA period can be found in Table 3-4 in the revised access arrangement information.

5 Forecast capital expenditure

5.1 Forecast capital expenditure

Table 5-1 summarises the forecast capital expenditure (**capex**) which complies with the National Gas Rules (**NGR**).

Table 5-1: Forecast capex for the AA period (\$m, real, 2009–10)

Capex	2010-11	2011-12	2012-13	2013-14	2014-15	Total
Market expansion	57.4	66.7	68.5	80.0	87.5	360.1
System reinforcement, renewal, replacement	67.9	61.4	51.4	48.8	54.2	283.7
Non-system assets	22.2	16.6	15.2	30.6	31.5	116.1
Total	147.5	144.7	135.1	159.4	173.2	759.9

Refer to chapter 3 of the final decision for further information and the basis and reasoning for the forecast capex.

6 Capital base

6.1 Summary

The combined total of the capital base at 1 July 2010 is \$2307.4 million (\$, nominal) and is forecast to be \$2936.9 million at 30 June 2015 (\$, nominal), as shown in Table 6-1.

Table 6-1: Forecast capital base as at 30 June 2015 (\$m, nominal)

Asset class	Closing capital base at 30 June 2015
Wilton-Wollongong trunk	11.0
Wilton-Newcastle trunk	131.5
NSW distribution network	2794.4
Combined total	2936.9

In 2005 the Independent Pricing and Regulatory Tribunal of New South Wales (**IPART**) approved the treatment of the four pipelines that comprised its NSW network as a single covered pipeline for the purposes of the gas code and AA for the earlier AA period. In its decision on the AA for the earlier AA period, IPART required JGN to maintain separate capital bases for each of the Wilton to Newcastle and Wilton to Wollongong transmission pipelines and the distribution system, in addition to the aggregated capital base. The AER has required similar terms in its AA consolidation direction.³ The roll forward of the capital base is prepared using these three capital bases.

6.2 Opening capital base for the earlier AA period

Table 6-2: Estimated capital base as at 30 June 2005 (\$m, nominal)

Asset class	Closing capital base 30 June 2005
Wilton-Wollongong trunk	10.6
Wilton-Newcastle trunk	124.2
NSW distribution network	1828.2
Combined total	1963.0

6.3 Opening capital base

The capital base is adjusted in accordance with rule 77(2) of the NGR.

³ AER, Decision and statement of reasons, 9 June 2009.

Table 6-3: Increase in consumer price index (CPI) (%)

Financial Year	Annual increase in the consumer price index
2006 actual	2.80
2007 actual	3.25
2008 actual	2.96
2009 actual	3.69
2010 forecast	2.11

Notes: Values are year on year CPI inflation for the year to December for 8 capital cities as published by the Australian Bureau of Statistics.

Source: Australian Bureau of Statistics.

The closing capital base for the earlier AA period is set out in Table 6-4, Table 6-5, Table 6-6 and Table 6-7.

Table 6-4: Capital base for the earlier AA period (\$m, nominal)

	2005-06	2006-07	2007-08	2008-09	2009-10
Opening capital base ⁴	1956.9	2019.8	2124.0	2198.0	2281.6
Net capital expenditure	74.4	110.5	90.2	84.7	94.2
Depreciation	67.2	73.8	80.3	83.6	85.1
Reused redundant assets (end year)	0.0	0.0	0.0	0.0	0.0
Adjustment for inflation	55.8	67.5	64.1	82.5	49.1
Closing capital base	2019.8	2124.0	2198.0	2281.6	2339.8
Adjustment for difference between estimated and actual capital expenditure in 2004-05					-32.4

Note: Values for 2009-10 are forecast.

Table 6-5: Capital base for the Wilton to Wollongong trunk pipeline for the earlier AA period (\$m, nominal)

	2005-06	2006-07	2007-08	2008-09	2009-10
Opening capital base	10.6	10.7	10.9	11.0	11.3
Net capital expenditure	0.0	0.0	0.0	0.0	0.0
Depreciation	0.2	0.2	0.2	0.2	0.2

⁴ In this and following roll forward tables opening balances and the first half of the capital expenditure are in year end \$nominal of the preceding year.

