

# **Gas Access Arrangement Revision**

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**2008 - 2012**

**Part A  
of the  
Access Arrangement  
for the  
Distribution System**

**Principal Arrangements**

**National Third Party  
Access Code for Natural  
Gas Pipeline Systems**

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This document is the responsibility of the Regulatory and Business Strategy Division, SP AusNet. Please contact the indicated owner of the document with any inquiries.

Rob Amphlett Lewis  
Manager, Distribution Regulation  
SP AusNet  
Level 31, 2 Southbank Boulevard  
Melbourne Victoria 3006  
Ph: (03) 9695 6000

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## 1 Introduction

### 1.1 Purpose of this Document

This document is SP AusNet's proposed revision to its Access Arrangement dated January 2003, in accordance with Section 2.28 of the National Third Party Access Code for Natural Gas Pipeline Systems (the "Access Code"). For ease of reference, the remainder of this document refers to the proposed revision to the Access Arrangement as the "Access Arrangement".

The Access Arrangement sets out the terms and conditions on which the service Provider will grant access to its Distribution System.

### 1.2 Composition of Access Arrangement

This Access Arrangement is in three parts:

- Part A** this document including *Part A Schedule 1 Ancillary Reference Services & Part A Schedule 2 Access Arrangement Glossary*;
- Part B** *Reference Tariffs & Reference Tariff Policy* including *Part B Schedule 1 Initial Haulage Reference Tariffs & Part B Schedule 2 Initial Ancillary Reference Tariffs*; and
- Part C** *Terms & Conditions*.

The Access Arrangement also includes the plans of the Distribution System lodged with the Regulator. Access Arrangement Information for the revisions to this Access Arrangement was submitted together with the revisions in accordance with Section 2.28 of the Access Code.

### 1.3 Effective Date

The Access Arrangement first came into effect on 1 January 1999. The Second Access Arrangement as revised will come into effect from 1 January 2003. This Access Arrangement will come into effect on 1 January 2008 or otherwise in accordance with section 2.48 of the Access Code.

## 2 Definitions and Interpretation

In this Access Arrangement and supporting documents, where a word or phrase is capitalised it has:

- (a) the definition given to that word or phrase in the Access Code (unless the word or phrase is also defined in the Glossary which is contained in Schedule 2 of Part A of this Access Arrangement, in which case the word or phrase has the definition given to that word or phrase in the Glossary); or
- (b) if the word or phrase is not defined in the Access Code, the definition given to that word or phrase in the Glossary;

unless the context otherwise requires.

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If, during the Third Access Arrangement Period, the Access Code, as in force at the date of the approval of the revisions to the Access Arrangement submitted on 30 March 2007 (Existing Access Code), is substantially amended or replaced (New Access Code) and, as a result, a word or phrase defined in the Existing Access Code is no longer defined in the New Access Code, for the purpose of this Access Arrangement, that word or phrase shall continue to have the definition given to it in the Existing Access Code for the duration of the Third Access Arrangement Period.

### 3 Contact Details

The contact officer for further details on this Access Arrangement is:

Rob Amphlett Lewis  
Manager, Distribution Regulation  
**SP AusNet**  
Level 31, 2 Southbank Boulevard  
Melbourne Victoria 3006  
Ph: (03) 9695 6000

### 4 Prior Contractual Rights

No provision in this Access Arrangement deprives any person of a contractual right which was in existence prior to:

- (a) 3 November 1997 (when the First Access Arrangement was submitted to the Regulator)
- (b) 28 March 2002 (when the Second Access Arrangement was submitted to the Regulator), or
- (c) 30 March 2007 (when the Third Access Arrangement was submitted to the Regulator).

### 5 Elements set out Section 3 of the Access Code

This section, in compliance with section 2.29 of the Access Code, includes the elements set out in sections 3.1 to 3.20 of the Access Code which are applicable to the Service Provider.

#### 5.1 Services Policy

5.1.1 The Service Provider will make Haulage Reference Services and Ancillary Reference Services, available to Users or Prospective Users of the Distribution System at the Reference Tariffs and in accordance with the Reference Tariff Policy set out in section 5.2 below. The Reference Services are likely to be sought by a significant part of the market.

The Tariff V Haulage Reference Service is the Haulage Reference Service where the withdrawal of Gas is at a Tariff V Distribution Supply Point.

The Tariff M Haulage Reference Service is the Haulage Reference Service where the withdrawal of Gas is at a Tariff M Distribution Supply Point but does not include Tariff M Connection.

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The Tariff D Haulage Reference Service is the Haulage Reference Service where the withdrawal of Gas is at a Tariff D Distribution Supply Point but does not include Tariff D Connection.

The Ancillary Reference Services are those services as described in Schedule 1 of Part A.

5.1.2 The Service Provider will provide the Reference Services in accordance with the Regulatory Instruments.

5.1.3 The Service Provider will make Services other than Reference Services available to Users or Prospective Users as agreed or as determined in accordance with section 6 of the Access Code.

Services other than Reference Services include Tariff D Connection and Tariff M Connection.

## **5.2 Reference Tariffs and Reference Tariff Policy**

Reference Tariffs and the Reference Tariff Policy applicable to this Access Arrangement are set out in Part B.

### **5.2.1 Reference Tariffs**

Section 1 of Part B describes the assignment of Reference Tariffs to Distribution Supply Points. The Reference Tariffs for Haulage Reference Services and Ancillary Reference Services applicable from 1 January 2008 are set out in the schedules attached to Part B.

