

Revised decision pursuant to rule 64(4) of the National Gas Rules giving effect to the Economic Regulation Authority's proposed access arrangement revisions for the Mid-West and South-West Gas Distribution System

Revised by reason of and pursuant to orders of the Australian Competition Tribunal made on 8 June 2012

25 June 2012

Economic Regulation Authority



WESTERN AUSTRALIA

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INTRODUCTION

1. On 29 January 2010 WA Gas Networks Pty Ltd, now known as ATCO Gas Australia Pty Ltd (**ATCO**), submitted to the Economic Regulation Authority (**Authority**) its proposed revisions to the access arrangement for the Mid-West and South-West Gas Distribution System (**GDS**) for approval under the *National Gas Access (Western Australia) Act 2009* (**NGA**), together with the required access arrangement information.
2. The Authority issued its draft decision regarding ATCO's proposed access arrangement revisions on 17 August 2010. The draft decision listed 74 Required Amendments which the Authority required ATCO to make to its proposed access arrangement revisions in order for those proposed access arrangement revisions to be approved by the Authority.
3. On 8 October 2010 ATCO submitted to the Authority an amended version of its proposed access arrangement revisions for the GDS, as allowed by rule 60(1) of the National Gas Rules (**NGR**), together with amended access arrangement information.
4. On 28 February 2011 the Authority issued its final decision regarding ATCO's amended proposed access arrangement revisions dated 8 October 2010. The final decision of the Authority was to refuse to approve ATCO's amended proposed access arrangement revisions.
5. As a consequence, the Authority was required to propose revisions to the access arrangement for the GDS, which the Authority did by its final decision.
6. The Authority was also required to make a decision giving effect to its proposed access arrangement revisions within two (2) months of the issue of the final decision. That decision was made and published on 28 April 2011 (**Reviewable Regulatory Decision**).
7. Further, by the Reviewable Regulatory Decision the Authority required ATCO to amend its proposed amended access arrangement information so as to reflect the access arrangement revisions given effect by that decision.
8. On 20 March 2011 ATCO made an application to the Australian Competition Tribunal (**Tribunal**) for leave to apply for review of the final decision. The Tribunal refused to grant ATCO leave to apply for review on the basis that the final decision was not a reviewable regulatory decision for the purposes of the NGA.
9. On 19 May 2011 ATCO and Alinta Sales Pty Ltd (**Alinta**) applied to the Tribunal for leave to apply for review of the Reviewable Regulatory Decision. Those applications were referenced ACT 3 of 2011 and ACT 2 of 2011 respectively.
10. The Tribunal granted ATCO and Alinta leave to apply for review of the Reviewable Regulatory Decision.
11. The hearing of those applications took place in April 2012 and the Tribunal delivered its written reasons in both applications on 8 June 2012 (**Tribunal's Reasons**).
12. In the application made by Alinta (ACT 2 of 2011) the Tribunal ordered as follows:

The decision of the Economic Regulation Authority of Western Australia made on 28 April 2011 and titled the *Economic Regulation Authority's revised access arrangement for the WA Gas Networks Pty Ltd Mid-West and South-West Gas Distribution Systems*, to the extent that it determined the B3 Reference Service tariffs and the B1 and B2 Reference Service tariffs to take effect on and from 1 July 2011 (and subject to any variation on those tariffs as a consequence of the decision of the Tribunal in matter ACT 3 of 2011: Application by WA Gas Networks Pty Ltd [2012] ACompT 12) is affirmed.

13. In the application by ATCO (ACT 3 of 2011) the Tribunal ordered that:
 1. The Decision of the Economic Regulation Authority of Western Australia (the ERA) made on 28 April 2011 and titled the *Economic Regulation Authority's revised access arrangement for the WA Gas Networks Pty Ltd Mid-West and South-West Gas Distribution Systems* be set aside and be remitted to the ERA, for the purposes of making the said decision again, limited to giving effect to the reasons for decision of the Tribunal on:
 - (a) the Gamma issue (as defined in the Tribunal's reasons at [26(b)] and [27]);
 - (b) the Bridging Finance Issue (as defined in the Tribunal's reasons at [31] and [32]);
 - (c) the Tariff Variation Mechanism Issue (as defined in the Tribunal's reasons at [35] and [36]);
 - (d) the Template Haulage Terms Issues (as defined in the Tribunal's reasons at [37] and [38]);
 - (e) the Cost of Debt Issue (as defined in the Tribunal's reasons at [26(c)] and [27]).
 2. The ERA, in making the decision again, do:
 - (a) determine the amount to be allowed for cost of capital by using as the gamma input into the cost of capital comprising the element: value of imputation credits, the value of 0.25;
 - (b) reconsider the proper application of the bond yield approach, in deciding upon the debt risk premium to allow, having regard to the Tribunal's criticisms of the simple averaging process adopted;
 - (c) allow the amount claimed by the applicant for the costs of bridging finance as an operational expenditure;
 - (d) In relation to the reference tariff variation mechanism.
 - (i) vary the reference tariff variation mechanism so as to reinstate Regulatory Capital Expenditure, as defined in clause 5, in clause 2.2 and 3.1 of Annexure B to the applicant's October 2010 Amended Access Arrangement;
 - (ii) consult with the applicant on any necessary consequential amendments;

- (iii) in the event that the ERA and the applicant cannot agree on any necessary consequential amendments, each party may apply to the Tribunal for further directions; and
 - (e) vary clause 8.3(b) of the Approved Contract by deleting therefrom the words “the user acknowledges that it must use reasonable endeavours” and inserting instead the words “the user must use reasonable endeavours”.
3. the said decision is otherwise affirmed.
14. By this decision the Authority gives effect to the Tribunal's orders and makes its decision again as directed by those orders.