	2005-06	2006-07	2007-08	2008-09	2009-10
Reused redundant assets (end year)	0.0	0.0	0.0	0.0	0.0
Adjustment for inflation	0.3	0.3	0.3	0.4	0.2
Closing capital base	10.7	10.9	11.0	11.3	11.3
Adjustment for difference between estimated and actual capital expenditure in 2004-05					-0.4

Note: Values for 2009-10 are forecast.

Table 6-6: Capital base for the Wilton to Newcastle trunk pipeline for the earlier AA period (\$m, nominal)

	2005-06	2006-07	2007-08	2008-09	2009-10
Opening capital base	121.8	122.8	124.4	125.5	127.5
Net capital expenditure	0.0	0.0	0.0	0.0	2.2
Depreciation	2.4	2.5	2.5	2.6	2.7
Reused redundant assets (end year)	0.0	0.0	0.0	0.0	0.0
Adjustment for inflation	3.4	4.0	3.7	4.6	2.7
Closing capital base	122.8	124.4	125.5	127.5	129.7
Adjustment for difference between estimated and actual capital expenditure in 2004-05					-2.7

Note: Values for 2009-10 are forecast.

Table 6-7: Capital base for the NSW distribution system capital base for the earlier AA period (\$m, nominal)

	2005-06	2006-07	2007-08	2008-09	2009-10
Opening capital base	1824.5	1886.3	1988.7	2061.5	2142.9
Net capital expenditure	74.4	110.5	90.2	84.7	92.0
Depreciation	64.7	71.1	77.6	80.8	82.2
Reused redundant assets (end year)	0.0	0.0	0.0	0.0	0.0
Adjustment for inflation	52.1	63.1	60.1	77.5	46.1
Closing capital base	1886.3	1988.7	2061.5	2142.9	2198.8
Adjustment for difference between estimated and actual capital expenditure in 2004-05					-29.3

Note: Values for 2009-10 are forecast.

The closing balance values for 2009-10 constitute the opening capital base for the AA period.

6.4 Projected capital base in the AA period

The projected capital base in the AA period is set out in Table 6-8, Table 6-9, Table 6-10 and Table 6-11.

Table 6-8: Projected capital base for the AA period (\$m, nominal)

	2010-11	2011-12	2012-13	2013-14	2014-15
Opening capital base ⁵	2307.4	2444.2	2563.4	2669.8	2797.9
Net capital expenditure	148.8	145.7	139.2	168.9	188.4
Depreciation	73.9	91.8	101.2	112.3	124.7
Reused redundant assets (end year)	0.0	0.0	0.0	0.0	0.0
Adjustment for inflation	61.9	65.4	68.4	71.6	75.2
Closing capital base	2444.2	2563.4	2669.8	2797.9	2936.9

Table 6-9: Projected capital base for the Wilton to Wollongong trunk pipeline for the AA period (\$m, nominal)

	2010-11	2011-12	2012-13	2013-14	2014-15
Opening capital base	10.9	10.9	10.9	11.0	11.0
Net capital expenditure	0.0	0.0	0.0	0.0	0.0
Depreciation	0.3	0.3	0.3	0.3	0.3
Reused redundant assets (end year)	0.0	0.0	0.0	0.0	0.0
Adjustment for inflation	0.3	0.3	0.3	0.3	0.3
Closing capital base	10.9	10.9	11.0	11.0	11.0

Table 6-10: Projected capital base for the Wilton to Newcastle trunk pipeline for the AA period (\$m, nominal)

	2010-11	2011-12	2012-13	2013-14	2014-15
Opening capital base	127.0	128.1	128.7	129.1	130.0
Net capital expenditure	0.5	0.0	0.0	0.4	1.2
Depreciation	2.7	2.8	2.9	2.9	3.0

⁵ In this and following roll forward tables opening balances and the first half of the capital expenditure are in year end \$nominal of the preceding year.