### **5.2.2 Haulage Reference Tariff Control Formula**

Section 3 of Part B describes the formula to be applied in varying, withdrawing or introducing new Haulage Reference Tariffs.

### **5.2.3 Processing changes to Reference Tariffs**

Section 4 of Part B describes the processes for varying, withdrawing or introducing new Reference Tariffs.

### **5.2.4 Calculation of Charges for Haulage Reference Tariffs**

Section 5 of Part B describes the calculation of Charges from the application of Haulage Reference Tariffs.

### **5.2.5 Reference Tariff Policy**

Section 6 of Part B sets out the Reference Tariff Policy describing the principles used to determine a Reference Tariff. The policy includes:

- 6.1 CPI-X Price path
- 6.2 New Facilities Investment
- 6.3 Speculative Investment Fund
- 6.4 Efficiency Incentive and Carryover Mechanism

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### 5.2.6 Fixed Principles

Section 7 of Part B describes a range of Fixed Principles that are to apply to the Access Arrangement. Section 7.1 sets out General Fixed Principles while section 7.2 describes the Efficiency Incentive and Carry-over Mechanism.

### 5.2.7 Change in Tax Pass-Through

Section 8 of Part B describes the procedures to apply as a result of a new Relevant Tax or a change in a Relevant Tax Section.

## 5.3 Terms and Conditions

5.3.1 The terms and conditions on which the Service Provider will supply each Reference Service are set out in Part C.

5.3.2 The terms and conditions on which the Service Provider will supply each Service other than a Reference Service are set out in Part C as a relevant matter in accordance with section 2.29 of the Access Code.

## 5.4 Capacity Management Policy

5.4.1 The Distribution System is a Market Carriage Pipeline.

## 5.5 Queuing Policy

### 5.5.1 Applicability

This Queuing Policy is applicable to requests for new Connections or modifications to existing Connections and is subject to the Extensions and Expansions Policy.

### 5.5.2 Procedure

- (a) The Service Provider will administer requests by Prospective Users for Connection or a request by a User or Prospective User for a modification to an existing Connection in the following manner:
- (1) The Service Provider will administer requests in the order they are received (on a "first come, first served" basis), including advising the Prospective User as to the charge (if any) for undertaking or modifying the Connection; and
  - (2) The Service Provider may amend the charge first specified pursuant to clause 5.5.2(a)(1) prior to the Connection being made, if additional requests for undertaking or modifying a Connection are received and those additional requests allow the recovery of the charge over a larger or different group of Prospective Users or Users.

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**5.6 Extensions/Expansions Policy**

## 5.6.1 Coverage

- (a) Subject to clauses 5.6.1(b), an Extension or Expansion to the Distribution System will be covered by this Access Arrangement where that Extension or Expansion is owned by the Service Provider.
- (b) An Extension will not be covered by this Access Arrangement:
  - (1) where the Extension is considered by the Service Provider to be a significant Extension and the Service Provider gives written notice to the Regulator before the Extension comes into service that the Extension will not form part of this Access Arrangement; or
  - (2) where the Extension is not a significant Extension, and the Regulator agrees, unless the Extension was included in the calculation of the Reference Tariffs.
- (c) For the purposes of clause 5.6.1(b), a significant Extension is an Extension which will service a minimum of 5,000 customers.

## 5.6.2 Effect of Extension/Expansion on Reference Tariffs

- (a) This clause 5.6.2 describes how Users will be charged for a Reference Service where the provision of the Reference Service requires New Facilities Investment constituted by an Extension or Expansion covered by this Access Arrangement (such Users are Incremental Users). Where New Facilities Investment is required to provide a Service other than a Reference Service, the Service Provider will negotiate the charge in good faith with the relevant Users (subject to the relevant provisions of the Access Code).
- (b) Where New Facilities Investment passes the Economic Feasibility Test, Incremental Users will be charged at the prevailing Reference Tariffs and as permitted by section 8.15 of the Access Code, the Service Provider will seek to include the New Facilities Investment in the Capital Base at the next review of the Access Arrangement. The Service Provider may, at its discretion, seek the Regulator's agreement prior to the next review of the Access Arrangement that the New Facilities Investment passes the requirements of section 8.16 of the Access Code.
- (c) Where New Facilities Investment does not pass the Economic Feasibility Test:
  - (1) the Service Provider will seek to include the relevant part of the New Facilities Investment in the Capital Base at the next review of the Access Arrangement. The Service Provider may, at its discretion, seek the Regulator's agreement prior to the next review of the Access Arrangement that the relevant part of the New Facilities Investment passes the requirements of section 8.16 of the Access Code (as permitted by section 8.21 of the Access Code);
  - (2) the remaining New Facilities Investment may be (subject to the Access Code):
    - (A) recovered by charging Incremental Users according to the prevailing Reference Tariffs plus a Surcharge approved by the Regulator under section 8.25 of the Access Code;

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- (B) included in a Speculative Investment Fund under the Reference Tariff Policy in Part B, (in which case Incremental Users would be charged according to the prevailing Reference Tariffs); or
  - (C) recovered by a combination of these approaches (in which case Incremental Users would be charged according to the prevailing Reference Tariffs plus a Surcharge approved by the Regulator under section 8.25 of the Access Code); and
- (3) the Service Provider will notify the relevant Users of its choice between these approaches prior to the relevant New Facility entering into service.
- (d) The Service Provider may, at its discretion, negotiate a Capital Contribution with a specific User or Users in respect of a New Facility, in which case, the charge for the User or Users shall be as agreed between the parties (for the purposes of determining Reference Tariffs, this New Facilities Investment shall be treated as if it were funded by the Service Provider and the User or Users shall be assumed to be paying a Surcharge (if any) that would be approved by the Regulator under section 8.25 of the Access Code).
- (e) Notwithstanding clauses 5.6.2(c) to 5.6.2(d) above, where the Service Provider considers that some or all of the New Facilities Investment that does not pass the Economic Feasibility Test may pass the System Wide Benefits Test, the Service Provider may propose revisions to the Access Arrangement which have the effect of raising Reference Tariffs immediately (and thus permitting the part of the New Facilities Investment that would pass the System Wide Benefits Test to be included in the Capital Base and recovered through Reference Tariffs immediately). These revisions will be proposed and considered according to the process in section 2 of the Access Code and, if accepted, would amount to a change to this Access Arrangement.