AUTHORITY'S ACCESS ARRANGEMENT REVISIONS

Legislative requirements

15. Rule 64 of the NGR states:
- '(1) If, in an access arrangement final decision, the [*Authority*] refuses to approve an access arrangement proposal (other than a variation proposal), the [*Authority*] must itself propose an access arrangement or revisions to the access arrangement (as the case requires) for the relevant pipeline.
 - (2) The [*Authority's*] proposal for an access arrangement or revisions is to be formulated with regard to:
 - (a) the matters that the Law requires an access arrangement to include;
 - (b) the service provider's access arrangement proposal; and
 - (c) the [*Authority's*] reasons for refusing to approve that proposal.
 - (3) The [*Authority*] may (but is not obliged to) consult on its proposal.
 - (4) The [*Authority*] must, within 2 months after the access arrangement final decision, make a decision giving effect to its proposal.
 - (5) Where the [*Authority*] makes a decision under this rule, it must:
 - (a) give a copy of the decision to the service provider; and

- (b) publish the decision on the [Authority's] website and make it available for inspection, during business hours, at the [Authority's] public offices.
- (6) The access arrangement or the revisions to which the decision relates takes effect on a date fixed in the determination or, if no date is so fixed, 10 business days after the date of the decision.'

Decision

16. Pursuant to rule 62(2) the final decision was to refuse to approve ATCO's amended proposed access arrangement revisions.
17. As a consequence, by the final decision the Authority proposed revisions to the access arrangement for the GDS as required by rule 64(1) of the NGR. That is, the Authority identified in the final decision those parts of ATCO's amended proposed access arrangement revisions dated 8 October 2010 which the Authority would adopt and, otherwise, the amendments to those proposed revisions that would be included within the Authority's access arrangement revisions for the GDS.
18. Those access arrangement revisions were given effect by the Reviewable Regulatory Decision. They were set out in Appendix 1 to the Reviewable Regulatory Decision.
19. In accordance with the Tribunal's orders and pursuant to its directions the Authority has re-made its decision by this document. The Authority's decision is to refuse to approve ATCO's amended proposed access arrangement revisions.
20. The Authority's reasons in this respect are set out in the final decision, the Reviewable Regulatory Decision and as set out below. The Authority's reasons set out in the final decision and the Reviewable Regulatory Decision are revised to the extent set out in this decision.
21. As a result of this decision the Authority has amended its proposed access arrangement revisions for the GDS. The amended access arrangement revisions which the Authority proposes to give effect to by this decision are set out in Appendix 1 to this decision.
22. Those proposed amended access arrangement revisions have been formulated having regard to the access arrangement revisions given effect to by the Reviewable Regulatory Decision, the reasons set out herein and the orders and directions of the Tribunal.
23. The Authority hereby gives effect to the amended access arrangement revisions for the GDS which are set out in Appendix 1 to this decision.
24. Pursuant to 64(6) of the NGR, those access arrangement revisions will take effect on and from 1 July 2012.

Gamma

25. Pursuant to orders 1(a) and 2(a) of the Tribunal's Reasons in ATCO's application the Authority hereby determines that the cost of capital to be allowed will be calculated using as the gamma input into the cost of capital comprising the element "value of imputation credits" the value of 0.25.
26. The access arrangement revisions in Appendix 1 to this decision and the required amendments to the access arrangement information in Appendix 2 to this decision reflect this decision of the Authority.

Bridging Finance

27. Pursuant to orders 1(b) and 2(c) of the Tribunal's Reasons in ATCO's application the Authority hereby allows the amount proposed by ATCO on account of bridging finance to be included as forecast operating expenditure pursuant to rule 76(e) and rule 91 of the NGR.
28. The access arrangement revisions in Appendix 1 to this decision and the required amendments to the access arrangement information in Appendix 2 to this decision reflect this decision of the Authority.

Reference Tariff Variation Mechanism

29. Pursuant to orders 1(c) and 2(d) of the Tribunal's Reasons in ATCO's application the Authority has determined to vary the reference tariff variation mechanism so as to reinstate Regulatory Capital Expenditure in clauses 2.2 and 3.1 of Annexure B to the access arrangement revisions.
30. The Authority has consulted with ATCO in relation to the necessary consequential amendments arising from this decision, as required by order 2(d)(ii) in the Tribunal's Reasons in ATCO's application. Those agreed consequential amendments have been incorporated into Appendix 1 to this decision.
31. The varied reference tariff variation mechanism and consequential provisions given effect to by this decision appear in Annexure B to Appendix 1 to this decision (see in particular clauses 2.2 and 3.1).

Template Haulage Contract

32. Pursuant to orders 1(d) and 2(e) of the Tribunal's Reasons in ATCO's application the Authority has determined to amend (as reflected in Appendix 1 to this decision) clause 8.3(b) of the Template Haulage Contract by deleting from that clause the words "the user acknowledges that it must use reasonable endeavours" and inserting instead the words "the user must use reasonable endeavours".

Debt Risk Premium

33. The Authority has reconsidered the proper application of the bond yield approach in deciding on the debt risk premium to allow pursuant to orders 1(e) and 2(b) of the Tribunal's Reasons in ATCO's application. In doing so the Authority has had regard

to the Tribunal's criticisms of the simple averaging process adopted in the final decision. The Authority has re-made its decision in this respect as ordered by the Tribunal.

34. The Authority's decision and its reasons for reaching that decision are set out below.
35. In its draft decision and final decision the Authority set out and discussed the requirements of the National Gas Access Law and NGR as regards the determination of the rate of return (in particular rule 87 of the NGR). The debt risk premium is one of the parameters used to determine the rate of return. The Authority has made its decision herein in relation to the debt risk premium having regard to all of those requirements. The Authority is of the view that its decision meets those requirements. In particular, the Authority considers that the debt risk premium and the gamma values determined by this decision in combination with the parameters previously determined derives a rate of return that is commensurate with prevailing conditions in the market for funds and the risks involved in providing the reference services as required by rule 87(1). The reasons for the Authority forming this view are reflected in its discussion below.