	2010-11	2011-12	2012-13	2013-14	2014-15
Reused redundant assets (end year)	0.0	0.0	0.0	0.0	0.0
Adjustment for inflation	3.3	3.3	3.3	3.4	3.4
Closing capital base	128.1	128.7	129.1	130.0	131.5

Table 6-11: Projected capital base for the NSW distribution system for the AA period (\$m, nominal)

	2010-11	2011-12	2012-13	2013-14	2014-15
Opening capital base	2169.5	2305.1	2423.8	2529.7	2657.0
Net capital expenditure	148.3	145.7	139.2	168.5	187.3
Depreciation	71.0	88.8	98.1	109.1	121.4
Reused redundant assets (end year)	0.0	0.0	0.0	0.0	0.0
Adjustment for inflation	58.3	61.8	64.8	67.9	71.5
Closing capital base	2305.1	2423.8	2529.7	2657.0	2794.4

6.5 Capital contributions

Table 6-12: Capital contributions over the earlier AA period (\$m, nominal unless otherwise stated)

Details	2005-06	2006-07	2007-08	2008-09	2009-10
Total Contributions Received	7.83	5.01	8.55	6.87	4.28
Less Tax Cost Compensation	0.87	0.26	0.39	0.33	0.50
Contribution to Assets	6.96	4.74	8.16	6.54	3.78
Number of Contributions Received (No.)	886	724	772	857	1024

Notes: Values for 2009-10 are forecast. JGN has derived historical values from the capital contributions database that it has maintained in accordance with section 9.2 of its AA for the earlier AA period.

6.6 Capital expenditure in the earlier AA period

Information about the capital expenditure in the earlier AA period can be found in Table 3-5 in the revised access arrangement information.

7 Cost of capital

7.1 Summary

Table 7-1 sets out JGN's cost of capital for the AA for the AA period.

The details of how the weighted average cost of capital (**WACC**) parameters have been estimated are set out in the rate of return chapter 5 of the final decision.

**Table 7-1: WACC parameters adopted for the AA
for the AA period (units as stated)**

Parameter	
Nominal risk-free rate (%)	5.85
Inflation rate (%)	2.60
Real risk-free rate (%)	3.17
Equity beta	0.80
Market risk premium (%)	6.5
Debt risk premium (%)	4.17 2.93
Debt to total assets (gearing) (%)	60
Nominal return on equity (%)	11.05
Nominal return on debt (%)	10.02 8.78
Nominal vanilla WACC (%)	10.43 9.69

7.2 Treatment of tax

The final decision estimates the revenue requirements on a post-tax basis.

The post-tax approach involves incorporating a separate taxation building block—the estimated cost of corporate income tax (ETC)—which is estimated for each year as:

$$\text{ETC} = (\text{ETI} \times r) \times (1 - \gamma)$$

where:

ETI is the estimate of taxable income for that year

r is the tax rate; and

γ is the assumed utilisation of imputation credits.

Refer to chapter 6 of the final decision for further information.

7.3 Weighted average cost of capital model

The final decision estimates a nominal vanilla WACC as follows:

$$WACC = R_d \times \frac{D}{V} + R_e \times \frac{E}{V}$$

where:

R_d is the nominal return on debt

R_e is the nominal return on equity

D is total debt

E is total equity

V is $(D + E)$, i.e. total debt plus total equity.

7.3.1 Cost of equity

The final decision estimates the cost of equity using the Sharpe–Lintner capital asset pricing model (**CAPM**) as follows:

$$R_e = R_f + MRP \times \beta_e$$

where:

R_e is the nominal return on equity

R_f is the nominal risk-free rate

MRP is the market risk premium, i.e. $(R_m - R_f)$ where R_m is the return on the market portfolio

β_e is the equity beta of the benchmark business.

Refer to section 5.3 of the final decision for further information.