### 5.6.3 Unreticulated Townships

The Service Provider's policy for Extensions to unreticulated townships where the Extension was not included in the calculation of the Reference Tariffs or the subject of a competitive tender is as follows:

- 1) any proposal to reticulate a township, or request to the Service Provider to consider reticulation of a township, will undergo an initial feasibility assessment.
- 2) If the feasibility assessment indicates that the Extension may be economic, the Service Provider will conduct further investigation that may include proposals for the regulatory treatment of the extension project.
- 3) The Service Provider may approach the Regulator with details of the proposed Extension with a view to agreeing on the regulatory treatment of the extension project.
- 4) Where the agreed regulatory treatment is that the Extension is, if it proceeds, to be covered by this Access Arrangement:
  - the Service Provider will be permitted to recover the Net Financing Cost incurred during the Access Arrangement Period in which the extension is commenced in Reference Tariffs to take effect in subsequent Access Arrangement Periods;
  - the Capital Base for the Access Arrangement Period commencing immediately after the commencement of the Extension will be increased by the amount of the New Facilities Investment or Recoverable Portion;

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- the New Facilities Investment will not reduce the carry-over of cost-related efficiencies from the Access Arrangement Period in which the Extension is commenced to any subsequent Access Arrangement Period;

provided the Extension:

- passes the Economic Feasibility Test; and
  - would otherwise be uneconomic for the Service Provider if commenced prior to being included in the calculation of Reference Tariffs in future Access Periods.
- 5) Once agreement has been reached concerning the regulatory arrangement, the Service Provider will undertake a detailed feasibility assessment. Should the outcome of this assessment establish or confirm that the extension is economic (including the consideration of any Capital Contributions or Surcharges) under the agreed regulatory arrangement, then the extension will progress. Otherwise, further discussions will be held with the Regulator. If, in light of the detailed economic assessment and available regulatory arrangements, the Extension is not economic, the Extension will not proceed.
- 6) Where the Extension is deemed uneconomic, the Service Provider may review the Extension should material changes occur.
- 7) The Service Provider's funding of Extensions to unreticulated townships is, in accordance with 3.16(c) of the Access Code, conditional upon (among other things) the Service Provider having sufficient funds available on commercial terms acceptable to the Service Provider.
- 8) The agreed regulatory treatment for a new town extension may involve a Capital Contribution together with existing zonal tariffs, a Surcharge above zonal tariffs, or a separate new town tariff.

Where the agreed treatment for a new town extension is a separate new town tariff, there shall also be agreed a mechanism to integrate the new town tariff into the form of price control, including in relation to rebalancing constraints.

A new town tariff is not a new tariff for existing customers and is not a new tariff for the purposes of the interpretation of the Reference Tariff control formula.'

## **5.7 Review and Expiry of Access Arrangement**

5.7.1 The Revisions Submission Date will be 30 March 2012.

5.7.2 The Revisions Commencement Date will be 1 January 2013.

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**Schedule 1 of Part A of Access Arrangement by SP AusNet**

## Ancillary Reference Services

The following Ancillary Reference Services are provided in relation to Distribution Supply Points at which Gas is withdrawn by or in respect of a Residential Customer:

- a) Meter and Gas Installation Test: - on-site testing to check the accuracy of a Meter and the soundness of a Gas Installation, in order to determine whether the Meter is accurately measuring the Quantity of Gas delivered.
- b) Disconnection Service - Disconnection by the carrying out of work being:
  - removal of the Meter at a Metering Installation, or
  - the use of locks or plugs at a Metering Installation in order to prevent the withdrawal of Gas at the Distribution Supply Point.
- c) Reconnection Service – Reconnection by turning on Supply, including the removal of locks or plugs used to isolate Supply or reinstallation of a Meter if it has been removed, performance of a safety check and the lighting of appliances where necessary.
- d) Special Meter Reading Service – meter reading for a DSP in addition to the scheduled meter readings that form part of the Haulage Reference Services.

The Ancillary Reference Services will be provided on Business Days during normal business hours of 8am to 4pm.