Submission by ATCO

36. On 20 June 2012 the Authority invited ATCO to make a submission in respect of the Authority's reconsideration of the simple averaging process, as was contemplated by the Tribunal in its reasons in ATCO's application at [187].
37. On 21 June 2012 ATCO made a submission to the Authority in response to that invitation.
38. In that submission, ATCO indicated that:
 - ATCO concurs with the view that the cost of debt should be estimated by reference to yields observed in capital markets;
 - ATCO concurs that taking a maturity weighted average of yields is a way of ensuring the resulting debt risk premium is not biased by difference in terms to maturity;
 - Taking a maturity weighted average of yields does not address other differences between issuers and bond issues in the ERA's broad sample of Australian corporate bonds.
39. ATCO also indicated that it is appropriate for the ERA to exercise discretion – within the bounds of the Tribunal's reasoning and decision – to deal with the last dot point.

Tribunal's Reasons

40. In its reasons in ATCO's application, the Tribunal found no error in the Authority's decision to depart from the Bloomberg Fair Value Curve as a basis for estimating the debt risk premium. The Tribunal also determined that there was no incorrect exercise of discretion or unreasonableness in the development of the bond-yield approach to estimate the debt risk premium. The Tribunal accepted that this approach was a valid one.

41. The Tribunal noted that it might have expected some more detailed discussion of the Authority's decision to favour the term to maturity weighted average and some more detailed discussion of the 'amount issued' weighted average. The Authority discusses these approaches further in this decision below. It is noted that the Tribunal did not determine error on the part of the Authority in this respect.
42. The Tribunal did find error in relation to the Authority's decision to adopt a simple average across all of the scenarios in Table 20 of the final decision. The Tribunal was of the view that adopting this approach would lead to double and quadruple counting of certain of the sample bonds, which was undesirable, and with no reason being given as to why some bonds should be given more weight than others. The Tribunal therefore determined error and directed the Authority to re-make its decision by, amongst the other matters addressed in this decision, reconsidering the adoption of the simple averaging approach.

Authority's reasons

43. In the decision, the Tribunal indicated that Scenario 2 (a sample that includes only BBB and BBB+ rated bonds) appears to offer the best estimate of the debt risk premium. As such, the Authority has adopted Scenario 2 to estimate the debt risk premium.
44. The Tribunal accepted the Authority's "term to maturity" weighted average to determining the debt risk premium. As such, the Authority has maintained this approach in this final decision.
45. In addition, the Tribunal has requested more detailed discussions of the "amount-issued" weighted average. Given that both these characteristics might be regarded as important in the market, the Authority has come to the view that there is merit to assign weight to bonds with large issuance in comparison with other bonds in the benchmark sample. However, the Authority is of the view that more work needs to be undertaken to better reflect both characteristics in a joint weighting system to determining the debt risk premium, as recommended by the Tribunal. In the absence of further evidence and for the purpose of this decision, consistent with the Tribunal's observations, the Authority considers it is appropriate to apply a higher weight to bonds with larger issuance and longer terms to maturity.
46. As a consequence, the Authority considers that it is appropriate to use the *multiplicative rule* to account for this compounding effect.

Table 1. Debt Risk Premiums using a joint weighting system, (per cent)

No.	Bond	Amount (A\$'000)	Weight (Issuance)	Maturity	Years to Maturity as at 20 Dec 2010	Weight (Term)	Combined Weight	Bond's own DRP	Contributed DRP
1	APT PIPELINES LTD	300,000	0.126	22/07/2020	9.589	0.143	0.228	2.853	0.651
2	BANK OF QUEENSLAND LTD	140,000	0.059	4/06/2018	7.456	0.111	0.083	2.771	0.229
3	DEXUS FINANCE PTY LTD	180,000	0.076	21/04/2017	6.336	0.094	0.090	2.997	0.271
4	LEIGHTON FINANCE LTD	280,000	0.118	28/07/2014	3.606	0.054	0.080	3.647	0.292
5	SYDNEY AIRPORT FINANCE	175,000	0.074	6/07/2015	4.544	0.068	0.063	3.064	0.193
6	MIRVAC GROUP FUNDING LTD	150,000	0.063	15/03/2015	4.236	0.063	0.050	2.836	0.143
7	MIRVAC GROUP FINANCE LTD	200,000	0.084	16/09/2016	5.739	0.086	0.091	2.949	0.268
8	NEW TERMINAL FINANCING C	100,000	0.042	20/09/2016	5.750	0.086	0.046	3.649	0.166
9	BBI DBCT FINANCE PTY	150,000	0.063	9/06/2016	5.469	0.081	0.065	4.867	0.317
10	SNOWY HYDRO LIMITED	104,000	0.044	25/02/2013	2.181	0.032	0.018	2.271	0.041
11	SANTOS FINANCE LIMITED	100,000	0.042	23/09/2015	4.758	0.071	0.038	1.595	0.060
12	WESFARMERS LTD	400,000	0.168	11/09/2014	3.725	0.056	0.118	1.725	0.204
13	WESFARMERS LTD	100,000	0.042	11/09/2014	3.725	0.056	0.030	1.936	0.057
TOTAL		2,379,000	1.000		67.114	1.000	1.000		2.893

Source: The Economic Regulation Authority's analysis

47. A combined weight, which takes into account both characteristics of the bonds including their terms to maturity and the issuance, is calculated as follows:
- First, the product of term to maturity and the issuance, to be called "the contribution", is calculated for each bond in the sample.
 - Second, the sum of these all contributions is derived, to be called "the total".
 - Third, the weight assigned to each bond is simply the ratio between its own contribution and the sample's total, to be called "the combined weight".
 - Fourth, the combined weight for each bond is multiplied by its associated debt risk premium to derive the debt risk premium for each bond, to be called "the bond's debt risk premium", contributed to the sample.
 - Fifth, the sum of the bond's debt risk premiums is the estimate of the debt risk premium for the sample when two characteristics of bonds are considered: (i) the term to maturity; and (ii) the issuance.
48. There are some important implications arising from the Authority's joint weighting mechanism to estimating the debt risk premium using the Bond yield approach.
49. First, for example, the APT pipelines bond contributes 0.126 (or 12.6 per cent) to the weighted average when the issuance is considered solely. When the term to maturity is considered on its own, this bond contributes 0.143 (or 14.3 per cent). However, when both characteristics of this bond, namely the issuance and the term to maturity, are considered jointly, this bond contributes 0.228 (or 22.8 per cent) in the sample. The compounding effect is more significant for this bond in the sample because both characteristics are assigned relatively higher weights in comparison with other bonds in the sample.