7.3.2 *Cost of debt*

The final decision estimates the cost of debt as follows:

$$R_d = R_f + DRP$$

where:

R_d is the nominal return on debt

R_f is the nominal risk-free rate

DRP is the nominal debt risk premium.

7.4 **Weighted average cost of capital parameters**

7.4.1 *Inflation forecast*

The final decision approves a forecast inflation rate of 2.60 per cent per annum.

Refer to section 5.6 of the final decision for further information.

7.4.2 *Gearing*

The final decision approves a gearing ratio of 60 per cent.

Refer to section 5.5 of the final decision for further information.

7.4.3 *Nominal risk-free rate*

The final decision approves a nominal risk-free rate of 5.85 per cent.

Refer to section 5.4 of the final decision for further information.

7.4.4 *Market risk premium*

The final decision approves a market risk premium of 6.5 per cent.

Refer to section 5.3 of the final decision for further information.

7.4.5 *Equity beta*

The final decision approves an equity beta of 0.8.

Refer to section 5.3 of the final decision for further information.

7.4.6 Debt risk premium and credit rating

The final decision approves a benchmark debt risk premium of ~~4.17-2.93~~ per cent based on a BBB+ credit rating.

Refer to section 5.5 of the final decision for further information.

7.4.7 Dividend imputation

The final decision approves a gamma (assumed utilisation of imputation credits) value of ~~0.25 0.65~~.

Refer to chapter 6 of the final decision for further information.

8 Depreciation

Refer to chapter 4 of the final decision for further information.

8.1 Summary

Table 8-1 summaries the forecast depreciation over the AA period by applying the real straight-line depreciation method.

Table 8-1: Forecast depreciation for the AA period (\$, nominal)

	2010-11	2011-12	2012-13	2013-14	2014-15	Total
Depreciation	73.9	91.8	101.2	112.3	124.7	504.0

8.2 Assumptions on economic life of assets for regulatory depreciation

Table 8-2: Economic lives of JGN assets

Asset Class	Economic Asset Life (Years)
System Assets	
Trunk Wilton-Sydney	80
Trunk Sydney-Newcastle	80
Trunk Wilton-Wollongong	80
Contract Meters	20
Fixed Plant – Distribution	50
HP Mains	80
HP Services	50
MP Mains	50
MP Services	50
Meter Reading Devices	20
Country POTS	50
Tariff Meters	20
Building	48
Computers	5
Software	5
Fixed Plant	10
Furniture	10

Asset Class	Economic Asset Life (Years)
Land	0
Leasehold Improvements	10
Low value assets	10
Mobile Plant	10
Vehicles	4
Stock	1
All assets (including equity raising costs)	54

8.3 Depreciation and accumulated depreciation

Remaining asset lives for the capital base at 30 June 2010 are set out in Table 8-3.

Table 8-3: Remaining asset lives as at 30 June 2010

	Remaining Asset Life
Trunk pipeline (Wilton-Newcastle)	48.32
Trunk pipeline (Wilton-Wollongong)	43.87
Distribution system:	
Country POTS	36.66
Contract meters	10.20
Tariff meters	11.42
Meter reading devices	16.60
Fixed plant	0
HP mains	66.16
MP mains	29.68
HP services	27.04
MP services	38.15

Forecast regulatory depreciation for the AA period is provided in Table 8-4.

Table 8-4: Forecast depreciation for the AA period (\$m, nominal)

	2010-11	2011-12	2012-13	2013-14	2014-15	Total
Wilton-Wollongong	0.3	0.3	0.3	0.3	0.3	1.3
Wilton-Newcastle	2.7	2.8	2.9	2.9	3.0	14.3

	2010-11	2011-12	2012-13	2013-14	2014-15	Total
Distribution network	71.0	88.8	98.1	109.1	121.4	488.3
Total	73.9	91.8	101.2	112.3	124.7	504.0

Forecast depreciation for the AA period (adjusted for the difference between forecast and actual CPI) will be used in rolling forward the asset base to the beginning of the AA period beginning on 1 July 2015 (rule 90(2) of the NGR).