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**Schedule 2 of Part A of Access Arrangement by SP AusNet****Access Arrangement Glossary***Definitions and Interpretation***S 2.1 Definitions**

**Access Act** means the Gas Pipelines Access (Victoria) Act 1998;

**Access Arrangement** means this arrangement for access for third parties to the Distribution System lodged by the Service Provider with, and approved by, the Regulator under the Access Act and Access Code;

**Actual Meter Reading** has the same meaning as in the Retail Gas Market Rules;

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

**Access Code** means the National Third Party Access Code for Natural Gas Pipeline Systems set out in Schedule 2 to the Gas Pipelines Access (South Australia) Act 1997;

**Agreement** means an agreement executed or to be executed by the Service Provider and a User on the Terms and Conditions or an agreement in respect of the terms and conditions for the provision of Services, as negotiated between the Service Provider and a User;

**Ancillary Reference Service** means a Reference Service as set out in Schedule 1 of Part A of this Access Arrangement;

**Ancillary Reference Tariff** means the tariff that applies to an Ancillary Reference Service;

**Annual MHQ** means the greatest Quantity of Gas (in GJ) withdrawn at a Distribution Supply Point in any hour in a Calendar Year;

**Authority** means any:

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

**B2B Hub** means the electronic messaging system operated by VENCORP for the Gas industry in Victoria or any electronic messaging system which replaces that system;

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**Bank Bill Rate** means the bank bill standard rate defined to be equal to:

- a) the "bid rate" (rounded up to four decimal places) quoted on the page entitled "BBSY" of the Reuters Monitor System at or about 10.00 am on any Business Day for bank accepted bills of exchange which have a tenor of 30 days; or
- b) if the Bank Bill Rate cannot be determined in accordance with paragraph (a) of this definition, the rate percent per annum agreed by the parties in good faith to be the appropriate rate having regard to comparable indices then available in the current bill market, and in default of agreement within 14 days, the rate nominated by the Service Provider and approved by the Regulator as an appropriate rate;

**Bank Guarantee** means an irrevocable bank guarantee from a trading bank conducting business in Australia in favour of the Service Provider substantially in the form set out in Schedule 1 of the Terms and Conditions, for the Required Bank Guarantee Amount;

**Business Day** means a day other than a Saturday, Sunday or a day which has been proclaimed to be a public holiday in the Melbourne metropolitan area;

**Calendar Year** means a twelve-month period commencing on 1 January;

**Certificate of Compliance** means a notice of installation, or completion of Gas Installation work, from a Gas Installer;

**Change in Taxes Event** means a variation, or withdrawal or introduction of a Relevant Tax, or a change in the way or rate at which a Relevant Tax is calculated, which has a material impact on the costs to the Service Provider of providing the Reference Services or which has a direct and material impact on the revenue received (after payment of Relevant Taxes) by the Service Provider for providing the Reference Services.

**Charges** means the charges payable by the User to the Service Provider under clause 7 of the Terms and Conditions and includes:

- (a) the amount determined from the application of the Reference Tariffs in respect of the Reference Services provided to the User in respect of its Customers or such other amount as agreed in writing;
- (b) where the User is a gas retailer within the meaning of clause 12(9) and 13(10) of the Order in Council made under section 68 of GIA on 15 November 2001 (Gazette No. G. 46 at page 2865), the prices, fees and charges notified by the Service Provider under clauses 12 and 13 of that Order;
- (c) where Services other than Reference Services are provided by the Service Provider as set out in Schedule 2 of the Terms and Conditions, the Non-Reference Service Charge;
- (d) Connection Charges; and
- (e) Additional Charges;

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

**Class A Inquiry** means an inquiry identified as an "A" inquiry in the Gas Leak and Emergency Calls Protocol and includes an inquiry relating to a Gas leak or Emergency;

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**Class B Inquiry** means an inquiry identified as a “B” inquiry in the Gas Leak and Emergency Calls Protocol and includes an inquiry relating to a Gas leak or Emergency;

**Class C Inquiry** means an inquiry identified as a “C” inquiry in the Gas Leaks and Emergency Calls Protocol and includes an unplanned Interruption;

**Commencement Date** means in respect of an Agreement, the date of commencement of the Agreement as set out in that Agreement;

**Confidential Information** means all:

- (a) know-how, trade secrets, ideas, concepts, technical and operational information owned or used by the parties to an Agreement;
- (b) information concerning the affairs or property of or any business, property or transaction in which the parties to an Agreement may be or may have been concerned or interested;
- (c) details of any Customers of the User; and
- (d) any other information which is to be treated in a confidential manner under a Regulatory Instrument with which a party to an Agreement is required to comply;

**Connection** means the provision of a New Facility in relation to, and the joining of a Gas Installation to a Distribution Supply Point to allow, the flow of Gas to the Gas Installation through the Distribution Supply Point (but does not include Turn On);

**Connection Charge** means the charge for Connection (if any) determined pursuant to the Access Arrangement or the Distribution System Code (excluding a Tariff D Connection Charge and a Tariff M Connection Charge);

**Connection Request** means a request in a form reasonably required by the Service Provider given by the User to the Service Provider requesting Connection or Turn On;

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

**Corporations Act** means the Corporations Act 2001;

**CPI** for a particular Calendar Year is:

- (a) the consumer price index: all groups index for the eight state capitals as published by the Australian Bureau of Statistics for the September quarter immediately preceding the start of the relevant Calendar Year

**divided by**

- (b) the consumer price index: all groups for the eight state capitals as published by the Australian Bureau of Statistics for the September quarter immediately preceding the September quarter referred to in paragraph (a)

**minus one;**

**Curtail** means to temporarily reduce the injection or withdrawal of Gas to or from the Distribution System;

**Customer** means a customer of the User at a Distribution Supply Point;

**Customer MHQ** means the maximum hourly Quantity of Gas, expressed in gigajoules per hour (GJ/hour), for delivery to a Tariff D Distribution Supply Point or a Tariff M Distribution Supply Point

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initially nominated by the User to the Service Provider and agreed to by the Service Provider in writing and then as agreed from time to time between the parties to an Agreement;

**Declared Retailer of Last Resort Event** means the occurrence of an event whereby an existing User for Customers is unable to continue to supply gas and Customers of that User are transferred to the declared retailer of last resort, and as a result the Service Provider incurs materially higher or lower costs in providing Reference Services than it would have incurred but for that event.