50. Second, Mirvac Group Finance bond (No. 7 of the sample) and Wesfarmers bond (No. 12 of the sample) are considered for illustrative purposes. When the issuance is considered, Wesfarmers bond is considered more important than Mirvac Group Finance bond (16.8 per cent versus 8.4 per cent). In contrast, when the term to maturity is considered, Wesfarmers bond is considered less important than Mirvac Group Finance bond (5.6 per cent versus 8.6 per cent). However, when the joint effect of the two characteristics is considered, Wesfarmers bond is considered more important than Mirvac Group Finance bond (11.8 per cent versus 9.1 per cent) in the sample. In this case, it is clear that the issuance effect dominates the term to maturity effect from Wesfarmers bond. The reverse effect (i.e. the term to maturity effect is dominant when compared to the issuance effect) can be found when comparing New Terminal Finance bond (No. 8 of the sample) and Snowy Hydro bond (No. 10 of the sample).

Authority's decision

51. In conclusion, the Authority is of the view that the debt risk premium of 2.893 per cent for the benchmark sample derived using the bond-yield approach is appropriate for the 20 trading day average ending on 20th December 2010. The Authority will continue to further develop its approach to determining the debt risk premium in the course of future regulatory decisions.
52. The access arrangement revisions in Appendix 1 to this decision and the required amendments to the access arrangement information in Appendix 2 to this decision reflect this decision of the Authority.

New Tariffs

53. Pursuant to the observations of the Tribunal, the Authority has determined to vary the Tariffs that will apply from 1 July 2012. This is a result of the increase in the cost of service after the amendments to the rate of return and an increase to the forecast conforming operating expenditure.
54. The Weighted Average Cost of Capital has increased from 7.40% to 7.75%. This increase is a result of the change in gamma from 0.53 to 0.25 and a reduction in the Debt Risk Premium from 3.179 to 2.893. The forecast operating expenditure has increased by \$8.136 million, expressed in December 2009 dollars, as a result of allowing for bridging finance in the forecast conforming operating costs.
55. The implementation of the Tribunal's orders with respect to changes in the Debt Risk Premium (DRP), gamma and bridging finance has meant that ATCO is able to recover an additional \$13.684 million in present value terms over the access arrangement period.
56. The Authority has calculated that \$6.4 million (present value) in revenue was under recovered in the tariffs that applied during the 2011/12 period.
57. In determining the appropriate manner in which this amount should be recovered over the remaining two years of the current access arrangement period the Authority has given consideration to the impact of the tariff changes on small use customers and retailers in accordance with the *National Gas Access (WA) (Local Provisions) Regulations 2009*. The Authority has noted the concern expressed by Alinta Energy in a letter dated 19 June 2012 about the financial impact of further tariff increases arising from the Tribunal's decision.

58. Alinta Energy is concerned as it is unable to recover any distribution network tariff increases arising from the Tribunal's decision through its retail gas tariffs, which have been set by Government. Accordingly, it has expressed support for the Authority smoothing any increase in ATCO's revenue over the two remaining years of the access arrangement period to lessen the impact on it, while not disadvantaging ATCO.
59. Accordingly, the Authority's Revised Decision allows ATCO to recover this \$6.4 million over the remaining two years of the access arrangement period by adjusting the tariffs in the 2012/13 and 2013/14 years. The under recovery of revenue will be smoothed over the two year period in order to avoid a large step change in price in any one year.
60. The revised reference tariffs enable the additional revenue to be recovered over the remainder of the access arrangement period.
61. The recently approved reference tariff variation published on 30 May 2012, which was due to commence 1 July 2012, has now been superseded by the Tribunal decision and the proposed tariffs will be replaced by the revised tariffs as shown in Table 1. (Note: 2013/14 tariffs are not displayed as the calculations cannot be completed until the end of the 2012/13 period).
62. The revised tariffs in the table below will take effect from 1 July 2012. Please note that the approved cost pass through amounts to be recovered over the period 1 July 2012 to 30 June 2013 are not included in the table.

Table 1 Reference Tariffs

Tariff	Charging Parameter	FD P_0^{ij} (\$ 31/12/09)	Revised FD P_0^{ij} (\$ 31/12/09)	$P_{2011/12}^{ij}$ (\$OD)	Revised $P_{2011/12}^{ij}$ (\$OD)	Revised $P_{2012/13}^{ij}$ plus "2011/12 compensation" (\$OD)
A1	Fixed [\$ /year]	39,345.21	41,351.48	41,283.45	43,410.03	45,319.74
	Demand 1 (<=10km) [\$ /GJ*km*yr]	165.85	174.30	174.02	182.98	191.03
	Demand 2 (>10km) [\$ /GJ*km*yr]	87.29	91.74	91.59	96.31	100.55
	Usage 1 (<=10km) [\$ /GJ*km]	0.03518	0.03698	0.03691	0.03882	0.04053
	Usage 2 (>10km) [\$ /GJ*km]	0.01758	0.01848	0.01845	0.01940	0.02025
A2	Fixed [\$ /year]	21,781.57	22,892.24	22,854.58	24,031.86	25,089.08
	Usage 1 ($Q \leq 10TJ/yr$) [\$ /GJ]	2.10	2.21	2.20	2.32	2.42
	Usage 2 ($Q > 10TJ/yr$) [\$ /GJ]	1.13	1.18	1.19	1.24	1.30