9 Revenue requirement

The total revenue requirement is determined using the building block approach (in accordance with rule 76 of the NGR). This chapter sets out the total revenue requirement.

Refer to chapter 10 of the final decision for further information.

The total required revenues for each year of the AA period are set out in the following table.

Table 9-1: Total revenue requirement (\$m, real, 2009–10, unless otherwise stated)

	2010-11	2011-12	2012-13	2013-14	2014-15
Return on capital	242.0 224.8	249.1 231.6	254.0 236.1	258.9 240.7	265.0 246.3
Depreciation	11.7	25.1	30.4	36.8	43.5
Operating and maintenance	133.6	134.2	145.9	144.5	147.6
Corporate income taxation	12.5 5.0	16.7 6.7	19.2 7.8	22.2 9.0	25.4 10.2
Incentive mechanism payments	na	na	na	na	na
Total	399.8 375.2	425.0 397.6	449.5 420.1	462.5 431.0	481.6 447.7
X factor tariff revenue^a					
Haulage reference services (%)	-5.31 ^b	-1.96	-8.33 -1.96	-8.33 -1.96	-8.33 -1.96
Meter data service (%)	-29.69 ^b	0.00	-0.71 0.00	-0.71 0.00	-0.71 0.00

na: Not applicable.

a: Negative values for X indicate real price increases under the CPI–X formula.

b: The 2010-11 X factor is the initial real change in tariffs (P0 adjustment).

10 Services

10.1 Summary

The reference services⁶ for the AA period are:

- *haulage service* - a service for transportation of gas by JGN through its network to a single eligible delivery point for the use of a single customer
- *meter data service* - a service for the provision of meter reading and on-site data and communication equipment to a delivery point.

Ancillary reference services and charges are provided as part of the reference haulage service or meter data service, unless a contrary intention is clear.

JGN also provides non-reference negotiated services.

Refer to chapter 2 of the final decision for further information.

10.2 Cost allocation overview

The final decision approves the allocation of total revenue to reference services.

Refer to chapter 12 of the final decision for further information.

10.3 Price path

This section sets out the proposed prices that will allow JGN to recover its required revenue as presented in chapter 10.

The comparison of total revenue to total cost of service is shown in Table 10-1.

Table 10-1: Revenue and cost alignment (\$m, real, 2009-10)

	2010-11	2011-12	2012-13	2013-14	2014-15	NPV
Total cost of service	399.8	425.0	449.5	462.5	481.6	1741.1
	375.2	397.6	420.4	431.0	447.7	1679.1
Total revenue	389.6	400.3	441.1	477.4	520.7	1741.1
			416.0	424.6	436.6	1679.0

Note: The net present value (NPV) of the total cost of service and total revenue is estimated using a real pre-tax WACC which reflects the approved nominal vanilla WACC.

⁶ The reference services are defined in schedule 1 of the AA.

Based on the cost allocation to the haulage reference service discussed above, the price path aligns the net present value (**NPV**) of the five year cost of service with the NPV of the forecast revenues.

11 Reference tariffs

There are 36 tariff classes in the AA period which are distinguished between two different customer categories:

- *volume (or small) customers* who include residential and small industrial and commercial customers
- *demand (or large) customers* who are larger commercial and industrial gas consumers.

Volume and demand customers are called 'tariff market' and 'contract market' customers in the AA for the earlier AA period, respectively.

The distinction between volume and demand customers is based on the likelihood of their consumption being more or less than 10 TJ of gas per year.

Refer to chapter 12 of the final decision for further information.

11.1 Volume and demand tariff classes

11.1.1 *Volume tariff classes*

The AA for the earlier AA period assigns all volume customers to a single reference tariff class for the purpose of trunk network services and local network services.

There are two tariff classes for volume customers in the AA period:

- *V-Coastal tariff* – Applicable to volume customer delivery points located in the Wilton network section, which is supplied from the JGN northern and southern trunks
- *V-Country tariff* – Applicable to volume customer delivery points located in country network sections that do not utilise JGN trunk mains.