**Default Rate** means on any date the rate percent per annum which is the aggregate of 2 percent per annum and the Bank Bill Rate;

**Deemed Contract** means a contract between the Service Provider and a Customer under section 48 of the GIA;

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

**Disconnection Request** means a request in a form reasonably required by the Service Provider given by the User to the Service Provider requesting the Disconnection and which must include the reason for requesting the Disconnection and certification that the User is entitled to Disconnect the Customer;

**Distribution Area** has the same meaning as defined in Schedule 2 of the Distribution Licence;

**Distribution Demand Tariff Component** means a Haulage Reference Tariff Component of Haulage Reference Tariff D or of a Haulage Reference Tariff M, as set out in clause 5(3) of the Reference Tariff Policy (as varied from time to time) expressed in \$/GJ for Annual MHQ;

**Distribution Fixed Tariff Component** means a Haulage Reference Tariff Component of Haulage Reference Tariff V, as set out in clause 5(1) of the Reference Tariff Policy (as varied from time to time) and is expressed in \$/day;

**Distribution Licence** means the licence of that name to provide services by means of a distribution pipeline granted to the Service Provider by the Regulator under the GIA;

**Distribution Pipeline** has the same meaning as in the GIA;

**Distribution Services** means:

- (a) Reference Services in relation to Customers;
- (b) where the User is a gas retailer within the meaning of clauses 12(9) and 13(10) of the Order-in-Council made under section 68 of the Gas Industry Act 2001 on 15 November 2001 (Gazette No. G 46 at page 2865), the activities and tasks set out in Schedule 1 of that Order;
- (c) such Services other than Reference Services that the Service Provider has agreed to provide to the User as set out in Schedule 2 of the Terms and Conditions (including a Tariff D Connection and a Tariff M Connection); and
- (d) Connection (other than a Tariff D Connection and a Tariff M Connection);

**Distribution Supply Point** means a point on the Distribution System at which Gas is capable of being withdrawn from the Distribution System for delivery to a Customer, which is normally located at the outlet of a Meter and includes a "supply point" and an "ancillary supply point" as defined in the Gas Industry (Residual Provisions) Act 1994 (Victoria) in relation to a Distribution System;

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

**Distribution System Code** means the Victorian Gas Distribution System Code issued by the Regulator, compliance with which is a condition of the Distribution Licence;

**Distribution Volume Tariff Component** means a Reference Tariff Component of Haulage Reference Tariff V, as set out in clause 5(2) of the Reference Tariff Policy (as varied from time to time), expressed in \$/GJ for gigajoules of Gas withdrawn in the Peak Period or in the Off-Peak Period;

**Economic Feasibility Test** means the test that determines whether the Anticipated Incremental Revenue generated by the New Facility exceeds the New Facilities Investment and which also requires the New Facilities Investment to pass section 8.16(a)(i) of the Access Code;

**Emergency** has the same meaning as in the Distribution System Code;

**Energy Retail Code** means the code of that name being determination of the Regulator under section 43 of the GIA;

**ESC Act** means the Essential Services Commission Act 2001 (Victoria);

**Estimated Meter Reading** has the same meaning as in the Retail Gas Market Rules;

**Expansion** has the same meaning as in the Distribution System Code;

**Extension** means extending a Pipeline to enlarge the area to which Gas may be, or is, supplied, including (for the avoidance of doubt) extensions which connect together pre-existing pipeline systems;

**Financial Failure of a Retailer Event** means the occurrence of an event whereby a User is subject to an Insolvency Event, and as a consequence the Service Provider does not receive revenue which it was otherwise entitled to for the provision of References Services.

**Financial Year** means the 12 months from 1<sup>st</sup> July to 30<sup>th</sup> June.

**First Access Arrangement Period** means the period commencing on 1 January 1998 and ending on 31 December 2002;

**Force Majeure Event** has the same meaning as force majeure in the Distribution System Code;

**Fourth Access Arrangement Period** means a period commencing on 1 January 2013;

**FRC (Full Retail Contestability)** means the date on which there ceases to be in effect an Order in Council made under section 35 of the GIA;

**FRO (Financially Responsible Organisation)** has the same meaning as in the Retail Gas Market Rules;

**Gas** has the same meaning as in the Distribution System Code;

**Gas Day** has the same meaning as in the MSO Rules;

**Gas Distribution Company** has the same meaning as in the GIA;

**Gas Distribution System** has the same meaning as in the GIA;

**Gas Installation** has the same meaning as in the Distribution System Code;

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**Gas Installer** has the same meaning as in the Distribution System Code;

**Gas Interface Protocol** has the same meaning as in the Retail Gas Market Rules;

**Gas Leaks and Emergencies Number** means the Service Provider's contact telephone number as stated in clause 9.1(d) of the Agreement;

**Gas Leaks and Emergencies Calls Protocol** means the Gas Leak and Emergency Calls, "A" to "C" Priority, version 1.2 as approved by the Victorian Gas Retail Rules Committee;

**GIA** means the Gas Industry Act 2001 (Victoria), as amended from time to time;

**GJ** means Gigajoule. 1 gigajoule is equal to one thousand million Joules (1,000,000,000J);

**Glossary** means this glossary;

**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 same meaning as in A New Tax System (Goods and Services Tax) Act 1999 (Cth);

**Guaranteed Service Levels** or **GSLs** means the standard of service that must be provided by the Service Provider in respect of certain Distribution Services as set out in a Regulatory Instrument;