Tariff	Charging Parameter	FD P_0^{ij} (\$ 31/12/09)	Revised FD P_0^{ij} (\$ 31/12/09)	$P_{2011/12}^{ij}$ (\$OD)	Revised $P_{2011/12}^{ij}$ (\$OD)	Revised $P_{2012/13}^{ij}$ plus "2011/12 compensation" (\$OD)
B1	Fixed [\$ /year]	1,092.92	1,148.65	1,146.76	1,205.83	1,258.88
	Usage 1 (Q<=5TJ/yr) [\$ /GJ]	4.20	4.41	4.41	4.63	4.83
	Usage 2 (Q>5TJ/yr) [\$ /GJ]	3.60	3.78	3.78	3.97	4.14
B2	Fixed [\$ /year]	270.46	284.26	283.78	298.41	311.54
	Usage 1 (Q<=100GJ/yr) [\$ /GJ]	6.99	7.35	7.33	7.72	8.06
	Usage 2 (Q>100GJ/yr) [\$ /GJ]	4.16	4.37	4.36	4.59	4.79
B3	Fixed [\$ /year]	55.21	58.02	57.93	60.91	63.59
	Usage 1 (Q<=10GJ/yr) [\$ /GJ]	11.74	12.34	12.32	12.96	13.53
	Usage 2 (Q>10GJ/yr) [\$ /GJ]	5.07	5.33	5.32	5.59	5.84

ACCESS ARRANGEMENT INFORMATION

Legislative requirements

63. Rule 42 of the NGR provides that:

- '(1) Access arrangement information for an access arrangement or an access arrangement proposal is information that is reasonably necessary for users and prospective users:
 - (a) to understand the background to the access arrangement or the access arrangement proposal; and
 - (b) to understand the basis and derivation of the various elements of the access arrangement or the access arrangement proposal.
- (2) Access arrangement information must include the information specifically required by the Law.'

64. Rule 43(3) of the NGR provides that:

- '(3) If information submitted as access arrangement information is, in the [Authority's] opinion, deficient in its comprehensiveness or in any other respect, the [Authority] may require the proponent:
 - (a) to make the revisions necessary to correct the deficiency and to re-submit the access arrangement information; or
 - (b) to submit further access arrangement information as an addendum to the information already submitted.'

Decision

65. As explained earlier in this decision, the NGR confers on the Authority an obligation to propose, and the power to give effect to, its own access arrangement revisions where, as in this instance, the Authority does not approve the service provider's revisions proposal.

66. The NGR does not confer on the Authority the power to prepare its own access arrangement information relating to the Authority's access arrangement revisions. That is, access arrangement information that is reasonably necessary for users and prospective users to understand the background to the Authority's access arrangement revisions and to understand the basis and derivation of the various elements of the Authority's access arrangement revisions, as is required by rule 42 of the NGR.

67. The power conferred on the Authority, by rule 43(3), is, so far as is relevant, the power to require the service provider to revise its access arrangement information

and resubmit it if the Authority is of the view that the access arrangement information is deficient.

68. The Authority is of the view that the amended access arrangement information lodged by ATCO on 12 May 2011 is deficient. The amended access arrangement information submitted by ATCO will not fulfil the requirements of rule 42 of the NGR as regards the Authority's amended access arrangement revisions for the GDS in Appendix 1 to this decision. That is because the amended access arrangement information submitted by ATCO relates to and explains ATCO's amended proposed access arrangement revisions and not the Authority's access arrangement revisions given effect to by this decision.
69. Pursuant to rule 43(3)(a) of the NGR, the Authority hereby requires ATCO to revise its amended access arrangement information. The revisions that are required to the amended access arrangement information are set out in Appendix 2 to this decision.
70. The Authority requires ATCO to re-submit the access arrangement information revised in accordance with this decision by 1 July 2012.

APPENDICES

Appendix 1 - Authority's amended access arrangement revisions

Access Arrangement for the Mid-West and South- West Gas Distribution Systems

**Revised by reason of and pursuant to orders of
the Australian Competition Tribunal made on
8 June 2012**

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Access Arrangement

1. INTRODUCTION

1.1 Purpose of this document

This document is an Access Arrangement that sets out terms and conditions about access to Pipeline Services that WAGN provides or intends to provide by means of the WAGN GDS.

The WAGN GDS is a Covered Pipeline under the National Gas Access Law.

1.2 Composition of Access Arrangement

This Access Arrangement is structured as follows:

- (a) Part 1 – Introduction
- (b) Part 2 – Key Dates
- (c) Part 3 – Identification of the Pipeline
- (d) Part 4 – Pipeline Services, Reference Services and Reference Tariffs
- (e) Part 5 – Application Procedure
- (f) Part 6 – Capacity Trading Requirements
- (g) Part 7 – Extension and Expansion Requirements
- (h) Part 8 – Changing Receipt Points and Delivery Points
- (i) Part 9 – Depreciation
- (j) Part 10 – Speculative Capital Expenditure Account
- (k) Part 11 – Fixed principles
- (l) Part 12 – Definitions and interpretation
- (m) Annexure A – Calculating Haulage Tariffs
- (n) Annexure B – Reference Tariff Variation Mechanism for Haulage Tariffs
- (O) Annexure C – Reference Tariffs associated with the Ancillary Services and the associated Reference Tariff Variation Mechanism
- (p) Annexure D – System Pressure Protection Plan
- (q) Annexure E – Template Haulage Contract
- (R) Annexure F – Information required for an application for a Haulage Service

1.3 Contact details

To obtain further details about this Access Arrangement, please contact:

Manager Regulatory Services
WA Gas Networks Pty Ltd
12-14 The Esplanade
Perth WA 6000

Email at commercial@wagn.com.au
Telephone on 08 6213 7000

2. KEY DATES

2.1 Date of commencement and most recent revisions

This Access Arrangement commenced on 18 July 2000 and was most recently revised with effect from 12 May 2011.

2.2 Review Submission Date and Revision Commencement Date

For the purposes of Rule 48(1)(i) and Rule 49(1):

- (a) the "review submission date" is 1 July 2013; and
- (b) the "revision commencement date" is 1 July 2014.

3. IDENTIFICATION OF THE PIPELINE

The Pipeline to which this Access Arrangement relates is the WAGN GDS. A description of the WAGN GDS is available at www.wagn.com.au.