The V-coastal tariff includes an implicit trunk charge. The V-country tariff does not include a trunk charge.

11.1.2 *Demand tariff classes*

The AA for the earlier AA period charges for services to demand customer delivery points (denoted as contract customers in the AA for the earlier AA period) on a zonal basis. These zones reflect the customer's location within the local network. Retaining this approach gives rise to the 12 location-based demand tariff classes.

Similarly, JGN has retained the option for throughput pricing for large customers as a separate tariff class (also for customers that are currently capped)

In addition to the 13 tariff classes outlined above (12 location and 1 throughput tariff class) the following tariff classes are offered:

- an additional 11 tariff classes (one for each of the 11 coastal zones) based on a capacity charge tariff for very large customers who agree to participate as “first response” respondents in network load shedding events, and
- for Sydney locations, an additional 5 tariff classes (one for each of the 5 Sydney zones) for major end customer throughput tariffs, and
- for Sydney locations an additional 5 tariff classes (one for each of the 5 Sydney zones) for major end customer throughput tariffs for very large customers who agree to participate as “first response” respondents in network load shedding events.

In total there are 34 demand tariff classes in the AA for the AA period.

Demand customers will continue to be assigned to multiple reference tariff classes which reflect their location within the local network, and the manner in which they are billed for usage.

Tariff categories

The 34 demand tariff classes can be grouped into 5 categories:

- *capacity* – This is the default category for demand customers. However, customers can select the other two available demand tariff categories at their option, subject to assignment procedures and criteria.
- *capacity first response* – This is a new discounted tariff for large customers who are willing and eligible to participate in network load shedding on a “first response” basis. Assignment to these tariffs will be on user request where assignment criteria are satisfied. Customers assigned to this tariff category receive a discounted tariff in return for a commitment to shed load under an agreed curtailment plan. These customers must meet certain operational criteria relating to their usage and ability to shed load.
- *throughput* – Assignment to this tariff is currently made on user request. This tariff category replaces the capping and throughput service in the AA for the earlier AA period.
- *major end-customer throughput* – Assignment to this tariff is to be made on user request where assignment criteria are satisfied. This tariff is only available in the 5 Sydney zones.

- *major end-customer throughput first response* – This is a new discounted tariff for large customers located in one of the Sydney zones who are willing and eligible to participate in network load shedding on a “first-response” basis. Assignment to these tariffs will be on user request where assignment criteria are satisfied. Customers assigned to this category receive a discounted demand major end-customer throughput (**DMT**) tariff in return for a commitment to shed load under an agreed curtailment plan. These customers must meet certain operational criteria relating to their usage and ability to shed load. This tariff category is intended to encourage more efficient and transparent load shedding.

11.1.3 *Transaction costs*

The final decision considers that the revised access arrangement proposal⁷ takes into account transaction costs when determining tariffs, charging parameters and tariff classes.

Refer to chapter 12 of the final decision for further information.

11.1.4 *Ability to respond to price signals*

Refer to chapters 12 and 13 of the final decision for further information.

11.2 **Efficient pricing**

11.2.1 *Tariff efficiency*

Refer to chapters 12 and 13 of the final decision for further information.

⁷ JGN, *Access arrangement (revision in response to AER draft decision)*, March 2010.

12 Price control formulae

12.1 Summary

A tariff basket form of price control is used for the haulage reference service. A tariff rebalancing constraint is applied that limits annual real movements in revenues from any given tariff to no more than 10 per cent adjusted for the value of X_t .

A fixed tariff schedule approach is retained for the meter data reference service.

12.2 Haulage reference service

12.2.1 Tariff variation mechanism

A tariff basket annual tariff variation mechanism in the form of a weighted average price cap (**WAPC**) formula applies to the haulage reference service. The WAPC uses the CPI-X price control in the AA period.

