

**APPENDIX 3 - GENERAL TERMS AND CONDITIONS**

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## **1 INTRODUCTION - TERMS AND CONDITIONS**

### **1.1 General Terms and Conditions**

These are the General Terms and Conditions applicable to the provision by GGT of the Reference Service to the User under and for the purposes of the Access Arrangement and a Service Agreement.

The definitions and interpretation provisions in Appendix 1 to the Access Arrangement form part of the Service Agreement (including these General Terms and Conditions).

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## **2 AGREEMENT TO PROVIDE AND TO ACCEPT SERVICE**

Upon acceptance of an Order Form by GGT, GGT agrees to provide and the User agrees to accept the Reference Service requested in the Order Form on the terms and conditions set out in the Service Agreement.

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## **3 TERM OF SERVICE AGREEMENT**

### **3.1 Term and Termination**

The Service Agreement shall come into force on the Date of Service Agreement and, subject to termination pursuant to clauses 3.2, 3.3, 6.4(f)(3), 16.1(b) or 17.4 shall terminate on the Termination Date.

### **3.2 Enhancements not Operational**

If any additions or enhancements to the Pipeline which are required to provide the Service are not operational following the expiry of 12 Months from the Commencement Date the parties may:

- (a) agree to defer the date for commencement of that Service to another date;  
or
- (b) agree to the provision of a reduced scope of the Service which is feasible with the available Capacity; and
- (c) if either clause 3.2(a) or 3.2(b) applies, agree the charges that will apply to reflect the new date for commencement or the reduced scope for the Service.

If the parties are unable to agree in accordance with either clause 3.2(a), (b) or (c) then either party may refer the matter for dispute resolution as provided for in clause 22 of the General Terms and Conditions. In the event that neither party has referred the matter for dispute resolution within 30 days after the date of expiry of the period of 12 Months, the Service Agreement may be terminated by written notice by either party without penalty or cost to either party.

### 3.3 Termination for Failure to Lodge Bond

- (a) If the deposit or bond which is required pursuant to clause 9.13 is not lodged with GGT prior to the Commencement Date, or such other date as is specified in the Order Form, then GGT may terminate the Service Agreement by a notice at any time given to the User without penalty or cost to either party.
- (b) Notwithstanding the provisions in clause 3.3(a) the User is still liable for any costs that it has agreed to pay for Investigations and/or Developable Capacity under Items 22 and 23 of the Appendix 2.2 - Order Form.

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## 4 SERVICE

### 4.1 Reference Service

The Reference Service which GGT offers to provide to the User is a Firm Service.

### 4.2 Availability

A User whose executed Firm Service Order Form has been accepted and signed by GGT is entitled to Firm Service on the terms and conditions of the Service Agreement.

### 4.3 Applicability and Character Of Service

- (a) The objective of the Firm Service is to transport energy in the form of natural gas between the Inlet Point and the Outlet Point(s).
- (b) GGT will receive into the Pipeline from the User quantities of Gas up to the MDQ as specified in the Firm Service Order Form and MHQ at the Inlet Point and deliver from the Pipeline quantities of Gas up to the MDQ as specified in the Firm Service Order Form and MHQ at the Outlet Point(s).
- (c) The Outlet Point(s) shall be downstream of the Inlet Point where the direction of flow is defined by GGT.
- (d) The Firm Service will be provided on a firm basis and not be subject to curtailment or interruption except as provided in the Service Agreement.

### 4.4 Supplementary Quantity Option

- (a) In order that Users may correct imbalances or transport Gas in excess of their MDQ on an occasional basis, a User who has a Service Agreement for the Firm Service and who is not in default thereunder may apply to GGT at any time to take up a Supplementary Quantity Option (**SQO**).
- (b) A notice of application to take up a SQO ("**SQO Notice**") must be received by GGT no later than 18 hours prior to the commencement of the Gas Day to which the SQO Notice relates.
- (c) The SQO Notice must include the following information:

- (1) the quantities of Gas required to be received at the Inlet Point;
  - (2) the quantities of Gas required to be delivered at the Outlet Point;
  - (3) the Gas Day the SQO is required; and
  - (4) any other information reasonably required by GGT.
- (d) GGT will provide a SQO solely at its discretion. A SQO will be provided only to the extent that operating circumstances and requirements of the Pipeline permit. GGT will not provide a SQO in circumstances including, but not limited to, where to do so would restrict GGT from meeting all of its transportation services obligations and Used Gas requirements, or would restrict GGT from operating the Pipeline in a prudent manner.
- (e) If GGT elects to provide an SQO, it shall give notice to the User to this effect and in order to provide the SQO, GGT will, at its sole discretion, accept from the User at the Inlet Point or deliver to the User at the Outlet Point(s) those quantities of Gas specified in the SQO Notice. Upon GGT giving notice to the User that it will provide a SQO, the User becomes bound to pay the applicable Toll Charge and Capacity Reservation Charge whether or not the User delivers or accepts Gas in respect to the SQO.
- (f) A SQO is interruptible in nature and if GGT interrupts, or intends to interrupt the SQO then GGT shall give notice as soon as is reasonably practical to the User and may interrupt the SQO in accordance with such notice.
- (g) GGT will provide a SQO on a first-come, first-served priority set by the time and date of the SQO Notice.

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## **5 FORECASTS AND NOMINATION PROCEDURE**

### **5.1 Monthly Forecasts**

Not later than 15 Gas Days prior to the start of each Year the User will give notice to GGT of the quantities of Gas forecast to be required for delivery under the Service Agreement during each Month of the subsequent Year. Such forecasts are to be based on the User's reasonable estimate of the daily quantities required during each Month of that Year at each Outlet Point but are not to exceed the MDQ for any Gas Day for that Outlet Point.

### **5.2 Daily Nominations**

- (a) Not later than 7 days prior to the start of each Month, the User will give to GGT a nomination of the quantities of Gas required by the User to be received at each Inlet Point and delivered at each Outlet Point, on each Gas Day of that Month, which quantities shall not exceed the MHQ or the MDQ for that Inlet Point or that Outlet Point, respectively.
- (b) The User, unless otherwise agreed, shall make nominations referred to in clause 5.2(a) using the Nominations Form as provided by GGT.

- (c) If the User fails to make a nomination then the User's previous valid nomination shall apply.

### 5.3 Variance Notice

- (a) The User's nominations provided to GGT pursuant to clause 5.2 shall be made in good faith.
- (b) If GGT acting as a reasonable and prudent pipeline operator believes that the User is not making nominations pursuant to clause 5.2 in good faith, then GGT may give a notice to the User ("**Variance Notice**") requiring the User to nominate in good faith.
- (c) If on any Gas Day after the expiry of 21 Gas Days from receipt of a Variance Notice:
  - (1) the quantity of Gas supplied by the User at an Inlet Point on a Gas Day; or
  - (2) the quantity of Gas delivered to the User by GGT at an Outlet Point on a Gas Day,varies by more than the greater of:
  - (A) 8% of the User's nomination at that Inlet Point or that Outlet Point on that Gas Day; and
  - (B) one TJ,then the User shall pay GGT the Variance Charge as determined in item 5(e) of the Fourth Schedule until such time as the Variance Notice is withdrawn under clause 5.3(d).
- (d) If GGT has issued the User with a Variance Notice, GGT:
  - (1) may withdraw that Variance Notice at any time in its discretion; and
  - (2) shall withdraw that Variance Notice if a period of three consecutive Months has elapsed without the User incurring the Variance Charge.

### 5.4 Notification of Imbalances

- (a) GGT shall determine each Gas Day:
  - (1) a Daily Imbalance for each User,
  - (2) the Accumulated Imbalance for each User.
- (b) GGT will notify each User of its Daily Imbalance and Accumulated Imbalance before 11:00 am on each Gas Day.
- (c) Users may, at any time and on any terms they may agree, exchange all or part of their Accumulated Imbalances with other Users, which shall not take effect until both Users give notice in writing of any such exchange to

GGT. On receipt of such notices GGT must adjust each User's Accumulated Imbalance and relevant charges to reflect the exchange.

### **5.5 Changes to Nominations**

- (a) The User may at any time before or during a Month (but not less than 18 hours notice before the Gas Day) give notice to GGT of any change which is required in the quantities of Gas nominated under clause 5.2.
- (b) If a notice of change of nomination is given with less than 18 hours notice, GGT shall use reasonable endeavours consistent with the standard of a reasonable and prudent pipeline operator to comply with the change in the nomination so requested but will not be obliged to comply with the changed nomination.

### **5.6 Metered Quantities of Gas Used for Purposes of Service Agreement**

The parties acknowledge and agree that from time to time there may be Measurement Variance. For the purposes of the Service Agreement, the quantities of Gas as measured at the Inlet Point or the Outlet Point(s), or as Used Gas, shall be deemed to be the true and correct measure of the quantity of Gas so measured unless it is shown that the measurements are incorrect by more than is allowed by the prescribed limits of accuracy of the meters as set out in the First Schedule.

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## **6 CONNECTION, INLET POINT AND OUTLET POINTS**

### **6.1 Connection to the Pipeline**

GGT will provide for the benefit of the User at the User's cost unless otherwise specified:

- (a) advice in respect of the engineering and planning for the connection of the User's facilities to the Pipeline;
- (b) a remotely actuated shut off valve and a remotely actuated flow control valve at the Outlet Facilities at each Outlet Point;
- (c) supervision of connection activities for connection to the Pipeline or to the Outlet Facilities;
- (d) services related to the commissioning of the Outlet Facilities; and
- (e) access to data as specified by GGT acting reasonably and supplied from GGT's SCADA and other systems in a manner as determined by GGT acting reasonably,

as necessary for the commencement and provision of the Service to the User.

### **6.2 Inlet Point**

- (a) Gas shall be delivered by the User to, and received by GGT into the Pipeline at, the Inlet Point.

- (b) The Pipeline has Inlet Facilities at Yarraloola for receiving Gas from:
  - (1) the Harriet and East Spar Joint Ventures' pipelines at Yarraloola in the vicinity of the inlet to the Pipeline; and
  - (2) the DBNGP in the vicinity of the inlet to the Pipeline.
- (c) The cost of operation and maintenance of the Inlet Facilities will be borne by GGT.

### **6.3 Temperature and Pressure of Gas at Inlet Point**

- (a) The User shall deliver Gas to GGT at temperature not exceeding 45°C and not less than 2°C.
- (b) Any Gas delivered by the User to GGT at the Inlet Facilities referred to in clause 6.2(b) will be at a pressure of between 7,800 kPa and 10,200 kPa.

### **6.4 Outlet Points**

- (a) Gas shall be delivered by GGT to, and received by the User from the Pipeline at, the Outlet Point(s).
- (b) Where new Outlet Facilities are required at the Outlet Point(s), the User must elect one of the following options as provided for in clauses 6.4(c) to 6.4(f).
- (c) Where the User elects to construct, own, operate and maintain the Outlet Facilities then the User shall:
  - (1) locate the Outlet Facilities outside the Licensed Area;
  - (2) install the Outlet Facilities adjacent to and downstream of the Outlet Point(s);
  - (3) provide GGT with copies of the User's designs of the Outlet Facilities in a format acceptable to GGT;
  - (4) ensure that the Outlet Facilities comply with the specifications provided by GGT;
  - (5) in addition to clause 6.4(c)(4) the User shall ensure that the design and construction of the Outlet Facilities are completed in accordance with the Fifth Schedule and all applicable:
    - (A) licensing obligations;
    - (B) laws;
    - (C) relevant standards and codes (including, but not limited to AS2885); and
    - (D) regulatory approval processes;
  - (6) ensure that the Outlet Facilities are constructed by a contractor that is approved by GGT, which approval shall not be unreasonably withheld;

- (7) consent to GGT being an observer and participant in all:
  - (A) design reviews;
  - (B) HAZOP studies;
  - (C) risk assessments;
  - (D) construction reviews; and
  - (E) commissioning of the Outlet Facilities,all of which will be at the User's cost;
- (8) consent to GGT inspecting the Outlet Facilities prior to the introduction of first Gas;
- (9) acknowledge, that notwithstanding that GGT or its representative may have inspected or reviewed the User's Outlet Facilities or indicated that they satisfy the requirements of clause 6.4 the User accepts that it remains solely responsible and liable to ensure that the design and construction of the Outlet Facilities has been completed in accordance with the requirements of clause 6.4(c)(5);
- (10) pay the Connection Charge;
- (11) be responsible for all costs associated with owning, operating and maintaining the Outlet Facilities including all spare parts and components necessary for the safe and reliable operation and maintenance of the Outlet Facilities in accordance with the Fifth Schedule and all applicable:
  - (A) licensing obligations;
  - (B) laws;
  - (C) relevant standards and codes (including, but not limited to AS2885); and
  - (D) regulatory approval processes;
- (12) provide such unrestricted access to the Outlet Facilities as GGT may reasonably require for the purposes of performing its obligations under the Service Agreement, which includes but is not limited to:
  - (A) SCADA access to metering and measurement information:  
and
  - (B) access to the metering and measurement facilities for:
    - (i) verification purposes;
    - (ii) witnessing calibration processes; and
    - (iii) access and provision of the results in a form suitable for GGT; and