4. PIPELINE SERVICES, REFERENCE SERVICES AND REFERENCE TARIFFS

4.1 Pipeline Services

WAGN offers the following Pipeline Services by means of the WAGN GDS to Prospective Users:

- (a) Reference Services, being the Haulage Services;
- (b) Reference Services, being the Ancillary Services; and
- (c) Non-Reference Services.

4.2 Service A1

- (a) Service A1 is a Pipeline Service by which a User may take delivery of Gas at a Delivery Point on the WAGN GDS, where the following preconditions are met:
 - (i) the Prospective User submits an Application and at that time:
 - (A) it is reasonably anticipated that the Prospective User will take delivery of 35 terajoules or more of Gas during each Year of the Haulage Contract; and
 - (B) the Prospective User requests a Contracted Peak Rate of 10 gigajoules or more per hour; and
 - (ii) the Prospective User requests User Specific Delivery Facilities.
- (b) The Reference Tariff for Service A1 is Tariff A1.
- (c) The other terms and conditions on which Service A1 will be provided are set out in the Template Haulage Contract.

4.3 Service A2

- (a) Service A2 is a Pipeline Service by which a User may take delivery of Gas at a Delivery Point on the WAGN GDS, where the following pre-conditions are met:
 - (i) the Prospective User submits an Application and at that time:
 - (A) it is reasonably anticipated that the Prospective User will take delivery of 10 terajoules or more of Gas, but less than 35 terajoules of Gas, during each Year of the Haulage Contract; or
 - (B) the Prospective User requests a Contracted Peak Rate of less than 10 gigajoules per hour; or
 - (C) an Above 10 TJ Determination has been, or is likely to be, made under the Retail Market Rules; and
 - (ii) the Prospective User requests User Specific Delivery Facilities.
- (b) The Reference Tariff for Service A2 is Tariff A2.
- (c) The other terms and conditions on which Service A2 will be provided are set out in the Template Haulage Contract.

4.4 Service B1

- (a) Service B1 is a Pipeline Service by which a User may take delivery of Gas at a Delivery Point on the WAGN GDS, where the following pre-conditions are met:
 - (i) the Prospective User submits an Application and at that time either (or both):
 - (A) it is reasonably anticipated that the Prospective User will take delivery of less than 10 terajoules of Gas during each Year of the Haulage Contract; or
 - (B) the Prospective User requests a Contracted Peak Rate of less than 10 gigajoules per hour; and
 - (ii) the Prospective User requests User Specific Delivery Facilities.
- (b) The Reference Tariff for Service B1 is Tariff B1.
- (c) The other terms and conditions on which Service B1 will be provided are set out in the Template Haulage Contract.

4.5 Service B2

- (a) Service B2 is a Pipeline Service by which a User may take delivery of Gas at a Delivery Point on the Medium Pressure/Low Pressure System using Standard Delivery Facilities which include a Standard 12 m³/hr Meter.
- (b) The Reference Tariff for Service B2 is Tariff B2.
- (c) The other terms and conditions on which Service B2 will be provided are set out in the Template Haulage Contract.

4.6 Service B3

- (a) Service B3 is a Pipeline Service by which a User may take delivery of Gas at a Delivery Point on the Medium Pressure/Low Pressure System using Standard Delivery Facilities which include a Standard 8 m³/hr Meter.
- (b) The Reference Tariff for Service B3 is Tariff B3.
- (c) The other terms and conditions on which Service B3 will be provided are set out in the Template Haulage Contract.

4.7 Deregistering a Delivery Point

- (a) Deregistering a Delivery Point is the Pipeline Service by which a Delivery Point is permanently deregistered by:
 - (i) removing the Standard Delivery Facilities to the extent WAGN considers necessary;
 - (ii) permanently removing the Delivery Point in accordance with the Retail Market Rules; and
 - (iii) removing the Delivery Point from the Delivery Point Register,in the manner that WAGN considers appropriate.
- (b) The Reference Tariffs associated with Deregistering a Delivery Point and the circumstance in which they apply are described in Annexure C.

- (c) The process by which User obtains access to Deregistering a Delivery Point is set out in Schedules 1 to 5 of the Template Haulage Contract (as relevant depending on the Haulage Service received).
- (d) There are circumstances in which the User must request access to Deregistering a Delivery Point. Those circumstances are described at clause 5.6 of the Template Haulage Contract.
- (e) The other terms and conditions on which Deregistering a Delivery Point will be provided are set out in the Template Haulage Contract.

4.8 Applying a Meter Lock

- (a) Applying a Meter Lock is the Pipeline Service by which a lock is applied to the valve that comprises part of the Standard Delivery Facilities to prevent Gas from being received at the relevant Delivery Point.
- (b) The Reference Tariffs associated with Applying a Meter Lock and the circumstance in which they apply are described in Annexure C.
- (c) The process by which User obtains access to Applying a Meter Lock is set out in Schedules 4 and 5 of the Template Haulage Contract (as relevant depending on the Haulage Service received).
- (d) The other terms and conditions on which Applying a Meter Lock will be provided are set out in the Template Haulage Contract.

4.9 Removing a Meter Lock

- (a) Removing a Meter Lock is the Pipeline Service by which a lock that was applied to a valve that comprises part of the Standard Delivery Facilities to prevent Gas from being received at the relevant Delivery Point is removed.
- (b) The Reference Tariffs associated with Removing a Meter Lock and the circumstance in which they apply are described in Annexure C.
- (c) The process by which User obtains access to Removing a Meter Lock is set out in Schedules 4 and 5 of the Template Haulage Contract (as relevant depending on the Haulage Service received).
- (d) The other terms and conditions on which Removing a Meter Lock will be provided are set out in the Template Haulage Contract.

4.10 Disconnecting a Delivery Point

- (a) Disconnecting a Delivery Point is the Pipeline Service by which the Delivery Point is physically disconnected in a manner that will prevent Gas from being delivered to the Delivery Point.
- (b) The Reference Tariffs associated with Disconnecting a Delivery Point and the circumstance in which they apply are described in Annexure C.
- (c) The process by which User obtains access to Disconnecting a Delivery Point is set out in Schedules 4 and 5 of the Template Haulage Contract (as relevant depending on the Haulage Service received).
- (d) The other terms and conditions on which Disconnecting a Delivery Point will be provided are set out in the Template Haulage Contract.