The weighted average price element of the tariff basket formula is given effect through the following parameters that comprise the right hand side of the WAPC:

$$\frac{\sum_{x=1}^n \sum_{y=1}^m p_t^{xy} q_{t-2}^{xy}}{\sum_{x=1}^n \sum_{y=1}^m p_{t-1}^{xy} q_{t-2}^{xy}}$$

These parameters determine the weighted average of notional revenues in the current year compared to the year in which the proposed tariffs are to apply. This notional revenue relies upon historical quantities from two years prior.

The price cap element of the WAPC is given effect through the following formula which comprises the left hand side of the WAPC:

$$(1 + CPI_t)(1 - X_t)$$

The X_t parameter is:

-1.96% in 2011–12;

~~-8.33 -1.96%~~ in 2012–13;

~~-8.33 -1.96%~~ in 2013–14; and

~~-8.33 -1.96%~~ in 2014–15.

The *CPI_t* parameter allows JGN's haulage reference tariffs to be adjusted annually for inflation.

12.2.2 Tariff variation process

JGN is required to submit an annual reference tariff proposal to the AER for approval approximately 50 business days prior to the relevant financial year in which the proposed tariffs are to apply. The annual reference tariff proposal will include a pricing model that demonstrates JGN's compliance with the tariff variation mechanism.

The AER will review this proposal for compliance with the tariff variation mechanism and approve or reject the proposal consistent with the terms of the AA for the AA period.

12.3 Other reference services

The meter data reference service is maintained constantly over the AA period in real terms.

12.3.1 Tariff variation mechanism

A tariff schedule approach will be used for meter data reference services. This approach involves JGN publishing in its AA a list of real prices for each year of the AA period and then adjusting this each year for inflation.

12.3.2 Tariff variation process

The tariff variation process follows JGN's haulage reference tariff variation process. JGN submits its annual tariff proposal including a pricing model that demonstrates how JGN has escalated the real tariffs published in its AA for the AA period for inflation. The AER approval will be based on its confirmation that JGN has correctly applied the inflation adjustment to its tariffs.

12.4 Cost pass through tariff variation mechanism

A cost pass through mechanism will operate in the AA period to vary tariffs.

Refer to chapter 13 of the final decision and section 3 of the AA for further information.

Glossary

AA	access arrangement
AA period	the access arrangement period: 1 July 2010 to 30 June 2015
AAI	access arrangement information
AER	Australian Energy Regulator
AGL	Australian Gas Light Company
APA Group	Australian Pipeline Trust and APT Investment Trust
capex	capital expenditure
CAPM	capital asset pricing model
CPI	consumer price index
customer	an end user of gas
DMT	demand major end-customer throughput
earlier AA period	the access arrangement period: 1 July 2005 to 30 June 2010
EGP	Eastern Gas Pipeline
final decision	AER, Final decision, Jemena Gas Networks, Access arrangement proposal for the NSW gas networks, <i>1 July 2010–30 June 2015</i> , June 2010
GJ	gigajoule
HDD	heating degree days
IPART	Independent Pricing and Regulatory Tribunal of New South Wales
JAM	Jemena Asset Management Pty Ltd ACN 086 013 461
JGN	Jemena Gas Networks (NSW) Ltd ACN 003 004 322
JGN network	the gas distribution networks in NSW controlled and operated by JGN
KPIs	key performance indicators
MDQ	maximum daily quantity
MSP	Moomba to Sydney pipeline
NGR	National Gas Rules
NPV	net present value
NSW	New South Wales
O&M	operating and maintenance expenditure
opex	operating expenditure
POTS	packaged off-take station

revised access arrangement information	Jemena Gas Networks (NSW) Ltd, <i>Revised access arrangement information</i> , March 2010
revised access arrangement proposal	Jemena Gas Networks (NSW) Ltd, <i>Access arrangement (revision in response to AER draft decision)</i> , March 2010
SGC	Sydney Gas Company
TJ	terajoule (10^{12} joules)
UAG	unaccounted for gas
user	a party who contracts with JGN for its use of JGN's pipeline services
WAPC	weighted average price cap
WACC	weighted average cost of capital