- (13) comply with the requirements of clause 19 during the Term of the Agreement.
- (d) Where the User elects for a third party to construct, own, operate and maintain the Outlet Facilities then the User shall in addition to paying the Connection Charge, notify the third party that:
  - (1) the Outlet Facilities must be located outside the Licensed Area;
  - (2) the Outlet Facilities must be installed adjacent to and downstream of the Outlet Point(s);
  - (3) GGT must be provided with copies of the Outlet Facilities designs in a format acceptable to GGT;
  - (4) the Outlet Facilities must comply with the specifications provided by GGT;
  - (5) the design and construction of the Outlet Facilities are to be completed in accordance with the Fifth Schedule and all applicable:
    - (A) licensing obligations;
    - (B) laws;
    - (C) relevant standards and codes (including, but not limited to AS2885); and
    - (D) regulatory approval processes;
  - (6) where the Outlet Facilities are constructed by a contractor that contractor must be approved by GGT and such approval will not be unreasonably withheld;
  - (7) it must consent to GGT being an observer and participant in all:
    - (A) design reviews;
    - (B) HAZOP studies;
    - (C) risk assessments;
    - (D) construction reviews; and
    - (E) commissioning of the Outlet Facilities,all of which will be at the third party's cost;
  - (8) it must consent to GGT inspecting the Outlet Facilities prior to the introduction of first Gas;
  - (9) it must acknowledge that, notwithstanding that GGT or its representative may have inspected or reviewed the third party's Outlet Facilities or indicated that they satisfy the requirements of clause 6.4, the third party accepts that it remains solely responsible and liable to ensure that the design and construction of the Outlet

Facilities has been completed in accordance with the requirements of clause 6.4(d)(5);

- (10) it will be responsible for all costs associated with owning, operating and maintaining the Outlet Facilities including all spare parts and components necessary for the safe and reliable operation and maintenance of the Outlet Facilities in accordance with the Fifth Schedule and all applicable:
  - (A) licensing obligations;
  - (B) laws;
  - (C) relevant standards and codes (including, but not limited to AS2885); and
  - (D) regulatory approval processes;
- (11) it must procure such unrestricted access to the Outlet Facilities as GGT may reasonably require for the purposes of performing its obligations under the Service Agreement, which includes but is not limited to:
  - (A) SCADA access to metering and measurement information; and
  - (B) access to the metering and measurement facilities for:
    - (i) verification purposes;
    - (ii) witnessing calibration processes; and
    - (iii) access and provision of the results in a form suitable for GGT;
- (12) it must procure and maintain at its own expense throughout the period that GGT delivers Gas to the User at the Outlet Point, the following insurances with reputable insurers:
  - (A) workers compensation insurances in accordance with the Workers Compensation and Rehabilitation Act 1981;
  - (B) all risks property insurance to indemnify it against damage, loss or destruction of Outlet Facilities owned by the third party; and
  - (C) public liability insurance for an amount of not less than \$20,000,000 to indemnify it against the risk of damage, death or injury to the property or personnel of third parties; and
- (13) it must arrange for the:
  - (A) endorsement on the policy in clauses 6.4(d)(12)(B) and 6.4(d)(12)(C) of the interests of the Owners and GGT such that those interests are effectively insured under those

- policies and for the insurers to waive rights of subrogation against them; and
- (B) provide GGT with certificates of currency of these insurances and endorsements on or prior to the Commencement Date and prior to the commencement of each Year thereafter.
- (e) Where the User elects that GGT should own, operate and maintain the Outlet Facilities then the User shall:
- (1) pay the Connection Charge;
  - (2) be responsible for all reasonable costs incurred by GGT in connection with the purchase and installation of the Outlet Facilities and operation and maintenance of the Outlet Facilities (including all spare parts and components as GGT considers necessary for the safe and reliable operation and maintenance of the Outlet Facilities); and
  - (3) comply with the requirements of clause 19 during the Term of the Agreement.
- (f) Where the User elects that GGT should own the Outlet Facilities and that a User or third party will operate and maintain the Outlet Facilities then the User shall:
- (1) pay the Connection Charge;
  - (2) be responsible for all costs incurred by the User or third party associated with operating and maintaining the Outlet Facilities (including all spare parts and components necessary for the safe and reliable operation and maintenance of the Outlet Facilities in accordance with the Fifth Schedule and all applicable:
    - (A) licensing obligations;
    - (B) laws;
    - (C) relevant standards and codes (including, but not limited to AS2885); and
    - (D) regulatory approval processes;
  - (3) agree that if the third party or User is found by GGT to not be operating and maintaining the Outlet Facilities in accordance with all applicable:
    - (A) licensing obligations;
    - (B) laws;
    - (C) relevant standards and codes (including, but not limited to AS2885); and
    - (D) regulatory approval processes,

then the third party or User will be in default of its obligations under the operations and maintenance agreement and unless such default is capable of being cured and is cured as required under this agreement, then GGT may terminate this agreement immediately and without further notice to the User;

- (4) procure and provide such unrestricted access to the Outlet Point and the Outlet Facilities as GGT may reasonably require for the purposes of performing its obligations under the Service Agreement, which includes but is not limited to:
  - (A) SCADA access to metering and measurement information; and
  - (B) access to the metering and measurement facilities for:
    - (i) verification purposes;
    - (ii) witnessing calibration processes; and
    - (iii) access and provision of the results in a form suitable for GGT;
- (5) ensure that the third party must procure and maintain at its own expense throughout the period that GGT delivers Gas to the User at the Outlet Point the following insurances with reputable insurers:
  - (A) workers compensation insurances in accordance with the Workers Compensation and Rehabilitation Act 1981;
  - (B) all risks property insurance to indemnify it against damage, loss or destruction of Outlet Facilities owned by the third party; and
  - (C) public liability insurance for an amount of not less than \$20,000,000 to indemnify it against the risk of damage, death or injury to the property or personnel of third parties; and
- (6) ensure that the third party arranges for the:
  - (A) endorsement on the policy in clauses 6.4(f)(5)(B) and 6.4(f)(5)(C) of the interests of the Owners and GGT such that those interests are effectively insured under those policies and for the insurers to waive rights of subrogation against them; and
  - (B) provide GGT with certificates of currency of these insurances and endorsements on or prior to the Commencement Date and prior to the commencement of each Year thereafter;
- (7) pay GGT all reasonable costs incurred by GGT in connection with the purchase and installation of the Outlet Facilities; and

- (8) comply with the requirements of clause 19 during the Term of the Agreement.
- (g) Where the User contracts with a third party to operate and maintain the Outlet Facilities the User acknowledges that its contractual obligations pursuant to the Service Agreement remain in full force and effect.
- (h) If the User elects under clause 6.4(g) to contract out the operation and maintenance of the Outlet Facilities to a third party then it must seek GGT consent which consent shall not be unreasonably withheld.

## **6.5 Pressure of Gas at Outlet Point**

GGT will use reasonable endeavours consistent with the standard of a reasonable and prudent pipeline operator to deliver Gas to the User at a pressure in excess of 3,000 kPa at any Outlet Point.

## **6.6 Ownership, Possession and Access to Outlet Facilities**

- (a) Where the User elects under clause 6.4(e) that GGT should own, operate and maintain the Outlet Facilities, the User at its cost:
  - (1) grants GGT the exclusive right to operate, maintain and control access to the Outlet Facilities;
  - (2) will provide to GGT or ensure that GGT has unrestricted access to and across any land and into or through any buildings, and unrestricted access (including electronic access) to all readings and information generated by User's instruments that handle, process or measure the flow, characteristics of or quantity of User's Gas; and
  - (3) will provide to GGT reasonable electric power necessary for any instrumentation required to be installed as required by technical specifications of a reasonable and prudent pipeline operator.

## **6.7 Compliance**

Where the User has made an election under clauses 6.4(c) or 6.4(d) and prior to acceptance of, and as a condition of GGT's obligation to accept, any Gas, the User will:

- (a) provide to GGT such certificates and documentation as may be required by GGT to satisfy it that the Outlet Facilities comply with the Fifth Schedule and all applicable:
  - (1) licensing obligations;
  - (2) laws;
  - (3) relevant standards and codes (including, but not limited to AS2885); and
  - (4) regulatory approval processes;

- (b) pay GGT the reasonable costs incurred by GGT in verifying compliance with this clause; and
- (c) provide evidence to GGT demonstrating that any other preconditions for provision of the Service, as set out in the Service Agreement, have been satisfied.

## **6.8 New Outlet Facilities**

If new Outlet Facilities are required by the User, the Outlet Facilities installed by GGT (at the User's cost) will comply with the technical specifications required by a reasonable and prudent pipeline operator.

## **6.9 Alternative or Additional Outlet Points**

The User may, by giving GGT at least 14 days prior notice, request that GGT transfers all or part of that User's MDQ with effect from the date specified in the notice, from the Outlet Point nominated in the applicable Order Form to another Outlet Point subject to:

- (a) the User having complied with any other preconditions for the Service to the new Outlet Point including the payment of a further Connection Charge for any new Outlet Point, as required by clauses 6.4 (c)(10) 6.4(d), 6.4(e)(1) or 6.4(f)(1) as applicable;
- (b) the User remaining liable under the Service Agreement to pay a Capacity Reservation Charge and Toll Charge which, in total, is not less than the aggregate Capacity Reservation Charge and Toll Charge payable prior to the operation of the new Outlet Point;
- (c) where the distance between the Inlet Point and the new Outlet Point is greater than the distance between the Inlet Point and the Outlet Point prior to the operation of the new Outlet Point, the User under the Service Agreement shall pay the Toll Charge, Capacity Reservation Charge and Throughput Charge for the greater distance;
- (d) the Pipeline, in the opinion of GGT, having the capacity to transport Gas from the Inlet Point and deliver Gas to the new Outlet Point; and
- (e) there being no reasonable commercial and technical grounds which, in the opinion of GGT, prevent the delivery of Gas to the new Outlet Point.

## **6.10 Response by GGT**

Within 30 days of receipt of a notice under clause 6.9, GGT shall advise the User of its acceptance of the MDQ of the proposed alternative or additional Outlet Point, or an alternative MDQ that will apply, giving reasons for the alteration to the MDQ.

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## 7 QUANTITY VARIATIONS

### 7.1 Effect of Quantity Variations

- (a) Quantity variations of the types described in this clause 7 may cause operational disturbances which may potentially disadvantage all other Users of the Pipeline. Such disadvantage may derive from shortages or surpluses of Gas in the Pipeline which can inhibit or otherwise compromise the receipt of Gas at the Inlet Point, compromise the safe and efficient transport of Gas through the Pipeline, inhibit or otherwise compromise the delivery of Gas at the Outlet Point(s), and compromise the management of the Pipeline.
- (b) Prevention of operational disturbances which may potentially disadvantage other Users promotes the efficient use of the Pipeline.
- (c) GGT acting as a reasonable and prudent pipeline operator will to the extent reasonably practicable provide Users with specific information on a timely basis sufficient for the User to assess potential liability for Quantity Variation Charges and take action to avoid those charges.

### 7.2 Gas Balancing

- (a) The **Daily Imbalance** for a User for a particular Gas Day is the quantity of Gas calculated as follows:

$$DI_n = DGR_n - DGD_n ;$$

Where:

$DI_n$  is the Daily Imbalance for the User in TJs for the Gas Day  $n$ ;

$DGR_n$  is the daily quantity of Gas received for the User at the Inlet Point in TJs for the Gas Day  $n$ ; and

$DGD_n$  is the daily quantity of Gas delivered to the User at the Outlet Point(s) in TJs for the Gas Day  $n$ .

The Daily Imbalance may be a positive or a negative number. A positive Daily Imbalance means the quantity of Gas received was greater than the quantity of Gas delivered for the Gas Day in question. A negative Daily Imbalance means that the quantity of Gas received was less than the quantity of Gas delivered for the Gas Day in question.

- (b) The **Accumulated Imbalance** is the arithmetic sum of all Daily Imbalances corrected for any adjustments made by trading of gas imbalances or purchase or sale of Gas to correct gas imbalances.

- (c) The **Accumulated Imbalance Tolerance** means that quantity of Gas which is calculated as the greater of:

$$AIT = MDQ \times AITF \text{ or}$$
$$AIT = AITV$$

Where:

*AIT* is the Accumulated Imbalance Tolerance in TJs;

*MDQ* is the Maximum Daily Quantity in TJs;

*AITF* has the value **0.08**; and

*AITV* has the value **1 TJ**.

- (d) If at the end of any Gas Day the absolute value of the Accumulated Imbalance is greater than the Accumulated Imbalance Tolerance, GGT may at its discretion, require the User to pay to GGT an Accumulated Imbalance Charge on the difference between the absolute value of the Accumulated Imbalance and the Accumulated Imbalance Tolerance.
- (e) The User shall make all reasonable efforts to maintain an Accumulated Imbalance of zero.
- (f) Users may, at any time and on any terms they may agree, exchange all or part of their Accumulated Imbalances with other Users, which shall not take effect until both Users give notice in writing of any such exchange to GGT. On receipt of such notices GGT must adjust in each User's Accumulated Imbalance and relevant charges to reflect the exchange.
- (g) GGT reserves the right to interrupt or reduce receipts and deliveries in and out of the Pipeline if the absolute value of a User's Accumulated Imbalance is greater than the Accumulated Imbalance Tolerance and the safety or the operation of the Pipeline or the rights of other users are prejudiced or likely to be prejudiced by the User's Accumulated Imbalance.
- (h) At the conclusion of the Term of the Agreement, the Accumulated Imbalance shall be set to zero. This may be accomplished by the User trading the Accumulated Imbalance with another User or with GGT within 7 days. If this is not achieved within 7 days, GGT will issue an invoice or refund for the value of the Accumulated Imbalance at gas prices reasonably nominated by GGT, which may vary from time to time.
- (i) In the event that the User is liable for an Accumulated Imbalance Charge for 7 or more consecutive Gas Days, the User shall agree to GGT either purchasing or selling Gas on the User's behalf in order to set the User's Accumulated Imbalance to zero if GGT so desires.

- (j) In the event that:
- (1) GGT purchases Gas to set a User's Accumulated Imbalance to zero the User will be invoiced for that Gas at a rate of twice the prevailing Used Gas price; or if
  - (2) GGT sells Gas to set a User's Accumulated Imbalance to zero the User will be credited for that Gas at a rate of half the prevailing Used Gas price.