4.11 Reconnecting a Delivery Point

- (a) Reconnecting a Delivery Point is the Pipeline Service by which the Delivery Point is physically reconnected in a manner that will allow Gas to be delivered to the Delivery Point.
- (b) The Reference Tariffs associated with Reconnecting a Delivery Point and the circumstance in which they apply are described in Annexure C.
- (c) The process by which User obtains access to Reconnecting a Delivery Point is set out in Schedules 4 and 5 of the Template Haulage Contract (as relevant depending on the Haulage Service received).
- (d) The other terms and conditions on which Reconnecting a Delivery Point will be provided are set out in the Template Haulage Contract.

4.12 Non-Reference Services

WAGN will negotiate the Tariff or Charge, and other terms and conditions, for a Non-Reference Service with a Prospective User.

5. APPLICATION PROCEDURE

5.1 Prospective Users and Pipeline Services

If a Prospective User wishes to obtain access to a Pipeline Service (other than an Ancillary Service the access procedure for those Pipeline Services being described at paragraphs 4.7 to 4.11 as relevant for each Ancillary Service), then the Prospective User must apply to obtain access to a Pipeline Service by making an Application in accordance with this Application Procedure.

5.2 Application Information

The information required for an Application is:

- (a) when a Haulage Service is requested the information referred to in Annexure F (as relevant for the Haulage Service requested);
- (b) in addition to the information referred to at paragraph 5.2(a) such information that WAGN may reasonably specify in relation to the requested Pipeline Service (provided the request is consistent with the National Gas Access Law and the National Gas Rules); and
- (c) when a Haulage Service is requested, a proposed System Pressure Protection Plan that corresponds to one of the options referred to in Annexure D (as relevant for the Haulage Service requested).

5.3 Application Procedure for Prospective Users

- (a) A Prospective User may request WAGN to provide a Pipeline Service by lodging an Application in writing with WAGN that presents all the information required under paragraph 5.2 for the relevant category of Haulage Service.
- (b) Within 20 Business Days of receiving a complete Application, WAGN will (subject to the National Gas Access Law and National Gas Rules) either:
 - (i) make an Access Offer to the Prospective User which informs the Prospective User of the terms and conditions on which WAGN is prepared to provide the requested Pipeline Service; or
 - (ii) inform the Prospective User that WAGN needs to carry out further investigation to determine whether it can provide the requested Pipeline Service and provide a proposal for carrying out the further investigation (**Investigation Proposal**) including:
 - (A) a statement of the nature of the investigation;
 - (B) a plan (including a time schedule) for carrying out and completing the investigation; and
 - (C) a statement of the reasonable cost of the further investigation that the Prospective User is required to meet before the investigation is carried out; or
 - (iii) inform the Prospective User that it cannot provide the requested Pipeline Service and:

- (A) provide written reasons explaining why the requested Pipeline Service cannot be provided; and
 - (B) if there is some prospect that it will become possible to provide the requested Pipeline Service in the future – give details of when capacity to provide the requested Pipeline Service is likely to become available and, if possible, nominate a specific date.
- (c) If WAGN makes an Access Offer, then the Prospective User must:
- (i) accept the Access Offer by executing a Service Agreement or agreeing in writing to amend its existing Service Agreement;
 - (ii) reject the Access Offer; or
 - (iii) withdraw its Application,
- within 20 Business Days of receiving the Access Offer (or such other time as agreed to by WAGN in writing).
- (d) If the Prospective User has not taken any of the steps described in paragraphs 5.3(c)(i) to 5.3(c)(iii) within 20 Business Days of receiving the Access Offer (or such other time as agreed by WAGN in writing), then the Access Offer will be deemed to have lapsed.
- (e) A Prospective User which receives an Access Offer that lapses under paragraph 5.3(d) may ask WAGN in writing whether WAGN is prepared, in its absolute discretion, to renew the Access Offer.
- (f) If, in response to a request under paragraph 5.3(e), WAGN advises a Prospective User that the Access Offer is renewed and open for a specified period, then the Prospective User may accept that Access Offer by executing a Service Agreement or agreeing in writing to amend its existing Service Agreement within the specified period.
- (g) If WAGN provides a Prospective User an Investigation Proposal, then:
- (i) if WAGN and the Prospective User do not agree on the Investigation Proposal (or a negotiated modification of it) within 20 Business Days of WAGN providing the Investigation Proposal, then WAGN is taken to have rejected the Prospective User's request; and
 - (ii) if WAGN and the Prospective User agree on the Investigation Proposal (or a negotiated modification of it) within 20 Business Days of WAGN providing the Investigation Proposal, then WAGN must carry out the further investigation in accordance with the agreed Investigation Proposal and, on the conclusion of the further investigation, inform the Prospective User whether it can, or cannot, provide the requested Pipeline Service and then otherwise comply with this Application Procedure.
- (h) WAGN and the Prospective User will only be taken to have entered into a Service Agreement when a written agreement has been duly executed between the parties.

5.4 Access disputes – process and timing

Any Access Dispute between WAGN and a User or Prospective User may be dealt with under Chapter 6 of the National Gas Access Law.