**Guarantor** has the meaning given in clause 7.8(a)(1)(B) of the Terms and Conditions;

**Haulage Reference Services** means:

- (a) allowing injection of Gas at Transfer Points;
- (b) conveyance of Gas from Transfer Points to Distribution Supply Points; and
- (c) allowing withdrawal of Gas at Distribution Supply Points;

except to the extent that:

- (d) before the start of the Third Access Arrangement Period the Service Provider and the User have agreed in writing that specific pricing applies to that Service;
- (e) after the start of the Third Access Arrangement Period, the Service Provider and the User agree in writing or in such other form as approved by the Regulator that the Service is not to be a Haulage Reference Service; or
- (f) the Services are provided to a Transfer Point between a Distribution Pipeline by means of which the Service Provider provides Services and a Distribution Pipeline by means of which another Gas Distribution Company (which is not exempt from the requirement to hold a licence because of an Order under section 24 of the GIA) provides Services;

**Haulage Reference Tariff** means the tariff that applies to Haulage Reference Services;

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

**Haulage Reference Tariff D** means the Haulage Reference Tariff that applies to the Tariff D Haulage Reference Service (including a new Haulage Reference Tariff to apply to that Service introduced pursuant to the Reference Tariff Policy);

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**Haulage Reference Tariff M** means the Haulage Reference Tariff that applies to the Tariff M Haulage Reference Service (including a new Haulage Reference Tariff to apply to that Service introduced pursuant to the Reference Tariff Policy);

**Haulage Reference Tariff V** means the Haulage Reference Tariff that applies to the Tariff V Haulage Reference Service (including a new Haulage Reference Tariff to apply to that Service introduced pursuant to the Reference Tariff Policy);

**Heating Value** has the same meaning as in the Gas Safety (Gas Quality) Regulations 1999 (Victoria);

**Inquiry** means an inquiry or consultation commenced by the Ombudsman under its constitution;

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

- (a) an order is made that it be wound up or that a Controller be appointed to it or any of its assets;
- (b) a resolution that it be wound up is passed;
- (c) a liquidator, provisional liquidator, Controller or any similar official is appointed to, or takes possession or control of, all or any of its assets or undertakings;
- (d) an administrator is appointed to it (other than by the Regulator pursuant to the party's licence under the GIA) or a resolution that an administrator be appointed to it is passed;
- (e) it enters into, or resolves to enter into, an arrangement, compromise or composition with any of, or any class of, its creditors or shareholders, or an assignment for the benefit of any of, or any class of, its creditors; in relation to a potential Insolvency Event in subparagraphs (a) to (d), or (f) to (g) occurring;
- (f) any action is taken by the Australian Securities and Investment Commission to cancel its registration or to dissolve it;
- (g) it is insolvent within the meaning of Section 95A of the Corporations Act, as disclosed in its accounts or otherwise, states that it is unable to pay its debts or it is presumed to be insolvent under any applicable law; or
- (h) it stops or suspends:
  - (1) the payment of all or a class of its debts; or
  - (2) the conduct of all or a substantial part of its business; or
  - (i) if the User is constituted in another jurisdiction, any event having a substantially similar effect to any of the events specified in the preceding paragraphs happens to it under the law of that other jurisdiction;

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

**J** means Joule; a unit of energy as defined in AS1000-1979 "The International System of Units (SI) and its Application";

**Licence Fee** means the licence fee and other fees and charges in respect of the Distribution Licence paid or payable by the Service Provider under its Distribution Licence as directed by the Regulator.

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**Main** has the same meaning as in the Distribution System Code;

**Meter** has the same meaning as in the Distribution System Code;

**Metering Installation** means the Meter and associated equipment and installations which may include correctors, regulators, filters, data loggers and telemetry relating to a Distribution Supply Point;

**Metering Data** means data pertaining to the measure of the quantity of Gas flow obtained from a Metering Installation;

**Meter Reading** has the same meaning as in the Retail Gas Market Rules including as if the reference in that definition to a “reading period” included the period of an invoice;

**MHQ** means the maximum Quantity of Gas (in GJ) withdrawn at a Distribution Supply Point in any hour;

**MIRN** means in relation to a Distribution Supply Point at any time, the metering installation registration number for that Distribution Supply Point including the checksum for that MIRN;

**MSO Rules** has the same meaning as defined in the GIA;

**Negative Pass Through Amount** means, in relation to the occurrence of a Change in Taxes Event or Relevant Pass Through Event, an amount that the Service Provider is required to pay to its Users or a factor by which amounts the User is required to pay the Service Provider are reduced;

**Net Financing Cost** means the surplus of the estimated New Facilities Investment in relation to, and Non Capital Costs of, the Extension within the Access Arrangement Period in which the Extension is commenced over the present value of the estimated incremental revenue that would be derived directly from the Extension or Expansion within that period;

**New Connection Process Event** means a change in the retail Gas Market Rules requiring the Service Provider to be directly responsible for the Connection process.