### 7.3 Daily Overrun

- (a) When the daily quantity of Gas received at the Inlet Point is greater than the User's MDQ (which shall where relevant include the SQOQ), and/or the daily quantity of Gas delivered at the Outlet Point(s) is greater than the User's MDQ (which shall where relevant include the SQOQ), the **Daily Overrun Quantity** for a particular Gas Day means that quantity of Gas which is calculated as follows:

$$DOQ_n = DG_n - [MDQ + SQOQ];$$

Where:

$DOQ_n$  is the Daily Overrun Quantity for the User in TJs for the Gas Day  $n$ ;

$DG_n$  is the daily quantity of Gas received for the User at the Inlet Point and/or Gas delivered to the User at the Outlet Point(s) in TJs for the Gas Day  $n$ ;

$MDQ$  is the User's Maximum Daily Quantity in TJs; and

$SQOQ$  is the Supplementary Quantity Option Quantity in TJs.

- (b) If at the end of any Gas Day User's daily quantity of Gas delivered at the Outlet Point(s) is greater than the User's MDQ, GGT may at its discretion require the User to pay to GGT a Daily Overrun Charge.
- (c) The User shall use all reasonable efforts to ensure that the daily quantity of Gas received and/or Gas delivered is not more than the User's MDQ.
- (d) If for a period of 30 Gas Days the Daily Overrun Quantity at the Outlet Point for each of those Gas Days is positive then GGT may give a notice to the User ("**Overrun Notice**"). If on any Gas Day after the expiry of 7 Gas Days from receipt of the Overrun Notice, the User's Daily Overrun Quantity at the Outlet Point is positive then with effect from the next Gas Day then the User's Maximum Daily Quantity will be increased by either:
- (1) the average of the Daily Overrun Quantity at the Outlet Point for a period of 12 Months; or
  - (2) if the Service Agreement has been in force for less than 12 Months then the average of the Daily Overrun Quantity at the Outlet Point

between the Commencement Date and the date of the Overrun Notice,

and the Service Agreement will be deemed to be amended accordingly.

- (e) If for a period of 5 consecutive Gas Days, the Daily Overrun Quantity at the Outlet Point for each of those Gas Days is positive then GGT may in its sole discretion, acting as a reasonable and prudent pipeline operator, without any liability to GGT and until such time that the User ceases to have overruns, restrict the User's gas take to the User's MDQ.

#### 7.4 Hourly Overrun

- (a) When the hourly quantity of Gas received at the Inlet Point is greater than the User's MHQ (which shall where relevant include the SQOHQ), and/or the hourly quantity of Gas delivered at the Outlet Point(s) is greater than the User's MHQ (which shall where relevant include the SQOHQ), the **Hourly Overrun Quantity** for a particular hour means that quantity of Gas which is calculated as follows:

$$HOQ = HG - [MHQ + SQOHQ];$$

Where:

**HOQ** is the Hourly Overrun Quantity in TJs;

**HG** is the hourly quantity of Gas received from the User at the Inlet Point and/or Gas delivered to the User at the Outlet Point(s) in TJs;

**MHQ** is the User's Maximum Hourly Quantity in TJs; and

**SQOHQ** is the Supplementary Quantity Option Quantity divided by 24 and multiplied by 1.2 in TJs.

- (b) If at the end of any hour the hourly quantity of Gas delivered at the Outlet Point(s) is more than the User's MHQ, GGT may at its discretion require the User to pay to an Hourly Overrun Charge.
- (c) The User shall use all reasonable efforts to ensure that the hourly quantity of Gas received and/or delivered is not more than the User's MHQ.

#### 7.5 Variance

- (a) When the daily quantity of Gas received at the Inlet Point is less than or greater than the User's nomination for the Inlet Point and/or the daily quantity of Gas delivered at the Outlet Point(s) is less than or greater than the User's nomination for the Outlet Point(s), the **Variance Quantity** for a particular Gas Day means that quantity of Gas which is calculated as follows:

$$VQ_n = abs(DG_n - NOM_n);$$

Where:

**VQ<sub>n</sub>** is the Daily Variance Quantity in TJs for the Gas Day *n*;

$DG_n$  is the daily quantity of Gas received for the User at the Inlet Point and/or Gas delivered to the User at the Outlet Point(s) in TJs for the Gas Day  $n$ ; and

$NOM_n$  is the User's nomination for the Inlet Point or Outlet Point(s) in TJs for the Gas Day  $n$ .

- (b) **Variance Tolerance** means that quantity of Gas which is calculated as the greater of:

$$VT = NOM_n \times VTF \text{ or}$$

$$VT = VTV$$

Where:

$VT$  is the Variance Tolerance in TJs;

$NOM_n$  is the User's nomination for the Inlet Point and/or Outlet Point(s) in TJs for the Gas Day  $n$ ;

$VTF$  has the value **0.08**; and

$VTV$  has the value **1 TJ**.

- (c) If at the end of any Gas Day the absolute value of the Variance Quantity is more than the Variance Tolerance, then clause 5.3 applies.
- (d) The User shall use all reasonable efforts to ensure that the daily quantity of Gas received is not more or less than the User's nomination at the Inlet Point and that the daily quantity of Gas delivered is not more or less than the User's nomination at the Outlet Point(s).

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## 8 INTERRUPTION OF SERVICE

### 8.1 Pipeline Operations

Subject to its obligations at law, GGT reserves the right to decide the manner in which it may operate, shut in, enhance, maintain or expand all or any part of the Pipeline.

### 8.2 Interruption for Maintenance

Subject to clause 8.3, in addition to the rights of the Owners or GGT otherwise provided for in the Service Agreement, GGT may without penalty or cost interrupt or reduce the Service either totally or partially for any period which, in its opinion as a reasonable and prudent pipeline operator, is necessary for the purposes of testing, adding to, altering, repairing, replacing, cleaning, upgrading or maintaining any part of the Pipeline (including without limitation, pipelines, compressors, valves and monitoring equipment) or for any other purpose which in GGT's opinion as a reasonable and prudent operator requires interruption or reduction of the Service.

### **8.3 GGT's Obligations**

GGT shall:

- (a) be non-discriminatory in the interruption of the transportation services effected as a result of clause 8.2;
- (b) use all reasonable endeavours to give the User notice when any of the activities in clause 8.2 are likely to interrupt or reduce the Service which shall be:
  - (1) in the case of planned activities, then the User will be given at least 30 days notice; and
  - (2) in the case of unplanned or emergency activities, then the User will be given notice as early as reasonably practicable, consistent with the standard of a reasonable and prudent pipeline operator;
- (c) use all reasonable endeavours consistent with the standard of a reasonable and prudent pipeline operator to minimise the period of interruption or reduction of transportation services; and
- (d) when practicable, consult with the User regarding the timing of the interruption or reduction so as to minimise the disturbance to the User's business and other Users' businesses.

### **8.4 Emergency Interruption**

- (a) GGT shall have the right without penalty or cost to immediately interrupt or reduce transportation services in situations of emergency or risk of injury or damage to any person or property, including the Pipeline, without notice and for such period as in the opinion of GGT is necessary.
- (b) GGT shall as soon as reasonably practicable inform the User and other Users of the circumstances giving rise to the interruption or reduction.

### **8.5 Force Majeure Interruption**

If due to a Force Majeure occurrence referred to in clause 17.1 transportation services are interrupted or reduced, then GGT shall use all reasonable endeavours consistent with the standard of a reasonable and prudent pipeline operator to maintain transportation services so that a User who has an agreement for transportation services in the nature of a Firm Service can deliver and take Gas in such quantities as is pro-rated between all Users who have entered into agreements for transportation services in the nature of a Firm Service on the basis of their respective MDQs, unless GGT and all such Users otherwise agree. In doing so GGT will, in a fair and reasonable manner, take account of the location of the Force Majeure occurrence, the relative location of the Inlet Point and Outlet Point(s), the health and safety requirements within the facilities of the Owners, GGT, Users and Users' gas customers and the potential for damage to those facilities resulting from the interruption or curtailment to transportation services and the Service under the Service Agreement.

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## **9 TRANSPORTATION TARIFF AND CHARGES**

### **9.1 Transportation Tariff and Charges**

The User shall pay to GGT the Transportation Tariff and Charges defined in this clause 9 for provision of the Firm Service.

### **9.2 Transportation Tariff Components**

The Transportation Tariff for the Reference Service consists of three components:

- (a) Toll Tariff;
- (b) Capacity Reservation Tariff; and
- (c) Throughput Tariff,

as set out in the Fourth Schedule.

### **9.3 Basis of Charges**

Unless otherwise agreed, all charges that rely on measurement are to be computed on measured quantities and qualities of Gas generated by the measuring equipment installed at the Inlet Point and Outlet Points. The Toll Charge and the Capacity Reservation Charge are fixed charges and are payable monthly during the Service Period by the User whether or not the User delivers or accepts Gas under the Service Agreement, except where:

- (a) the User is unable to deliver or accept Gas due to an event of Force Majeure claimed by GGT; or
- (b) GGT has interrupted or reduced the Services for a period which was not a consequence of an emergency interruption as referred to in clause 8.4 and where GGT did not provide notice as stipulated in clause 8.3(b).

### **9.4 Transportation Charges**

The Transportation Charges resulting from the application of the Transportation Tariff for the Firm Service is the sum of the components:

#### **(a) Toll Charge**

During the Service Period the Toll Charge in any Billing Period is the applicable Toll Tariff multiplied by the MDQ expressed in GJs for the Outlet Point multiplied by the number of Gas Days in the relevant Billing Period;

#### **(b) Capacity Reservation Charge**

Subject to clause 9.7, during the Service Period the Capacity Reservation Charge in any Billing Period is the product of:

- (1) the applicable Capacity Reservation Tariff;
- (2) the distance, in pipeline kilometres, from the Inlet Point to the Outlet Point; and

- (3) the MDQ expressed in GJs for the Outlet Point multiplied by the number of Gas Days in the relevant Billing Period;

(c) **Throughput Charge**

Subject to clause 9.7, during the Service Period the Throughput Charge for any Billing Period is the product of:

- (1) the quantity of Gas delivered during that Billing Period measured in GJs;
- (2) the applicable Throughput Tariff set out in the Firm Service Order Form; and
- (3) the distance, in pipeline kilometres, from the Inlet Point to the Outlet Point;

(d) **Used Gas Charge**

The User shall pay the Used Gas Charge which is the product of:

- (1) the quotient of the User's actual quantity of Gas delivered at all Outlet Points in a Billing Period and the total quantity of Gas delivered from the Pipeline in the same Billing Period; and
- (2) GGT's reasonable assessment of its cost incurred for Used Gas in a Billing Period;

(e) **Supplementary Quantity Option Charge**

The User shall pay the Supplementary Quantity Option Charge as defined in the Fourth Schedule; and

(f) **Quantity Variation Charge**

The User will pay the Quantity Variation Charge as defined in the Fourth Schedule.

## 9.5 Other Charges

In addition the User shall pay the charges set out below (and as further described in the Fourth Schedule) as specified in the relevant Order Form:

(a) **Connection Charge**

for the commencement of a Firm Service, a once-only Connection Charge, payable on the Date of Service Agreement, for each new Outlet Point and, a once-only Connection Charge for each additional Outlet Point nominated or provided during the Service Period, being the costs reasonably incurred by GGT in establishing the new Outlet Point(s) or additional Outlet Point(s) nominated or provided during the Service Period; and

- (b) all other relevant charges under the Service Agreement.

## 9.6 Quantity Variation Charges

- (a) Quantity Variation Charges are intended to maximise the safe and efficient utilisation of the Pipeline in the manner intended. Operational disturbances caused by such Users may risk the integrity of the Pipeline or may cause commercial disadvantage or loss to GGT or other Pipeline Users.
- (b) GGT may impose Quantity Variation Charges relating to the imbalance or overrun where, in the reasonable opinion of GGT acting as a reasonable and prudent pipeline operator, the conduct contemplated by those charges:
  - (1) causes GGT or any User of the Pipeline loss or damage; or
  - (2) exposes the Pipeline to significant risk (whether or not that risk becomes manifest) that threatens the integrity of the Pipeline.
- (c) Subject to clause 9.6(b), the Quantity Variation Charges as defined in the Fourth Schedule may be applied or waived solely at GGT's discretion. Waiver of the application of any such charges at any time does not constitute any precedent for waiver of the application of such charges at any time in the future.
- (d) Notwithstanding clause 9.6(b), GGT will waive a User's liability for an Accumulated Imbalance Charge and a Variance Charge where the liabilities are incurred during a period of interruption or reduction of Services that is the direct responsibility of GGT.
- (e) GGT will rebate 95 percent of Quantity Variation Charges as defined in the Fourth Schedule in excess of GGT's direct costs and expenses associated with and arising from the User's acts or omissions which cause the overruns or imbalances to occur:
  - (1) to any other User of the Reference Service not having caused the particular Quantity Variation Charges to occur; and
  - (2) which rebate will be paid to the non-offending Users, where relevant, at the end of each calendar year.

For the avoidance of doubt, where there is no other User of the Reference Service at the time at which the overruns or imbalances occur then this rebate mechanism will not be activated.

## 9.7 Multiple Outlet Points

For the purposes of the calculation of the Transportation Tariff, the distance calculation is based on the distance from the Inlet Facilities described in 6.2(b). Where a User has more than one Outlet Point, the Capacity Reservation Charge and the Throughput Charge will be calculated using the distance between the Inlet Point and each Outlet Point and the MDQ for the corresponding Outlet Point.

## 9.8 Tariffs and Charges Adjustment for Inflation

For the purpose of this clause the component charges of the Reference Tariff are to be determined as follows:

$$C_t = C_{t-1} \times \frac{1}{1+K} \times \frac{CPI_{t-2}}{CPI_{t-3}} ; \quad \text{Where}$$

$C_t$  is the relevant charge in the Quarter  $t$  in which the Billing Period occurs.

$C_{t-1}$  is the charge for the Quarter commencing three months prior to the commencement of Quarter  $t$ . For the Quarter commencing 1 April 2012,  $C_{t-1}$

is the relevant charge shown in clause 1 of the fourth schedule of this Appendix 3.

$CPI_{t-2}$  is the CPI for the Quarter commencing six months prior to the commencement of Quarter  $t$ .

$CPI_{t-3}$  is the CPI for the Quarter commencing nine months prior to the commencement of Quarter  $t$ .

$$K = \left[ 1 + \frac{R}{100} \right]^{0.25} - 1; \text{ and}$$

$R$  is 2.5 (the forecast annual percentage inflation rate in the Final Decision)

## 9.9 Change in Imposts

In addition to the tariffs and charges payable under this Service Agreement, the User shall pay to the Owners an amount for any Change in Imposts pursuant to clause 5.3(b) of the Access Arrangement.

## 9.10 Rounding

- (a) All amounts per GJ to be paid pursuant to this clause 9 shall be expressed in dollars to 6 decimal places per GJ of Gas.
- (b) All quantities of Gas shall be rounded to the nearest whole Gigajoule.

## 9.11 Goods and Services Tax

- (a) Words or expressions used in this clause 9.11 which are defined in the *New Tax System (Goods and Services Tax) Act 1999 (Cth)* or, if not so defined, then which are defined in the *Trade Practices Act 1974 (Cth)*, have the same meaning in this clause.
- (b) For the purposes of the Service Agreement where the expression GST inclusive is used in relation to an amount payable or other consideration to be provided for a supply under the Service Agreement, the amount or consideration will not be increased on account of any GST payable on that supply.
- (c) Any consideration to be paid or provided for a supply made under or in connection with the Service Agreement, unless specifically described in

the Service Agreement as **GST inclusive**, does not include an amount on account of GST.

- (d) Despite any other provision in the Service Agreement, if a party ("**Supplier**") makes a supply under or in connection with the Service Agreement on which GST is imposed (not being a supply the consideration for which is specifically described in this Agreement as **GST inclusive**):
  - (1) the consideration payable or to be provided for that supply under the Service Agreement but for the application of this clause ("**GST exclusive consideration**") is increased by, and the recipient of the supply ("**Recipient**"), must also pay to the Supplier, an amount equal to the GST payable by the Supplier on that supply; and
  - (2) the amount by which the GST exclusive consideration is increased must be paid to the Supplier by the Recipient without set off, deduction or requirement for demand, at the same time as the GST exclusive consideration is payable or to be provided.
- (e) If a payment to a party under the Service Agreement is a reimbursement or indemnification, calculated by reference to a loss, cost or expense incurred by that party, then the payment will be reduced by the amount of any input tax credit to which that party is entitled for that loss, cost or expense.
- (f) If the rate of GST is increased above 10 (ten) percent then the parties must agree to adjust the CPI to reflect the real change in the CPI that would have been calculated by the CPI but for the increase in the rate of the GST. If GGT and the User are unable to agree on an appropriate adjustment to the CPI within 90 days, either GGT or the User may refer the matter for resolution under clause 22.

### **9.12 Charges When Flows are Restricted**

Subject to clauses 9.3 and 9.6, where the flow of Gas is restricted in accordance with clauses 8 and 17, all tariffs and charges will continue to apply.

### **9.13 Bond/Deposit**

- (a) Prior to the Commencement Date, or such other date as may be agreed by the parties, the User shall pay a deposit to GGT or arrange a bank or other person reasonably acceptable to GGT ("**Surety**") to post a bond, deposit or other security for an amount reasonably determined by GGT having regard to:
  - (1) the nature and extent of the User's obligations under the Service Agreement;
  - (2) the financial position of the User and the User's parent company (where applicable);
  - (3) the riskiness of the User's project in regard to which the Service is required; and

- (4) whether provision of the Service to the User requires expenditure of additional capital.
- (b) In the event that at the end of any Year during the Term of the Agreement:
  - (1) the User increases its MDQ or other obligations in respect of charges, GGT may require (and the User hereby agrees) that the amount of the bond, deposit or other security shall be correspondingly increased from the beginning of the next Year; or
  - (2) the User decreases its MDQ or other obligations in respect of charges, GGT must allow (and GGT hereby agrees) that the amount of the bond, deposit or other security shall be correspondingly decreased from the beginning of the next Year.
- (c) If a deposit is paid then GGT shall deposit the amount in an interest bearing account maintained with a reputable financial institution to be held pending the complete performance by the User of its obligations under the Service Agreement or any default by the User under clause 16.1. If the User defaults under clause 16.1 then in addition to its remedies thereunder GGT may operate the account and apply all principal and interest therein towards remedying the default, if it is capable of remedy. Upon the expiry of 6 months from the completion of all of the User's obligations GGT will pay to the User the balance of the account less any charges or Taxes but including any accrued interest balance.
- (d) The bond shall be in the form of the performance bond attached as the Third Schedule and the User shall be responsible for all costs and expenses and stamp duty incurred in the preparation and delivery of a duly executed and stamped bond in this form. If the User defaults under clause 16.1 then in addition to its remedies thereunder, GGT may enforce the bond in accordance with its terms towards remedying the default. Upon the expiry of 6 Months from the completion of the User's obligations under the Service Agreement, GGT must discharge and release the Surety from its obligations under the bond.

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## **10 QUALITY AND DELIVERY CONDITIONS**

### **10.1 Conformity with Gas Specification**

Subject to the balance of this clause 10, all Gas received at the Inlet Point pursuant to the Service Agreement shall conform to the Inlet Gas Specification.

### **10.2 Gas Delivery Modifications**

All Gas delivered to the Outlet Point(s) pursuant to the Service Agreement shall conform with the Delivery Gas Specification modified to reflect any change in the gas quality arising from the odourisation, compression or transmission of the Gas or the injection of other additives necessary for the operation of the Pipeline.

### 10.3 Non-Specification Gas

GGT is not obliged to accept delivery of any gas which does not comply with the Inlet Gas Specification and may immediately terminate receipt of such gas and incur no liability whatsoever to the User for any financial or other consequences arising from its refusal to accept Non-Specification Gas. If the gas delivered by the User is in a commingled stream, the specification of the User's gas will be deemed to be the specification of the commingled stream.

### 10.4 User's Responsibility for Non-Specification Gas

If the User delivers or tenders for delivery Non-Specification Gas into the Pipeline, the User continues to be responsible for all charges as if Gas in accordance with the Inlet Gas Specification had been delivered into the Pipeline and in addition shall be liable for any loss, damage or financial or other consequences flowing therefrom and notwithstanding the limitation in clause 18.2, will indemnify and defend the Owners and GGT against all claims, losses (including direct and indirect and consequential losses), expenses or liabilities arising therefrom and GGT shall have the right to take any necessary action at the User's expense to resolve any problems arising therefrom.

### 10.5 Gas May Not Match

The User acknowledges and accepts that as one of a number of users of the Pipeline, Gas delivered to it at the Outlet Point(s) may not match exactly the specifications of the gas delivered by the User at the Inlet Point.

### 10.6 No Warranty

Neither the Owners nor GGT make any warranty regarding the reliability of the supply of Gas to be delivered at the Outlet Point(s), or the merchantability or suitability for any purpose of Gas delivered at the Outlet Point(s) and all implied warranties are hereby excluded to the extent permitted by law from the Service Agreement and in respect of the subject matter thereof.

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## 11 MEASUREMENT OF GAS

### 11.1 Inlet Point Measurement

- (a) GGT shall operate, at or near the Inlet Point, the Inlet Facilities necessary for GGT to be able to properly establish the quality and quantity of Gas delivered by the User to GGT at the Inlet Point.
- (b) Where more than one User delivers Gas in a commingled stream through common Inlet Facilities, each such User (referred to in this clause as the "**Common Stream Gas User**") shall advise or cause to be advised to GGT, on a daily basis or such other basis as may be required by GGT from time to time, the quantity of Gas allocated to it by the transporter of the Gas to the Inlet Point. Should such advice not be provided within 30 minutes of the end of the Gas Day, GGT shall be entitled to determine the

daily Gas quantity delivered by each Common Stream Gas User using the allocation procedure set out in clause 11.1(c) or as it otherwise deems appropriate, acting as a reasonable and prudent pipeline operator. GGT's determination as to quantity and quality shall, in the absence of manifest error, be deemed to be correct.

- (c) Unless GGT is notified otherwise pursuant to clause 11.1(b), each Common Stream Gas User shall be allocated its share of the Gas received by GGT in a commingled stream in proportion to the quantity of Gas nominated by such User at the Inlet Facilities for that Gas Day divided by the sum of the quantities of Gas nominated by the Common Stream Gas Users at the Inlet Facilities, such that the sum of the quantities allocated to each Common Stream Gas User shall equal the total quantity of Gas as measured at the Inlet Facilities.

## 11.2 Outlet Point Measurement

- (a) The Outlet Facilities installed by GGT or the User or a third party under clause 6.4 will enable GGT to properly establish the quantity and quality of Gas delivered by GGT to the User at the Outlet Point.
- (b) Where more than one User receives Gas in a commingled stream through common Outlet Facilities, each such User (referred to in this clause as the "**Common Stream Gas User**") shall advise or cause to be advised to GGT, on a daily basis or such other basis as may be required by GGT from time to time, the quantity of Gas allocated to it at the Outlet Point. Should such advice not be provided within 30 minutes of the end of the Gas Day, GGT shall be entitled to determine the daily Gas quantity delivered by each Common Stream Gas User using the allocation procedure set out in clause 11.2(c) or as it otherwise deems appropriate, acting as a reasonable and prudent pipeline operator. GGT's determination as to quantity and quality shall, in the absence of manifest error, be deemed to be correct.
- (c) If required by clause 11.2(b), each Common Stream Gas User shall be allocated its share of the Gas delivered by GGT in a commingled stream in proportion to the quantity of Gas nominated by such User at the relevant Outlet Facilities for that Gas Day divided by the sum of the volumes of Gas nominated by the Common Stream Gas Users at those Outlet Facilities, such that the sum of the quantities allocated to each Common Stream Gas User shall equal the total quantity of Gas as measured at those Outlet Facilities.

## 11.3 Technical Requirements

The measuring equipment comprised in the Inlet Facilities and in each of the Outlet Facilities shall comply in all respects with the standard of a reasonable and prudent pipeline operator.

#### **11.4 Costs to be Borne by User**

The costs of installation, operation and maintenance of facilities not owned by the Owners referred to in clauses 11.1 and 11.2 shall be for the account of the User.

#### **11.5 Alternative Arrangements**

Where the quantities of Gas to be received through the Inlet Point or delivered through an Outlet Point do not in GGT's reasonable opinion justify the installation of bulk measuring equipment and alternative measuring methods are available or GGT and the User can otherwise agree upon alternative measuring techniques, GGT may waive the requirements of clauses 11.1 or 11.2 or both.

#### **11.6 Check Metering**

GGT grants to the User the right to install and maintain check metering equipment subject to this equipment not being installed within the Licensed Area or within Outlet Facilities owned by GGT to enable the User to check the bulk measuring equipment located at any site provided that such check metering equipment shall not interfere in any way with any measuring equipment (or other equipment) and that the cost of installing and maintaining any such check metering equipment shall be borne by the User and such equipment shall meet the accuracies contained in the First Schedule.

#### **11.7 Meter Testing**

- (a) The owner of the measuring equipment shall be responsible for its accuracy and unless required by clause 11.8, the owner is not obliged to verify the accuracy of the measuring equipment more than once in any 60 day period.
- (b) Where the accuracy of the measuring equipment is being verified it must be tested in accordance with either the manufacturer's recommendation or, in accordance with good pipeline industry practices.
- (c) The verification of the measuring equipment's accuracy may on request to the owner be carried out in the presence of other interested parties.

#### **11.8 Special Test**

The owner of the measuring equipment shall upon receipt of notice from an interested party, that it requires a special test to verify the accuracy of any measuring equipment, as soon as reasonably practical commence the verification process to assess the measuring equipments accuracy. The cost of any such special test shall be borne by the interested party if the equipment is accurate as that term is used in the First Schedule.

#### **11.9 Test Procedures**

The procedures outlined in the First Schedule shall apply to tests on equipment carried out pursuant to clauses 11.7 and 11.8.

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## 12 REPRESENTATIONS AND WARRANTIES OF THE USER

### 12.1 Representations and Warranties

The User represents and warrants as follows:

- (a) it has in full force and effect the authorisations necessary to enter into the Service Agreement, observe obligations under it and allow them to be enforced;
- (b) it has title to the Gas to be delivered to GGT and GGT will receive good and merchantable title to the Gas at the Inlet Point and that all such Gas is owned and will be delivered by the User free from all royalties, charges, liens and adverse claims, including liens to secure payment of any royalties or taxes;
- (c) it has in full force and effect the necessary leases, licences or easements to construct, operate and maintain the metering and other facilities for which it is responsible under the Service Agreement;
- (d) its obligations under the Service Agreement are valid and binding and are enforceable against it in accordance with their terms;
- (e) the Service Agreement and the transactions under it do not contravene its constituent documents or any law, regulation or official directive or any of its obligations or undertakings by which it or any of its assets are bound or cause a limitation on its powers or the powers of its directors to be exceeded;
- (f) its obligations under the Service Agreement rank at least equally with all unsecured and unsubordinated indebtedness of the User except liabilities mandatorily preferred by law;
- (g) neither the User nor any of its Related Bodies Corporate is in default under a law, regulation, official directive, instrument, undertaking or obligation affecting any of them or their respective assets;
- (h) there is no pending or threatened action or proceeding affecting the User or any of its Related Bodies Corporate or any of their respective assets before a court, governmental agency, commission or arbitrator which may materially affect its ability to perform its obligations under the Service Agreement;
- (i) neither the User nor any of its Related Bodies Corporate have immunity from the jurisdiction of a court or from legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise);
- (j) the User has disclosed whether it is or is not a trustee of any trust or settlement in relation to the Service Agreement or the Gas to be delivered under the Service Agreement;

- (k) the User has disclosed whether it is or is not an agent in relation to the Service Agreement or the Gas to be delivered under the Service Agreement; and
- (l) the User's Gas consuming equipment supplied at the Outlet Facilities complies with all relevant laws.