**Non-Reference Service Charge** means the amount payable by the User for the provision of Services other than Reference Services, being the amount as set out in Schedule 2 of the Terms and Conditions or as agreed between the parties to an Agreement or determined pursuant to the Access Code;

**Non Residential Customer** means a Customer who is not a Residential Customer;

**Off-Peak Period** means the period of a Calendar Year except the Peak Period;

**Ombudsman** means the Energy and Water Ombudsman (Victoria) or any other ombudsman approved by Regulator for the purposes of the User's Retail Licence;

**Pass Through Amount** means a Positive Pass Through Amount or a Negative Pass Through Amount;

**Peak Period** means the period of 1 June to 30 September of a Calendar Year;

**Positive Pass Through Amount** means, in relation to the occurrence of a Change in Taxes Event, an amount that a User is required to pay to the Service Provider or a factor by which amounts the User is required to pay the Service Provider are increased;

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

**Reconciliation Amount** means that amount payable in respect of Unaccounted for Gas calculated by VENCORP in accordance with the Distribution System Code;

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

**Reference Service** means the Haulage Reference Service and Ancillary Reference Service as defined in clause 5.1 of Part A of this Access Arrangement;

**Reference Tariff** means the Haulage Reference Tariff and Ancillary Reference Tariff and as varied pursuant to the Reference Tariff Policy;

**Reference Tariff Class** refers to Distribution Supply Points which are assigned to the same Haulage Reference Tariffs;

**Reference Tariff Component** refers to an individual price element comprising part of a Reference Tariff

**Reference Tariff Policy** means the Reference Tariff Policy set in out Part B of this Access Arrangement;

**Regulator** means the Essential Services Commission, a statutory corporation established under the ESC Act;

**Regulatory Instrument** means the Access Act, Access Law, Access Code, GIA, Gas Safety Act 1997 (Victoria) and other legislation, any subordinate legislation, licence, code, rules, sub-code, guideline, safety case, order or regulation regulating the gas industry in Victoria, or elsewhere if applicable, whether made under the GIA or other applicable legislation having jurisdiction over the relevant party, including the MSO Rules and the Distribution System Code;

**Regulatory Year** means a period of 12 months ending on 31 December each year;

**Related Body Corporate** means an entity which is related to another entity within the meaning of section 9 of the Corporations Act;

**Relevant Pass Through Event** means:

- (a) a Change in Taxes Event;
- (b) the Financial Failure of a Retailer Event;
- (c) a Declared Retailer of Last Resort Event;
- (d) a New Connection Process Event; or
- (e) a Victorian Energy Efficiency Target Scheme Event.

**Relevant Tax** means any:

- (a) royalty, duty, excise, tax, impost, levy, fee or charge (including, but without limitation, any GST) imposed by any Authority in respect of the repair, maintenance, administration or management of the Distribution System (or any part of it) or in respect of the provision of Reference Services, but excluding:
  - (1) income tax (or State equivalent income tax) and capital gains tax;

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- (2) stamp duty, financial institutions duty, bank accounts debit tax or similar taxes or duties;
  - (3) voluntary membership fees or voluntary contributions payable to membership bodies (that is, fees and contributions in respect of membership bodies which the Service Provider is not required by legislation or other Regulatory Instruments to join)
  - (4) penalties and interest for late payment relating to any tax, royalty, duty, excise, impost, levy, fee or charge;
  - (5) any tax or charge which replaces the taxes or charges referred to in (1) to (5);
- (b) costs associated with changes in service standards but only where the Service Provider has been directed, ordered or required as a result of legislation or regulatory arrangements to make such a change in service standards; and
  - (c) costs associated with the retailer of last resort scheme implemented under section 34 of the GIA.

**Required Bank Guarantee Amount** means the amount of the Bank Guarantee calculated by the Service Provider under clauses 7.8(b) or 7.8(c) of the Terms and Conditions;

**Residential Customer** means a Customer who purchases Gas principally for personal, household or domestic use at the relevant Distribution Supply Point;

**Retailer** has the same meaning as gas retailer in the GIA;

**Retail Contract** means a Contract as defined under the Energy Retail Code;

**Retail Gas Market Rules** means the rules approved by the Regulator under section 65 of the GIA;

**Retail Licence** means a licence to sell Gas granted to a Retailer by the Regulator under Part 3 of the GIA;

**Retail Services** means the following services that are provided by a User to the Service Provider at the Service Provider's request:

- (a) processing of GSL payments under clause 7.6 of the Terms and Conditions;
- (b) notification of Reference Tariffs under clause 9.10(c) of the Terms and Conditions;
- (c) provision of information and documentation to Customers under clause 9.12(b) of the Terms and Conditions;
- (d) delivering to a Customer any notification, information or documentation as requested by the Service Provider under clause 9.12(e) of the Terms and Conditions; and
- (e) delivering to a Customer information as requested by the Service Provider under clause 13.2(b)(3) of the Terms and Conditions;

but does not include any such services to the extent that the User is obliged to perform those services under the Regulatory Instruments;

**Second Access Arrangement Period** means a period commencing on 1 January 2003 and ending on 31 December 2007;

**Services Policy** means the policy contained in clause 5.1 of this Access Arrangement;

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**Significant Extension** has the meaning given to it in clause 5.6.1(c).

**Specifications** means the quality specifications prescribed by the Gas Safety (Gas Quality) Regulations 1999 (Victoria);

**Substituted Meter Reading** has the same meaning as in the Retail Gas Market Rules;

**Supply** means the delivery of Gas;

**System Wide Benefits Test** means the test applied to determine whether a New Facility has system wide benefits that, in the Regulator's opinion, justify the approval of a higher Reference Tariff for all Users and which also requires the New Facilities Investment to pass section 8.16(a)(i) of the Access Code;

**Tariff Control Formula** means the formulae described in clause 3.1 of the Reference Tariff Policy that applies to Haulage Reference Tariffs;

**Tariff D Customer** means a Customer in respect of whom the User is charged Haulage Reference Tariff D;

**Tariff D Distribution Supply Point** means a Distribution Supply Point to which is assigned Haulage Reference Tariff D as determined by the application of clause 1 of the Reference Tariff Policy;