## **12.2 Timing of Warranties**

These representations and warranties are taken to be also made on each Gas Day on which any Gas is delivered by the User to GGT or any amount is or may be outstanding under the Service Agreement.

## **12.3 Settlements of Royalties**

The User shall at all times have the obligation to make settlements or cause settlements to be made for all royalties and overriding royalties due and payments to royalty owners under the authority of which the Gas delivered under the Service Agreement is produced and in accordance with the terms of the relevant production licences and related documents and to make settlements with all other persons having any interest in the Gas delivered under the Service Agreement.

## **12.4 Indemnity Against Claims for Royalties**

The User agrees to indemnify and defend the Owners and GGT against all suits, actions, debts, accounts, damages, costs, losses, liabilities and expenses arising from or out of claims of any or all persons to Gas or to royalties, taxes, or other charges thereon which attach before the title passes to GGT under clause 14.3 or which may be levied and assessed upon the delivery thereof to GGT. In the event of any adverse claim of any character whatsoever being asserted in respect to any of the Gas GGT may not deliver and may retain, as security for the performance of the User's obligations with respect to such claim under this clause, the Gas to be delivered to the User at the Outlet Point without incurring liability for interest, until such claim has been finally determined or until the User shall have furnished to GGT a form of security reasonably acceptable to GGT for the protection of GGT with respect to such claim.

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# **13 INVOICING AND PAYMENT**

## **13.1 Invoicing**

On or before the 10th day of each Month GGT shall render to the User an invoice for the Service provided and all charges incurred in the immediately preceding Billing Period, together with any outstanding amounts in respect of any previous Billing Periods.

### **13.2 Contents of Invoices**

The invoices rendered pursuant to clause 13.1 shall include:

- (a) the quantity of Gas received from the User at the Inlet Point in the Billing Period;
- (b) the quantity of Gas delivered to the User at the Outlet Point(s) in that Billing Period;
- (c) a statement of Quantity Variation Charges (if any) used by the User during that Billing Period;
- (d) details of all charges payable pursuant to clause 9 for that Billing Period;
- (e) a statement of adjustments (if any) made pursuant to clauses 9.3, 9.8, 17.2(b) and 18.5 for that Billing Period;
- (f) any additional tariffs and charges payable pursuant to the Service Agreement for that Billing Period;
- (g) any Taxes pursuant to clauses 9.9;
- (h) the quantity of Used Gas used, consumed or lost in the Billing Period and the purchase price(s) paid by GGT for gas for system-use purposes used, consumed or lost in that Billing Period; and
- (i) the additional amount of GST as referred to in clause 9.11.

### **13.3 Multiple Invoices**

GGT may provide more than one invoice in respect of the items in clause 13.2.

### **13.4 Payment**

The User shall pay to the Owners the aggregate amount stated in the invoice by direct credit to the bank account or accounts nominated in the invoice not later than 14 days after the invoice is delivered in accordance with clause 24. In the event that the 14th day is not a Business Day then payment shall be made on the preceding Business Day. When making payment pursuant to this clause, the User shall identify the invoice numbers and the respective amounts to which the payments relate and shall notify GGT of such payments.

### **13.5 Disputed Invoices**

In the event of any dispute concerning an invoiced amount the User shall, within 14 days from the date it receives the invoice, notify GGT in writing identifying the amount in dispute and giving full reasons for the dispute. Notwithstanding this, then:

- (a) unless there is a manifest error whereby the User can elect not to pay the disputed portion of an invoice if acting reasonably and in good faith;
- (b) the User shall pay the full amount of the invoice; and
- (c) the dispute will then be referred to the dispute resolution procedure contained in clause 22.

### **13.6 Interest on Disputed Amount**

Where, as a result of the determination of a dispute of the nature referred to in clause 13.5, either party has to pay money to the other then, in addition to such payment, interest shall be payable thereon from the date of the disputed invoice until actual payment at a rate equal to the Interest Rate calculated on a daily basis.

### **13.7 Incorrect Invoices**

- (a) If it is found at any time that the User has been overcharged or undercharged and the User has actually paid the invoices containing such overcharge or undercharge then, within 30 days after such error has been discovered and the correct amount has been agreed to by the parties or otherwise determined, the Owners shall refund to the User the amount of any such overcharge or the User shall pay to the Owners the amount of any such undercharge.
- (b) In both cases, the payor shall pay interest on the overcharged or undercharged amount at the Interest Rate calculated from the due date for payment of the appropriate invoice to the date of actual payment of the overcharged or undercharged amount provided that there shall be no rights to claim interest attaching to invoices if more than 12 months have elapsed since the date of the invoice before the error is discovered.

### **13.8 Default Interest**

If either party makes default without lawful excuse in the payment of moneys payable on the due date for payment (or, where moneys are payable upon demand) then interest shall be payable on the amount unpaid from the due date for payment until actual payment, at a rate equal to the Interest Rate calculated on a daily basis.

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## **14 POSSESSION, RESPONSIBILITY AND TITLE**

### **14.1 Control and Possession**

Control and possession of Gas shall pass from the User to GGT upon delivery of the Gas at the Inlet Point. At the Outlet Point control and possession of the Gas shall pass from GGT to the User.

### **14.2 No Interference**

Whilst Gas is in the control and possession of GGT the User shall not interfere or seek to interfere with the manner in which GGT may compress, clean, process, transmit, heat, cool or control the storage or flow of Gas in the Pipeline.

### **14.3 Title Transfer**

Title to Gas shall pass from the User to GGT at the Inlet Point, free and clear of all liens, encumbrances and claims of any nature.

#### **14.4 Title Re-transfer**

At the Outlet Point title to Gas delivered shall pass from GGT to the User provided however that the User's obligations under clause 10.4 survive the delivery of the Gas, and GGT warrants to the User that at the time of delivery (except for any lien for unpaid services rendered and claimed under the Service Agreement) it has no lesser title to the Gas than that received from the User under clause 14.3.

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## **15 RECORDS AND INFORMATION**

### **15.1 Proper Books and Records**

Each party shall prepare and maintain proper books, records and inventories of all matters pertaining to the Service Agreement.

### **15.2 Independent Examination**

If any dispute concerning an invoiced amount, measurement or procedure arises and remains unresolved for a period of 60 days then subject always to the right of each party to withhold confidential information or information not related to the performance of the Service Agreement, each party shall have the right to appoint an independent firm of chartered accountants to examine at any reasonable time the books, records and documents of the other to the extent necessary to carry out an audit for the purposes of verifying any statement, computation or claim made under the provisions of the Service Agreement.

### **15.3 Confidentiality of Information**

It is acknowledged by the parties that:

- (a) all information relating to the basis on which the Owners set their charges (other than information required to be disclosed by law) shall be kept confidential;
- (b) in respect of the derivation of the User's fees and charges a certificate prepared by GGT's auditors shall be conclusive evidence of the correctness or otherwise of the calculation of that User's fees and charges based on the applicable Statement of Tariffs and Charges; and
- (c) any firm of chartered accountants appointed under clause 15.2 shall sign a confidentiality undertaking acceptable to GGT prior to commencing their examination.

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## 16 TERMINATION

### 16.1 Default by the User

- (a) If the User:
  - (1) defaults in payment of any moneys payable under the Service Agreement for a period of 7 days following receipt of a notice of demand from GGT; or
  - (2) defaults in the performance of any other material obligation imposed upon it by the Service Agreement and, where such default is capable of remedy, fails to remedy or remove the cause or causes of default within a period of 30 days from the receipt of a notice from GGT to remedy or remove the default; or
  - (3) suffers an Insolvency Event to occur,  
then GGT may take action under clause 16.1(b).
- (b) If clause 16.1(a) applies, then GGT may at its sole discretion:
  - (1) suspend Service to the User until such time as all monies in default plus interest at the Interest Rate have been paid, any other default has been remedied or removed, or the Insolvency Event has been remedied or removed, as the case may be; or
  - (2) by notice to the User immediately terminate the Service Agreement.

### 16.2 Effects of Termination by GGT

The termination of the Service Agreement under clause 16.1 shall not, of itself, relieve the User of its obligations, which must continue to be observed:

- (a) to pay any moneys (including interest) outstanding at that time; and
- (b) subject to clause 16.3, to pay the Toll Charge and the Capacity Reservation Charge for the remainder of the Service Period as set out in the Order Form,

and upon termination GGT and the Owners have no further obligation to the User and the User has no further rights under the Service Agreement.

### 16.3 Subsequent Agreement Regarding Terminated Capacity

- (a) If GGT subsequently enters into an agreement with a User for the provision of the Firm Service and receives payment from that or any other User for some or all of the capacity made spare by the termination of the Service Agreement (such terminated capacity being referred to in this clause as the **Terminated Capacity**) then the User shall be relieved of its obligation under clause 16.2(b) to continue to pay the Toll Charge and the Capacity Reservation Charge to the extent that the Terminated Capacity may be reduced from time to time.

- (b) For the purposes of clause 16.3(a), Terminated Capacity is to be deemed to be reduced by an amount equal to the next Spare Capacity between the Inlet Point and a Outlet Point to be the subject of an agreement for Firm Service between the Owners and any User, and any amounts relating to the Toll Charge and the Capacity Reservation Charge received by GGT under an agreement which includes the whole or any part of the Terminated Capacity are to be assumed to be applied firstly to reduce any Terminated Capacity under the terminated Service Agreement.
- (c) For the purposes of clause 16.3(b), where more than one agreement has been terminated, the obligations of each User under clause 16.2(a) of such terminated agreements in respect of Terminated Capacity in the same section of the Pipeline will be reduced in priority according to the date of termination of each agreement, commencing with the earliest termination, until the Terminated Capacity under each such agreement has been extinguished by one or more agreements for the Firm Service with New Users.

#### **16.4 Additional Remedies**

The termination rights and remedies set out in clauses 16.1 and 16.2 shall be in addition to and not in substitution for any other rights and remedies available to the Owners and GGT whether pursuant to the Service Agreement, at law, at equity or otherwise.

#### **16.5 Default by the Owners**

- (a) If the Owners:
  - (1) default in the performance of material obligations imposed upon them by the Service Agreement and where such default is capable of remedy fail to proceed to remedy or remove the cause or causes of default within a period of 30 days from the receipt of a notice from the User to GGT to remedy or remove the default; or
  - (2) suffers an Insolvency Event to occur,then the User may by notice to GGT, but subject to clause 16.5(b), immediately terminate the Service Agreement.
- (b) Notwithstanding clause 16.5(a):
  - (1) immediately upon receipt of any notice pursuant to clause 16.5(a), GGT must provide a copy of the notice to any mortgagee or chargee of the Owner's interest in the Service Agreement who has notified GGT of its mortgage or charge;
  - (2) immediately thereafter, GGT must provide the User with the name, address and facsimile number of each mortgagee or chargee who has been sent a copy of the notice; and
  - (3) the User must not take any action to terminate the Service Agreement under clause 16.5(a) without first allowing the

mortgagee or chargee a reasonable opportunity to remedy, or remove the causes of, the default.

## **16.6 Effect of Termination**

Termination by a party shall be without prejudice to any accrued rights or remedies of either party as at the Termination Date.

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# **17 FORCE MAJEURE**

## **17.1 Obligations will be Suspended**

Notwithstanding the other provisions of the Service Agreement but subject to clause 17.2, the obligations of the Owners, GGT and the User under the Service Agreement will be suspended in the following cases:

- (a) to the extent that on account of Force Majeure the Owners or GGT have failed to accept or deliver Gas in the quantities required by the User or failed to perform any of their other obligations under the Service Agreement; and
- (b) to the extent that on account of Force Majeure the User has failed to take delivery of Gas from GGT pursuant to the Service Agreement or has failed to perform any of its other obligations under the Service Agreement.

## **17.2 User Obligated to Pay Moneys**

- (a) Notwithstanding clause 17.1, if an event of Force Majeure is claimed by the User, then the User shall not be relieved from liability to pay moneys due (including the Toll Charge and the Capacity Reservation Charge which shall continue to accrue and be payable notwithstanding the Force Majeure) or to give any notice which may be required to be given pursuant to the Service Agreement.
- (b) The User is relieved of its obligation to pay the Toll Charge and the Capacity Reservation Charges where the User is unable to deliver or accept Gas due to an event of Force Majeure claimed by GGT and GGT shall include a credit for the value of the Toll Charge and the Capacity Reservation Charges applicable to the period of Force Majeure in the User's next invoice as provided for in clause 13.2(e).

## **17.3 Notice of Force Majeure**

If either party seeks relief under clause 17.1, the party shall:

- (a) as soon as reasonably practicable but in any event within 4 days give notice to the other party of the occurrence of the event or circumstance claimed to be Force Majeure and provide to the other party full particulars relating to the event or circumstance and the cause of such failure (such notice shall also contain an estimate of the period of time required to remedy such failure);

- (b) render the other party reasonable opportunity and assistance to examine and investigate the event or circumstance and the matters which caused the event or circumstance and failure;
- (c) exercise reasonable endeavours to mitigate or remove the effects of the Force Majeure event or circumstances but excluding any measures which are not economically feasible for such party; and
- (d) give notice immediately to the other parties upon termination of the event of Force Majeure.

#### **17.4 Termination for Extended Force Majeure**

If despite reasonable endeavours on the part of the party affected by Force Majeure to mitigate or remove the effects of the Force Majeure event or circumstance the situation in clause 17.1 continues substantially unabated for a period of 6 Months from the date of notice under clause 17.3(a), then the parties shall meet to seek to find a resolution of the difficulty and if after a further period of 3 Months they are unable to agree a resolution then either party may terminate the Service Agreement upon 3 Months notice.