**Tariff D Connection** means the Connection and maintenance of the Connection at a Tariff D Distribution Supply Point;

**Tariff D Connection Charge** means a Non-Reference Service Charge for a Tariff D Connection;

**Tariff D Haulage Reference Service** means a Haulage Reference Service described as such in clause 5.1.1 of Part A of this Access Arrangement;

**Tariff M Customer** means a Customer in respect of whom the User is charged Haulage Reference Tariff M;

**Tariff M Distribution Supply Point** means a Distribution Supply Point to which is assigned Haulage Reference Tariff M as determined by the application of clause 1 of the Reference Tariff Policy;

**Tariff M Connection** means the Connection and maintenance of the Connection at a Tariff M Distribution Supply Point;

**Tariff M Connection Charge** means a Non-Reference Service Charge for a Tariff M Connection;

**Tariff M Haulage Reference Service** means a Haulage Reference Service described as such in clause 5.1.1 of Part A of this Access Arrangement;

**Tariff V Customer** means a Customer in respect of whom the User is charged Haulage Reference Tariff V;

**Tariff V Distribution Supply Point** means a Distribution Supply Point to which is assigned Haulage Reference Tariff V as determined by the application of clause 1 of the Reference Tariff Policy;

**Tariff V Haulage Reference Service** means a Haulage Reference Service described as such in clause 5.1.1 of Part A of this Access Arrangement;

**Terms and Conditions** means the terms and conditions referred to in clause 5.3 of Part A and as set out in Part C of this Access Arrangement;

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**Third Access Arrangement Period** means a period of at least five Calendar Years commencing on 1 January 2008;

**Transfer Point** means a point at which Gas is transferred from:

- (a) a Transmission Pipeline to a Distribution Pipeline, or
- (b) a Distribution Pipeline to a Distribution Pipeline;

**Transmission System** has the same meaning as in the Distribution System Code;

**Transmission Pipeline** has the same meaning as in the GIA;

**Turn On** means the act of turning on Supply at a new DSP, performance of a safety check and the lighting of appliances where necessary;

**Unaccounted for Gas (UAFG)** has the same meaning as in the Distribution System Code;

**VENCorp** means the Victorian Energy Networks Corporation established under Part 2A of the GIA and includes any successor body and any body who assumes the rights of VENCorp pursuant to any privatisation and any successor of that body;

**VENCorp Meter Register** has the same meaning as in the MSO Rules; and

**X** has the same meaning as in clause 3.1 of the Reference Tariff Policy.

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**S 2.2 Interpretation**

- (a) In this Access Arrangement, unless the context requires another meaning a reference:
- (1) to the singular includes the plural and vice versa;
  - (2) to a gender includes all genders;
  - (3) to a document (including this Access Arrangement and a Regulatory Instrument) is a reference to that document (including any Appendices, Schedules and Annexures) as amended, consolidated, supplemented, novated or replaced;
  - (4) to an agreement includes any undertaking, representation, deed, agreement or legally enforceable arrangement or understanding whether written or not;
  - (5) to a notice means a notice, approval, demand, request, nomination or other communication given by one party to another under or in connection with this Access Arrangement;
  - (6) to a person (including a party) includes:
    - (A) an individual, company, other body corporate, association, partnership, firm, joint venture, trust or government agency; and
    - (B) the person's agents successors, permitted assigns, substitutes, executors and administrators; and
    - (C) where that person ceases to exist, is reconstituted, renamed or replaced, or where its powers or functions are transferred to another body, a reference to the body which replaces it or which serves substantially the same purpose or has the same powers or functions;
  - (7) to a law:
    - (A) includes a reference to any legislation, treaty, judgment, rule of common law or equity or rule of any applicable stock exchange; and
    - (B) is a reference to that law as amended, consolidated, supplemented or replaced; and
    - (C) includes a reference to any regulation, rule, statutory instrument, by-law or other subordinate legislation made under that law;
  - (8) to time is to Melbourne time; and
  - (9) to Haulage Reference Tariff D, Haulage Reference Tariff V or Haulage Reference Tariff M includes a reference to a new Haulage Reference Tariff introduced pursuant to the Reference Tariff Policy which supplements or replaces Haulage Reference Tariff D, Haulage Reference Tariff V or Haulage Reference Tariff M respectively and related terms shall be construed accordingly; and
  - (10) the word including or includes means including, but not limited to, or includes, without limitation.
- (b) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

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- (c) Headings are for convenience only and do not affect interpretation.
- (d) If a period occurs from, after or before a day or the day of an act or event, it excludes that day.
- (e) A reference to a thing (including, but not limited to, a right) includes any part of that thing.
- (f) A reference to a right includes a remedy, power, authority, discretion or benefit.
- (g) All Reference Tariffs and Reference Tariff Components calculated under this Access Arrangement will be rounded to the accuracy, in terms of the number of decimal places, required by the relevant Service Provider's charging and billing systems.
- (h) A Reference Tariff which has been calculated and rounded under the principles in S 2.2(g) will not be rounded to a different level of accuracy when utilised in calculations made under this Access Arrangement.
- (i) All values used in calculations made under this Access Arrangement, except those values to which S 2.2(g) and s 2.2(h) apply, will not be rounded.
- (j) When a calculation is required under this Access Arrangement:
  - (1) a year "t" is the year in respect of which the calculation is being made;
  - (2) a year "t-1" is the year immediately preceding year "t"; and
  - (3) a year "t-2" is the year immediately preceding year "t-1".