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## **18 LIABILITIES**

### **18.1 Limitation of Liability**

- (a) Neither party shall be liable to the other party for any loss, injury, or damage arising directly or indirectly from:
  - (1) any act, omission, error, default or delay in respect of the provision, use or termination of Service under the Service Agreement;
  - (2) the failure by a party or one of its directors, officers, employees, contractors or agents to commence acceptance or delivery of Gas or other Services pursuant to the Service Agreement;
  - (3) any failure of any part of the Pipeline, Inlet Facilities or Outlet Facilities;
  - (4) any interruption or reduction of Service, receipts or deliveries of Gas or Non-Specification Gas (made in accordance with the Service Agreement or otherwise); or
  - (5) any act or omission of any other customer of a party and any other third party for whom such party is not responsible,except, subject to clause 18.1(c), where the loss, injury or damage is the direct or indirect result of a party's negligence or wilful default.
- (b) Nothing in this clause shall operate to limit the liability of the User to pay all appropriate tariffs and charges incurred pursuant to the Service Agreement, for which the User shall remain liable.

- (c) Notwithstanding anything provided in the Service Agreement, neither party, its contractors, officers, directors, employees and agents shall be liable for:
  - (1) any amount that is more than the equivalent of one Year of charges which would have been payable for the provision of the Service; or
  - (2) any liability or loss including consequential loss suffered by the other party to the extent that the negligence of the other party contributes to this liability or loss.

## 18.2 Direct Losses Only

Subject to clause 10.4, if for any reason it is determined that a party (**Liable Party**) is liable to the other party for breach of the Service Agreement, the liability of the **Liable Party** to the other party shall never exceed the direct loss or damage sustained by the other party resulting from or arising out of that breach (**direct losses**) and under no circumstances will the **Liable Party** be liable to the other party:

- (a) in contract, tort (including negligence) or otherwise for any and all loss or damage in the nature of:
  - (1) consequential, special, contingent, penal or other indirect loss or damage, loss of revenue, income, profits, business, opportunity or anticipated savings, loss or anticipated loss of use, production; or
  - (2) business interruption; or
- (b) for any and all claims, demands, actions or proceedings by third parties, (including any person contracting or dealing with or relying upon the provision of goods and services by the other party or having a legitimate expectation as to the reliability of the supply of gas by the other party howsoever caused) and any costs or expenses in connection therewith, that are not otherwise covered by clause 18.2(a).

## 18.3 Proximate Losses

- (a) Subject to clauses 18.3(b) the User alone will be responsible for and liable to pay any monies by way of compensation, damages or repair which may be or become payable in consequence of the occurrence of the following during the Term of the Agreement in or about, or incidental to activities in or about, the locations specified in clause 18.4:
  - (1) injury to or death of or loss to any person, who is employed by the User or by any person contracting or dealing with the User;
  - (2) loss of or damage to any property of the User or of any person contracting or dealing with the User; and
  - (3) any other loss incurred by the User or by any person contracting or dealing with or relying upon the provision of goods or services by the User, or having legitimate expectations as to the reliability of the supply of gas

and the User shall indemnify the Owners, GGT or any person contracting with the Owners or GGT (except the User) and their respective employees, agents and servants from and against all liabilities and expenses of whatsoever nature for, under or in connection with any claim, demand, action or proceeding whatsoever made or brought by any person in respect of or in relation to any such injury, death, loss or damage.

- (b) Clause 18.3(a) does not operate to require the User to indemnify:
- (1) the Owners;
  - (2) GGT;
  - (3) any entity related to the Owners or GGT; or
  - (4) the employees, agents or servants of the persons listed in paragraphs (1) to (3) above,

from and against any liabilities to the extent that those liabilities are unrelated to any fault, action or omission on the part of the User or persons under the direction or control of the User.

#### **18.4 Locations**

The locations specified for the purposes of clause 18.3 are:

- (a) Inlet Facilities;
- (b) Outlet Facilities;
- (c) the Pipeline;
- (d) such other premises, facilities or places used for the storage, transportation, distribution delivery or consumption of Gas, received from or delivered to the User; and
- (e) such other premises or places where any of the following:
  - (1) property of the Owners or GGT or persons employed by or dealing with the Owners or GGT; and
  - (2) property of the User or persons employed by the User; and
  - (3) property of persons relying upon the provision of goods or services of the User,

are in proximity with each other.

#### **18.5 Refunds and Credits**

Notwithstanding clauses 8.2, 8.4, 8.5, 18.1:

- (a) where the Firm Service is not provided such that the User does not receive Gas for more than 48 consecutive hours and the failure or continuation of the failure to provide Gas is directly or indirectly caused by GGT, GGT will, refund or credit to the User for each period of 24 hours for which the failure continues beyond the 48 consecutive hours; and

- (b) the refund or credit will be calculated as “the sum of the Capacity Reservation Charge and the Toll Charge payable for each 24 hour period in excess of the initial 48 consecutive hours.”

### **18.6 No Liability for Fault of Others**

Notwithstanding anything else contained in the Service Agreement, GGT or the Owners or both shall not be liable for any liability or loss to the extent that it is the fault of any other party or person. Where negligence is found to have been contributory each party will bear responsibility in accordance with that party's proportionate fault.

### **18.7 Each Limitation Separate**

Each limitation or exclusion of this clause 18 and each protection given to the Owners, GGT and to the User or their respective officers, employees, or agents by any provision of this clause 18 is to be construed as a separate limitation or exclusion applying and surviving even if for any reason any of the provisions is held inapplicable in any circumstances.

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## **19 INSURANCES**

### **19.1 Insurances to be Effected**

The User shall procure and maintain at its own expense throughout the Term of the Agreement the following insurances with reputable insurers:

- (a) workers compensation insurances in accordance with the *Workers Compensation and Rehabilitation Act 1981*;
- (b) all risks property insurance to indemnify it against damage, loss or destruction of Outlet Facilities owned by the User; and
- (c) public liability insurance for an amount of not less than \$20,000,000 to indemnify it against the risk of damage, death or injury to the property or personnel of third parties.

### **19.2 Endorsements**

The User shall arrange for endorsement on the policy in clauses 19.1(b) and 19.1(c) of the interests of the Owners and GGT such that those interests are effectively insured under those policies and for the insurers to waive rights of subrogation against them.

### **19.3 Certificates of Currency**

The User will provide GGT with certificates of currency of these insurances and endorsements on or prior to the Commencement Date and prior to the commencement of each Year thereafter.

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## **20 ASSIGNMENT AND TRANSFERS OF CAPACITY**

### **20.1 Restriction on Assignment**

Either party shall be entitled to assign all or part of its rights arising under the Service Agreement, with the consent in writing of the other party, and otherwise in accordance with this clause 20.

### **20.2 Owner's Right to Assign**

Notwithstanding clause 20.1 an Owner may at any time without the consent of the User (but having first notified the User) assign all or part of its rights under the Service Agreement to:

- (a) any one or more of its Related Bodies Corporate; or
- (b) any one or more of the other Owners; or
- (c) to any assignee who has acquired the whole or any part of the Owner's right or interest in and to the GGTJV.

### **20.3 Deed of Covenant**

Any assignment pursuant to clauses 20.1 or 20.2 shall not take effect until the assignee has executed in favour of the non-assigning party a deed of covenant under which the assignee agrees to comply with the provisions of the Service Agreement in regard to the matters the subject of the assignment and in the case of an assignment pursuant in clauses 20.2(b) or 20.2(c) or 20.4(b) the assignor thereupon shall be released from its obligations under the Service Agreement to the extent of the assignment.

### **20.4 GGT May Delegate and Assign**

GGT may:

- (a) delegate to one or more third parties that are technically competent and reputable the performance of all or any of its functions under the Service Agreement but will remain responsible for the performance of those obligations; and
- (b) assign all or part of its rights obligations and interests arising under the Service Agreement where:
  - (1) it is replaced as manager for the GGTJV;
  - (2) it is replaced as the Service Provider under the Access Arrangement; or
  - (3) the Owners resolve this is desirable for the better administration of the Pipeline or of the Owners' obligations under the Code or for a corporate reorganisation of the GGT or the GGTJV or both,provided it first notifies the User in writing.

## 20.5 Owners May Assign Right to Payment

Notwithstanding the foregoing provisions of this clause 20 each of the Owners may at any time without the consent of the User assign in whole or in part any right to payment arising under the Service Agreement. Notice of any such assignment must be given by GGT to the User as soon as reasonably practicable thereafter.

## 20.6 Bare Transfer of Capacity

- (a) GGT will permit a Bare Transfer in accordance with section 3.10 of the Code and accordingly:
  - (1) a User is permitted to transfer or assign to a third party (referred to as the "**New User**") all or part of its rights and obligations under the Service Agreement (referred to in this clause 20.6 as the "**Transferred Capacity**") without the consent of GGT if:
    - (A) the User's obligations under the Service Agreement remain in full force and effect after the transfer or assignment of the Transferred Capacity; and
    - (B) the terms of the Service Agreement are not otherwise altered as a result of the transfer or assignment to the New User (a "**Bare Transfer**"); and
  - (2) the New User must notify GGT prior to utilising the Transferred Capacity subject to the Bare Transfer and of the nature of the Transferred Capacity subject to the Bare Transfer.
- (b) GGT may request, prior to the use of the Transferred Capacity by the New User, and the User may, but is not required to provide, the following information to GGT:
  - (1) the portion of the User's Capacity entitlement under the Service Agreement which is to be Transferred Capacity;
  - (2) the identity of the New User;
  - (3) the Inlet Point and the Outlet Point(s) to be utilised by the New User;
  - (4) the respective MDQ and MHQ for the Inlet Point and Outlet Point(s);
  - (5) the term of the assignment or transfer of that Capacity entitlement to the New User; and
  - (6) any rights reserved by the User in the Transferred Capacity with respect to priority to Capacity in the event of an interruption or curtailment to the Service, or any other matter relevant to respective rights of the User and the New User.
- (c) For the avoidance of doubt, the terms of the Service Agreement will be deemed to be altered as a result of the assignment or transfer and the User

will not be able to effect a Bare Transfer if in the reasonable opinion of GGT, the Transferred Capacity and the rights retained by the User under the Service Agreement are in excess of the rights originally granted to the User under the Service Agreement.

## **20.7 Transfer of Capacity other than a Bare Transfer of Capacity**

- (a) A User may assign or transfer to a third party ("**New User**") all or part of its Transferred Capacity, other than by way of a Bare Transfer, only with the prior written consent of GGT. GGT may withhold its consent on reasonable commercial or technical grounds or may make its approval subject to conditions that are reasonable on commercial or technical grounds. These conditions may include a requirement that the New User enter into a deed of covenant under which it agrees to be bound by the Service Agreement insofar as it relates to the Transferred Capacity or to pay a deposit or bond in accordance with clause 9.13.
- (b) As a condition to obtaining GGT's consent, a User must advise GGT of the following:
  - (1) the portion of the User's Capacity entitlement which is to be Transferred Capacity;
  - (2) the identity of the New User;
  - (3) the Inlet Point and the Outlet Point(s) to be utilised by the New User;
  - (4) the respective MDQ and MHQ for the Inlet Point and Outlet Point(s);
  - (5) the term of the assignment or transfer of that Capacity entitlement to the New User; and
  - (6) any rights reserved by the User in the Transferred Capacity with respect to priority to Capacity in the event of an interruption or curtailment to the Service, or any other matter relevant to GGT's obligations to perform the Service in accordance with the respective rights of the User and the New User.
- (c) The User shall be obliged to pay Connection Charges for any new Outlet Facilities to be used by the New User in respect of Transferred Capacity and the administration charges that GGT would apply to any new User entering into a gas transmission agreement with GGT, in accordance with the Statement of Tariffs and Charges prevailing at the time of the transfer. The User shall ensure that any new Outlet Facilities used by the New User comply with the requirements set out in clause 6.4(c)(5) of the General Terms and Conditions.
- (d) GGT will advise the User within 30 days of its consent to the transfer of the Transferred Capacity or it shall specify reasonable technical or commercial conditions that must be complied with in order for GGT to consent to the transfer of the Transferred Capacity.

## **20.8 Pipeline Capacity Notices and Public Register of Capacity**

GGT:

- (a) may publish a Pipeline Capacity Notice; and
- (b) will establish and maintain a public register which includes:
  - (1) information as to any Spare Capacity that it reasonably expects to exist in relation to the Pipeline (including the quantity, type, and timing of the Spare Capacity and the terms and conditions relating to its supply);
  - (2) information as to any Developable Capacity that it reasonably expects to be available in relation to the Pipeline (including the quantity, type and timing of the Developable Capacity and the terms and conditions relating to its supply); and
  - (3) any information provided to GGT by a User in respect of Capacity that the User may wish to transfer or assign in accordance with the Service Agreement, including the quantity, type and timing of such Capacity.

## **20.9 Security**

Either party may charge or mortgage its interest in the Service Agreement as security for the payment of amounts owing or to become owing whether in a contingency or otherwise under or in connection with agreements or arrangements for raising of finance provided that any assignment of the Service Agreement upon enforcement of the charge or mortgage by the chargee or mortgagee is made subject to and conditional upon the proposed assignee agreeing with the other party to be bound by the Service Agreement.

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# **21 CONFIDENTIAL INFORMATION**

## **21.1 Restriction**

Subject to clauses 20.8 and 21.2 and except as required by the GGP Agreement (in the case of the Owners only), and in any contracts in respect of which either party is a party as at the Date of Service Agreement neither party shall communicate or comment upon any details contained in the Service Agreement or disclosed in respect of any Enquiry Form or Order Form delivered under clause 6 of the Access Arrangement to third parties without the prior written consent of the other party.

## **21.2 Permitted Disclosure**

A party shall be entitled to disclose any details contained in the Service Agreement without the consent of the other party to such of the following persons who on reasonable grounds have a clear need to know:

- (a) employees, directors, officers, contractors and agents of the party;

- (b) the party's Related Bodies Corporate or employees, officers and agents of the Related Body Corporate;
- (c) any professional consultant or expert retained by the party;
- (d) any person with whom the User is in bona fide negotiations for transfer of capacity;
- (e) a prospective purchaser of an Owner's interest in the GGTJV or GGT;
- (f) a prospective purchaser of any of the issued shares in an Owner, GGT, or User or any Related Body Corporate of an Owner or GGT or User; and
- (g) any financier or prospective financier of an Owner, GGT, the User or any Related Body Corporate of an Owner, GGT or the User,

provided that such parties are bound by a similar obligation of confidentiality.

### **21.3 Required Disclosure**

Nothing in this clause 21 restricts a party's obligation as is required by law, any legally binding order of a court or Governmental Authority or by the listing rules of any stock exchange having jurisdiction over the party or its ultimate holding company.

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## **22 DISPUTE RESOLUTION**

### **22.1 Notice of Dispute**

In the event of any dispute or difference arising between the User and GGT as to the construction of the Service Agreement or as to any matter or thing arising under or in connection with the Service Agreement then either party will give to the other written notice identifying the matters the subject of the dispute or difference.

### **22.2 Reference to Senior Representatives**

Upon receipt of a notice pursuant to clause 22.1 each of the User and GGT will designate a representative for the negotiation who will have authority to settle the dispute on behalf of that party and those representatives will meet promptly and use their best endeavours to resolve the dispute by negotiation.

### **22.3 Reference to Expert or Arbitrator**

- (a) If, within 21 days of receipt of the notice, the User and GGT have been unable to resolve the matter, or to agree a method of resolving the matter, by negotiation, then if the dispute or difference is in respect of an amount of \$500,000 or less the parties will refer the matter for determination by an Expert in accordance with clause 22.4.
- (b) If the dispute or difference is in respect of an amount in excess of \$500,000 then, unless the parties agree that the matter should be

determined by an Expert in accordance with clause 22.4, the parties will resolve the matter by arbitration in accordance with clause 23.

- (c) Any dispute which is referred to an Expert by the agreement of the parties made under clause 22.3(b) will thereupon cease to be referable to arbitration.

#### **22.4 Determination by an Expert**

- (a) If a matter is referred for determination by an Expert pursuant to clause 22.3, an Expert will be appointed by the parties, or in default of agreement upon such appointment within 10 days of the referral, either party may refer the appointment of the Expert to:
  - (1) in the case of financial matters, the President for the time being of the Institute of Chartered Accountants of Australia;
  - (2) in the case of technical matters, the President for the time being of the Institution of Engineers, Australia; and
  - (3) in the case of any other matters (including without limitation a dispute as to the interpretation of this Service Agreement) the President for the time being of the Law Society of Western Australia.

In all events, the Expert must have reasonable qualifications and commercial and practical experience in the area of dispute and have no interest or duty which conflicts with his or her function as an Expert.

- (b) The Expert will be instructed to:
  - (1) promptly fix a reasonable time and place for receiving submissions or information from the parties or from any other persons as the Expert may think fit;
  - (2) accept oral or written submissions from the parties as to the subject matter of the dispute within 20 days of being appointed;
  - (3) not be bound by the rules of evidence; and
  - (4) make a determination in writing with appropriate reasons for that determination within 20 days of the expiry of the period referred to in clause 22.4(b)(2).
- (c) The Expert will be required to undertake to keep confidential matters coming to the Expert's knowledge by reason of being appointed under this clause 22 and the performance of his or her duties.
- (d) The Expert will have the following powers:
  - (1) to inform himself or herself independently as to facts and if necessary technical and/or financial matters to which the dispute relates;
  - (2) to receive written submissions sworn and unsworn written statements and photocopy documents and to act upon the same;

- (3) to consult with such other professionally qualified persons as the Expert in his or her absolute discretion thinks fit; and
- (4) to take such reasonable measures as he or she thinks fit to expedite the completion of the resolution of the dispute.
- (e) Any person appointed as an Expert will be deemed not to be an arbitrator but an expert and the law relating to arbitration will not apply to the Expert or the Expert's determination or the procedures by which he or she may reach his or her determination.
- (f) The dispute resolution will be held in Perth unless the User and GGT otherwise agree.
- (g) In the absence of manifest error, the decision of the Expert will be final and binding upon the parties.
- (h) The costs of the Expert and any advisers appointed pursuant to clause 22.4(d)(3) will be borne by the User or GGT or both as determined in the discretion of the Expert taking into account the Expert's decision in the dispute.
- (i) The User and GGT will give the Expert all information and assistance that the Expert may reasonably require. The User and GGT will be entitled to be legally represented in respect of any representations that they may wish to make to the Expert, whether orally or in writing.

## **22.5 Performance of Obligations**

Notwithstanding a reference of a dispute or difference to the dispute resolution procedure in this clause 22 the parties will, so far as it is reasonably practicable, continue to perform and comply with their respective obligations under the Service Agreement.

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## **23 ARBITRATION**

### **23.1 Arbitration in Accordance with the Commercial Arbitration Act 1985**

If clause 22.3(b) applies the matter in dispute shall be referred to arbitration in accordance with the *Commercial Arbitration Act 1985 (WA)*.

### **23.2 Convening the Arbitration**

The arbitration shall be convened by either party giving to the other notice in writing stating the subject matter and details of the dispute, including the amount of the dispute for the purposes of clause 22.3(b) and that party's desire to have the matter referred to arbitration.

### **23.3 Arbitrators**

The arbitration shall be by one arbitrator to be agreed upon by the parties or, in the event that a single arbitrator cannot be agreed, then before two arbitrators one to be appointed by each party and their umpire to be appointed by the arbitrators

before they enter upon the reference, as provided for in the *Commercial Arbitration Act 1985 (WA)*.

#### **23.4 Legal Representation**

The User and GGT will be entitled to be legally represented in respect of any representations that they may wish to make to the Arbitrator, whether orally or in writing.

#### **23.5 Award Binding**

The award in the arbitration shall be final and binding on the parties.

#### **23.6 Costs**

The apportionment of the costs of and incidental to the reference to arbitration shall be at the discretion of the arbitrator, who may determine the amount thereof and the basis upon which the same shall be ascertained provided that where one party has behaved unreasonably in the view of the arbitrator, that party shall bear the costs of the arbitration. Each party shall bear its own counsel - client costs, and any costs associated with witnesses called by such party (if any).

#### **23.7 Written Reasons to be Given**

The arbitrator shall give his determination in writing with reasons.

#### **23.8 Performance of Obligations**

Pending resolution of any dispute or difference, the parties shall continue to perform their respective obligations under the Service Agreement.

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## **24 NOTICES**

### **24.1 Notices**

All notices, demands, consents and requests required or permitted to be given or made to either party pursuant to the Service Agreement, shall be in writing and shall be deemed to be sufficiently given or made if personally delivered, if sent by registered mail, or facsimile addressed in the case of GGT as set forth in the GGT Information Package and in the case of the User to the address specified in the Order Form or in either case to such other address as the party to be notified shall designate by written notice given to the other party.

### **24.2 Deemed Delivery**

A notice sent by registered mail shall be deemed served on the earlier of the date of receipt or 4 days after the same was committed to post. If sent by facsimile transmission such notice shall:

- (a) if sent prior to 4:00pm on any Business Day, be deemed served on that Business Day; or

- (b) if sent after 4:00pm on any Business Day, it shall be deemed served on the next Business Day.

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## **25 WAIVER**

Any failure or delay by either party in exercising any of its rights under the Service Agreement shall not operate as a waiver of its rights and shall not prevent such party from subsequently enforcing any right or treating any breach by the other party as a repudiation of the Service Agreement.

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## **26 ENTIRE AGREEMENT**

The Service Agreement constitutes the entire agreement between the parties on the subject matter of the Service Agreement and supersedes all prior negotiations, representations and agreements between the parties.

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## **27 SEVERABILITY**

If any clause or provision of the Service Agreement shall be held illegal or unenforceable by any judgment of any court or tribunal having competent jurisdiction, such judgment shall not affect the remaining provisions of the Service Agreement which shall remain in full force and effect as if such clause or provision held to be illegal or unenforceable had not been included in this Service Agreement.

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## **28 GOVERNING LAW**

The Service Agreement shall be construed and interpreted in accordance with the law of the State and the parties submit to the exclusive jurisdiction of the courts of the State.

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## **First Schedule: Test Procedures**

1. A gas chromatograph or other device used for the determination of Gross Heating Value shall be deemed to be accurate if such equipment shall have an accuracy of +/- 0.5%. Pressure, differential pressure, temperature, specific gravity and density transducers shall be deemed to be accurate if such equipment shall have an accuracy of +/- 1.0%. Meters and correcting instruments shall be deemed to be accurate if such equipment shall have an accuracy of +/- 2.0%. For the purposes of Section 1:
  - (a) the accuracy of any measurement equipment shall be taken to mean the difference in the output reading or signal of the device with respect to that of a suitable calibration standard, expressed as a percentage; and
  - (b) a correcting instrument is any device connected to a meter either directly or indirectly and which incorporates means to convert actual quantities or volume as measured by the meters into quantities or volume at some standard conditions.
2. If, upon testing, any measuring equipment is found to be accurate within the meaning of Section 1, all previous recordings or output of such equipment shall be considered accurate in computing the acceptance, transmission, and delivery of Gas. To the extent that the accuracy of the measuring equipment is not zero the equipment shall be adjusted immediately such that its accuracy is as close as practicable to zero. No adjustment to User's account shall be made.
3. If, upon testing, any measuring equipment shall be found to be inaccurate within the meaning of Section 1, any previous recordings or output of such equipment shall be corrected by the full magnitude of the inaccuracy found for any period wherein it is known definitely that and to what extent the measuring equipment was operating inaccurately. In the event the period or degree of inaccuracy is not known or not agreed upon and no superior information is available from check measuring of other appropriate equipment, such correction shall be for a period extending over one half of the time elapsed since the date of the preceding test. The extent of the adjustment shall be based on procedures incorporating good pipeline industry practice in regard to estimating the circumstances in which meters fail. The equipment shall be adjusted immediately such that its inaccuracy is as close as practicable to zero.
4. To determine the accuracy of any measurement device it shall be tested so that the output signal or reading of the device is as close as possible to the normal operating point or, if the device normally operates within a particular range, at points within that range. In the latter case the accuracy shall be an average across the range.
5. For the purposes of Section 1 a suitable calibration standard shall be any facility or testing device with traceability to a primary standard, or a testing laboratory or facility having appropriate NATA or other accreditation recognised by GGT.

As far as possible, the accuracy of the calibration standard should be at least twice that achievable from the measuring equipment installed in the field.

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## Second Schedule: Gas Specification

The quality of Gas supplied hereunder at the Inlet Point and delivered to the Outlet Point shall conform to the following.

### 1. Merchantable Gas

The gas shall be merchantable natural gas comprised primarily of methane and free of impurities, objectionable odours, solid and liquid matters, trace metals, waxes, gums and gum-forming constituents, hydrogen, carbon monoxide, helium, aromatic hydrocarbons, mercury, crude oils, lubricants (including compressor lubricant) which may be injurious to, or unsuitable for use in, pipelines, control equipment, gas turbine or reciprocating engines and associated auxiliaries and equipment and to commercial and domestic appliances which are designed to use natural gas.

### 2. Additives

- (a) Glycols  
The gas will not contain glycols in concentration detectable by the test method, unless otherwise agreed.
- (b) Methanol  
The gas will not contain methanol in concentration detectable by the test method, unless agreed otherwise.

### 3. Gas Properties

- (a) Wobbe Index  
The Wobbe Index is defined as the Gross Heating Value of the gas ( $\text{MJ/m}^3$ ) divided by the square root of the specific gravity of the gas.  
  
The specific gravity of the gas is relative to air and is to be determined at a temperature of  $15^\circ\text{C}$  and a pressure of 101.325 kPa absolute.
- (b) Flammability Limit  
The ratio of higher flammability limit to lower flammability limit shall exceed 2.2:1 for the gas.  
  
Flammability limits are the upper and lower extremes of fuel air ratio that will permit ignition and sustain combustion of the fuel air mixture at a temperature of  $15^\circ\text{C}$  and a pressure of 101.325 kPa absolute.

### 4. Test Methods

The suggested methods for testing that gas supplied at the Inlet Point complies with the agreed specification are detailed below.

#### 4.1 Fuel Components

- (a) Merchantable Gas  
Not applicable.
- (b) Oxygen  
ASTM D 1945 Chemical analysis of natural gas by gas chromatography.

(c) Total Inert Gases

To be agreed.

**4.2 Gas Contaminants**

(a) Total Sulphur

ASTM D 1072 Test method for total sulphur in fuelled gases.

(b) Hydrogen Sulphide

ASTM D 2385 Hydrogen sulphide content by methylene blue method.

(c) Water

ASTM D 1142 Water vapour content of gas fuel by measurement of dew point temperatures.

(d) Carbon Dioxide

ASTM D 1945 Chemical analysis of natural gas by gas chromatography.

**4.3 Additives**

(a) Glycols

Thermal desorption Perkin-Elmer Model ATD-50.

(b) Methanol

Limits and test method to be advised where use of methanol is agreed.

**4.4 Gas Properties**

(a) Gross Heating Value

GPA 2145-92 Calculation method of natural gas parameters from compositional data using gas analysis obtained by ASTM D 1945.

(b) Wobbe Index

ASTM D 1070 Test methods for specific gravity. Gross Heating Value is to be calculated using the method specified in clause 4.4(a) of this Schedule.

**Inlet Gas Specification<sup>1</sup>**

<b>Component</b>	<b>Units</b>	<b>Minimum</b>	<b>Maximum</b>
Carbon Dioxide	mol %		4.0
Total Inerts	mol %		7.0
Hydroc. Dewpoint 102 to 10,000 kPa	Deg C		0
Oxygen by Volume	mol %		0.2
Total Sulphur	mg/m <sup>3</sup>		10.0 <sup>2</sup>
Hydrogen Sulphide	mg/m <sup>3</sup>		5.0
Wobbe Index	MJ/m <sup>3</sup>	46.0	51.5
Water Vapour	mg/m <sup>3</sup>		48.0
Gross Heating Value	MJ/m <sup>3</sup>	35.5	42.5
Radioactive Components	Becq/m <sup>3</sup>		600

**Delivery Gas Specification**

<b>Component</b>	<b>Units</b>	<b>Minimum</b>	<b>Maximum</b>
Carbon Dioxide	mol %		4.0
Total Inerts	mol %		7.0
Hydroc. Dewpoint 102 to 10,000 kPa	Deg C		0
Oxygen by Volume	mol %		0.2
Total Sulphur	mg/m <sup>3</sup>		10.0 <sup>3</sup>
Hydrogen Sulphide	mg/m <sup>3</sup>		5.0
Wobbe Index	MJ/m <sup>3</sup>	46.0	51.5
Water Vapour	mg/m <sup>3</sup>		48.0
Gross Heating Value	MJ/m <sup>3</sup>	35.5	42.5
Radioactive Components	Becq/m <sup>3</sup>		600

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1 Separate gas specifications for the Inlet and Delivery as it is expected that there may be different gas specifications for Inlet and Delivery.

2 Including hydrogen sulphide and mercaptans.

3 Including hydrogen sulphide and mercaptans.

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## **Third Schedule: Gas Pipeline Services Performance Bond**

### **INTRODUCTION**

1. GGT, as agent for each of the Owners, has entered into a written contract with the User for the provision of the Service (**Service Agreement**).
2. The User is required to provide certain deposit monies to be retained by GGT as more fully set out in the Service Agreement.
3. The User has requested GGT to accept an undertaking from the Surety in the form of this deed as the required security.

### **NOW THIS DEED WITNESSES AS FOLLOWS:**

1. At the request of the User and in consideration of GGT agreeing to accept this undertaking in lieu of lodgement by the User of a cash deposit in the amount of the Security Sum the Surety unconditionally undertakes to pay on demand to GGT any sum which from time to time may be demanded by GGT to a maximum of the Security Sum. GGT may make demand without statement of reason or cause.
2. This undertaking shall continue in force either until 6 months after notification has been received by the Surety from GGT that this undertaking is no longer required by GGT or until payment has been made to GGT of the whole Security Sum.
3. If GGT notifies the Surety in writing that GGT desires payment to be made to it of the whole or any part or parts of the Security Sum it is unconditionally agreed by the Surety that such payment or payments will be made to GGT forthwith to the address for payment specified in the notice and without further reference to the User and notwithstanding any notice given by the User to the Surety not to pay the same.
4. The liability of the Surety will not exceed the Security Sum in the aggregate.
5. The Security Sum, the Surety, the User, the Owners and GGT are as described in the Schedule.

## SCHEDULE

Security Sum:                   [\$            ]

**Surety:**

Full Name:

Address:

**The User:**

Full Name:

Address:

Fax No:

<b>Owners</b>	<b>Percentage</b>
Southern Cross Pipelines Australia Pty Limited (ACN 084 521 997)	62.664%
Southern Cross Pipelines (NPL) Australia Pty Ltd (ACN 085 991 948)	25.493%
Alinta DEWAP Pty Ltd (ACN 058 070 689)	11.843%
<b>GGT</b>	
Goldfields Gas Transmission Pty Ltd (ACN 004 273 241)	

Contract Reference Number:

EXECUTED as a deed this            day of

[Execution clause for Surety]

Notes: If executed under power of attorney a certified copy of the Power of Attorney must be annexed and a declaration made by the Attorney that he or she has no notice of revocation of the power under which he or she executed this Deed.

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## Fourth Schedule: Statement of Tariffs and Charges

### 1. Transportation Tariffs (exclusive of Goods and Services Tax)

From 1 April 2012 onward the Transportation Tariff (Reference Tariff) for the Firm Service, when applicable is:

<b>Toll \$/GJ</b>	<b>Capacity Reservation \$/GJ km</b>	<b>Throughput \$/GJ km</b>
0.237193	0.001462	0.000401

adjusted in accordance with clause 5 of the Access Arrangement.

### 2. Used Gas Charge (exclusive of Goods and Services Tax)

The Used Gas Charge is at cost. GGT will make all reasonable endeavours to ensure that the price paid for this Gas is reasonable.

### 3. Connection Charge (exclusive of Goods and Services Tax)

Users will be charged GGT's direct costs for the installation of facilities associated with the connection of the User's facilities to the Pipeline.

### 4. Supplementary Quantity Option Charge (exclusive of Goods and Services Tax)

When applied the Supplementary Quantity Option Charge is calculated as follows:

$$SQO\_C = SQOQ \times 1000 \times (Trans\_Tariff \times SQO\_F);$$

Where:

<i>SQO_C</i>	is the Supplementary Quantity Option Charge in \$;
<i>SQOQ</i>	is the Supplementary Quantity Option Quantity in TJs;
<i>Trans_Tariff</i>	is the applicable tariff in \$/GJ as defined in item 5(a); and
<i>SQO_F</i>	is the Supplementary Quantity Option Factor and has the value <b>1.05</b> , and may be varied by GGT through notice in writing to all Users.

### 5. Quantity Variation Charges (exclusive of Goods and Services Tax)

#### (a) Transportation Tariff

The total Transportation Tariff to be applied to the Daily Overrun Charge, the Hourly Overrun Charge and the Variance Charge and the Supplementary Quantity Option Charge is the aggregate of the following:

$$Trans\_Tariff = Toll + CapRes + Thruput;$$

Where:

***Trans\_Tariff*** is the total Transportation Tariff;  
***Toll*** is the Toll Tariff;  
***CapRes*** is the Capacity Reservation Tariff multiplied by ***distance***; and  
***Thruput*** is the Throughput Tariff multiplied by ***distance***.

*Where:* in accordance with clause 9.7 of the General Terms and Conditions, ***distance*** is the pipeline distance in kilometres between the Inlet Point and Outlet Point(s) which are the furthest apart.

(b) **Accumulated Imbalance Charge**

If applied the Accumulative Imbalance Charge is calculated as follows:

$$AI\_C = (abs(AI) - AIT) \times 1000 \times AI\_T;$$

*Where:*

***AI\_C*** is the Accumulated Imbalance Charge in \$;  
***AI*** is the Accumulated Imbalance in TJs;  
***AIT*** is the Accumulated Imbalance Tolerance in TJs; and  
***AI\_T*** is the Accumulated Imbalance Tariff and has the value **\$2.85** per Gigajoule, adjusted by the CPI in accordance with clause 9.8 of the General Terms and Conditions.

(c) **Daily Overtime Charge**

If applied the Daily Overtime Charge is calculated as follows:

$$DO\_C = DOQ \times 1000 \times (Trans\_Tariff \times DO\_CF);$$

*Where:*

***DO\_C*** is the Daily Overtime Charge in \$;  
***DOQ*** is the Daily Overtime Quantity in TJs;  
***Trans\_Tariff*** is the applicable tariff in \$/GJ as defined in item 5(a); and  
***DO\_CF*** is the Daily Overtime Charge Factor and has the value **3.5**.

GGT is not able to require a User to pay a Daily Overtime Charge for Daily Overtime Quantities at an Inlet Point. In calculating a Daily Overtime Charge, only quantities delivered at the Outlet Point will be taken into account in calculating the Daily Overtime Charge.

(d) **Hourly Overrun Charge**

If applied the Hourly Overrun Charge is calculated as follows:

$$HO\_C = HOQ \times 1000 \times (Trans\_Tariff \times HO\_CF);$$

Where:

- HO\_C* is the Hourly Overrun Charge in \$;
- HOQ* is the Hourly Overrun Quantity in TJs;
- Trans\_Tariff* is the applicable tariff in \$/GJ as defined in item 5(a);  
and
- HO\_CF* is the Hourly Overrun Charge Factor and has the value **3.5**.

GGT is not able to require a User to pay an Hourly Overrun Charge for Hourly Overrun Quantities at an Inlet Point. In calculating an Hourly Overrun Charge, only quantities delivered at the Outlet Point will be taken into account in calculating the Hourly Overrun Charge.

(e) **Variance Charge**

If applied the Variance Charge is calculated as follows:

$$V\_C = (abs(VQ) - VT) \times 1000 \times (Trans\_Tariff \times V\_CF);$$

Where:

- V\_C* is the Variance Charge in \$;
- VQ* is the Variance Quantity in TJs;
- VT* is the Variance Tolerance in TJs;
- Trans\_Tariff* is the applicable tariff in \$/GJ as defined in item 5(a);  
and
- V\_CF* is the Variance Charge Factor and has the value **2.0**.

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## **Fifth Schedule: Technical Requirements for Outlet Facilities**

### **Outlet Facilities to Comprise**

In this Service Agreement, **Outlet Facilities** are the facilities to be located at the Outlet Point(s), which meet the technical description in this Schedule and include reverse flow protection, Gas quality monitoring and Gas measurement.

The parties recognise that other facilities may be installed upstream of the Outlet Facilities to perform a number of functions including gas conditioning, flow control, and pressure enhancement and regulation, and that those facilities are not Outlet Facilities for the purpose of this Service Agreement.

### **Outlet Point**

The Outlet Point has the meaning in Appendix 1 – Definitions and Interpretation.

### **Standards**

The design and construction of the Outlet Facilities will be in accordance with all relevant Acts, Regulations and Australian Standards applicable at the time of construction, and will be in accordance with good pipeline industry practice.

### **Site**

The site on which the Outlet Facilities are located will be fully enclosed with security fencing, suitable vehicular and personnel access. The Outlet Facilities will be separately fenced from any other User or third party facilities located on the site.

The ground at the site will be concrete, sealed, or gravel to enable access in all weather conditions to the Outlet Facilities.

Telemetry, power supply and other sensitive equipment will be located in a weatherproof, secure, ventilated enclosure, with provision to allow for maintenance of equipment in all weather conditions.

### **Electrical Equipment**

All electrical and electronic equipment on site will comply with the requirements for hazardous locations pursuant to Australian Standards.

### **Electrical Isolation and Earthing**

The Outlet Facilities will include an isolating joint to isolate the Outlet Facilities from the Pipeline. The isolating joint will be fitted with a surge diverter or other approved means of discharging pipeline potentials.

All Outlet Facilities will be connected to an effective earthing system of a type that meets all relevant Acts, Regulations and Australian Standards.

### **Excess Flow Protection**

The Outlet Facilities will include a flow control device. This device will be used by GGT to prevent excess quantities of Gas from being delivered to the User.

The device is to be located on the upstream side of the Outlet Facilities.

### **Reverse Flow Prevention**

The Outlet Facilities will include a reverse flow prevention device designed to prevent the flow of Gas in the reverse direction through the Outlet Facilities.

### **Gas Quantity Measurement**

The Outlet Facilities will include a gas quantity measurement system, comprising a primary volume or mass measurement device (**Meter**), temperature, pressure, and density measuring devices, and a device for the correction of primary measurements to standard conditions.

Provision will be made for redundancy to enable calibration of each component of the measurement system without interruption of measurement. Where the Meter is a mechanical device, such as a turbine meter, provision will be made for in-situ series testing with a calibrated standard meter.

The measurement system will include a gas filter to prevent contamination of the measurement system, and in particular the Meter.

Where a Meter is installed in-line with other components which may result in automatic closure of the Meter piping, systems will be installed to automatically transfer to an alternative Meter.

GGT will require SCADA access to metering and measurement information and access to the metering and measurement facilities for verification purposes, witnessing calibration processes; and access and provision of the results in a form suitable for GGT.

### **Gross Heating Value Measurement**

The Outlet Facilities will include a device for the measurement of Gross Heating Value of the Gas (**GHV Device**). The GHV Device shall be an on-line gas chromatograph.

The tapping point for the GHV Device will be midstream in the vicinity of the Meter. The stream for the GHV Device will not be filtered or treated in any way which could alter the effective GHV of the stream.

Where a gas chromatograph is used, only Alpha grade reference standards shall be used for calibration.

GGT may excuse certain smaller Outlet Facilities from GHV measurement at its sole discretion.

### **Gas Quality Monitoring**

The Outlet Facilities will include devices for the monitoring of the quality of the Gas. Depending on the Gas composition, such devices may include a gas chromatograph, CO<sub>2</sub> monitor, moisture analyser, automatic gas sampler, and other devices.

The tapping point for such devices shall be midstream, in the vicinity of the Meter.

GGT may excuse certain smaller Outlet Facilities from specific Gas quality measurement at its sole discretion.

### **Instruments**

The Outlet Facilities are to be fitted with electronic instrument systems to permit remote monitoring and control of the Outlet Facilities. Instruments must be sufficient to monitor and permanently record:

- meter output;
- pressure, temperature, density, and other measurement input signals;
- GHV;
- corrected instantaneous and totalised Gas volume, mass and energy;
- Gas composition, moisture, and other Gas quality signals; and
- such other parameters as GGT may reasonably require.

Control systems are to control:

- meter run selection (where appropriate); and
- excess flow protection device position.

### **SCADA**

The Outlet Facilities will include a system for transmitting to GGT's SCADA those parameters monitored by the instruments, and receiving from GGT's SCADA signals to adjust those settings which are under the control of GGT.

GGT may require that other parameters and control facilities be available through the SCADA link that are reasonably necessary for the safe and efficient operation of the Pipeline.