5.5 Pre-conditions to and restrictions on the provision of Pipeline Services

- (a) Subject to the National Gas Law and National Gas Rules WAGN will only provide or agree to provide a Reference Service to a Prospective User under a Service Agreement if:
- (i) consistent with section 188 of the National Gas Access Law, doing so would not have the effect of preventing a User from obtaining a sufficient amount of a Reference Service under a contract or Access Determination to be able to meet that User's reasonably anticipated requirements;
 - (ii) consistent with section 188 of the National Gas Access Law, doing so would not have the effect of preventing a User from obtaining, by the exercise of a pre-notification right (as defined in section 188 of the National Gas Access Law) a sufficient amount of a Reference Service to be able to meet the User's actual requirements;
 - (iii) consistent with section 188 of the National Gas Access Law, doing so would not have the effect of depriving a person of a relevant protected contractual right (as defined in section 188 of the National Gas Access Law);
 - (iv) consistent with section 187 of the National Gas Access Law, WAGN considers that the Reference Service could not be provided on a genuinely competitive basis by a person other than WAGN or an associate of WAGN;
 - (v) in WAGN's view (formed reasonably), it is possible to accommodate the Prospective User's requirements under the Reference Service consistently with the safe operation of the WAGN GDS and prudent Pipeline practices accepted in the industry;
 - (vi) the Prospective User provides evidence to WAGN's reasonable satisfaction that the Prospective User will comply (or continue to comply) with the System Pressure Protection Plan as and when approved by WAGN;
 - (vii) the Service Agreement identifies the Receipt Point or Receipt Points (which must be on the same Sub-network as the Delivery Point) at which one or more Related Shippers will deliver Gas into the Sub-network for transportation to the Delivery Point;
 - (viii) in relation to each requested Delivery Point:
 - (A) the Delivery Point will be of sufficient capability to accommodate the Contracted Peak Rate requested by the Prospective User at the Delivery Point; and
 - (B) the Receipt Point (and its associated Physical Gate Points) and the Sub-network will be of sufficient capability to accommodate the Prospective User's requirements under the Service Agreement, having regard to the current contracted entitlements of all other Users of the Sub-network,for the period that the Prospective User has requested Reference Services at the requested Delivery Point (determined in WAGN's reasonable opinion);

- (ix) either (determined in WAGN's reasonable opinion):
 - (A) for the duration of the Service Agreement, there is and will be sufficient Spare Capacity to accommodate the Prospective User's requirements under the Service Agreement; or
 - (B) any necessary Extension or Expansion complies with the Extensions and Expansions Requirements; and
- (x) the Prospective User agrees that all Gas that it delivers to the WAGN GDS will comply with any gas quality specifications contained in the Service Agreement.
- (b) WAGN may, subject to the National Gas Access Law, in its reasonable discretion waive one or more of the pre-conditions described in paragraph 5.5(a) in respect of a Reference Service, and may do so on any reasonable terms and conditions.
- (c) In respect of an Application for a Non-Reference Service WAGN will, within 20 Business Days after lodgement of the Application, respond to the Application by informing Prospective User whether WAGN can provide the requested Non-Reference Service and, if so, the terms and conditions on which WAGN is prepared to provide the required Non-Reference Service.

5.6 User may extend Service Agreement or increase Contracted Peak Rate only by a new Application

- (a) Subject to this paragraph, WAGN and a User may not:
 - (i) extend the duration of a Service Agreement;
 - (ii) extend the period specified in a Service Agreement as the period over which the User is entitled to take a Pipeline Service at a Delivery Point; or
 - (iii) increase a User's Contracted Peak Rate at a Delivery Point above the Contracted Peak Rate (if any) specified in its Service Agreement for that Delivery Point,

other than by way of an Application by the User for the extended duration or incremental amount of Contracted Peak Rate.
- (b) Paragraph 5.6(a) does not prevent:
 - (i) a User from having Contracted Peak Rate transferred or assigned to it under the applicable Capacity Trading Requirements where the transfer or assignment does not involve any relocation of the Contracted Peak Rate;
 - (ii) a User from extending the duration of a Service Agreement by duly exercising an option granted to it as part of the terms and conditions of the Service Agreement; or
 - (iii) WAGN or a User from exercising their respective rights under a provision of a Service Agreement.

5.7 System Pressure Protection Plan

- (a) If the Prospective User has not already agreed to comply with a System Pressure Protection Plan approved by WAGN that would apply to a Pipeline Service that the

Prospective User wishes to obtain access to, WAGN will only provide or agree to provide a Pipeline Service to a Prospective User under a Service Agreement if:

- (i) the Prospective User provides to WAGN a written System Pressure Protection Plan as part of its Application; and
- (ii) WAGN, in writing, approves the System Pressure Protection Plan, which approval must be provided if WAGN, acting as a reasonable person, is satisfied with it.

6. CAPACITY TRADING REQUIREMENTS

6.1 Capacity Trading Requirements to be specified in the Service Agreement

A User's right to transfer its contracted capacity to another person will be set out in the User's Service Agreement with WAGN. The terms and conditions for the transfer of contracted capacity for Haulage Services are set out in clauses 12.1 to 12.5 of the Template Haulage Contract.

6.2 Capacity Trading Requirements

The terms and conditions for transfers of capacity will (as reflected in Service Agreements) be consistent with paragraphs 6.3 and 6.4.

6.3 Transfers of capacity

- (a) A User may, without WAGN's consent, transfer, by way of subcontract, all or any of the User's contracted capacity to another (the **Third Party**) with the following consequences:
 - (i) the transferor's rights against, and obligations to, WAGN are (subject to paragraph 6.3(a)(ii)) unaffected by the transfer; and
 - (ii) the transferor must immediately give notice to WAGN of:
 - (A) the subcontract and its likely duration;
 - (B) the identity of the Third Party; and
 - (C) the amount of capacity transferred.
- (b) A User may, with WAGN's prior written consent, transfer all or any of the User's contracted capacity to another (the **Third Party**) with the following consequences:
 - (i) the User's rights against, and obligations to, WAGN are terminated or modified in a manner to be specified in the User's Service Agreement and, in the case of Haulage Services, in accordance with clauses 12.1 to 12.5 of the Template Haulage Contract; and
 - (ii) a Service Agreement will arise between WAGN and the Third Party on the same terms and conditions as the Service Agreement between WAGN and the transferor.
- (c) WAGN must not withhold its consent under paragraph 6.3(b) unless it has reasonable grounds, based on commercial or technical considerations, for doing so.
- (d) An adjustment of rights and liabilities under paragraph 6.3(b) does not affect rights or liabilities that had accrued under, or in relation to, the Service Agreement before the transfer took effect.

6.4 Advance conditions

- (a) WAGN will only give its consent under paragraph 6.3(b) if the following conditions are satisfied:
 - (i) the Third Party complies with the Application Procedure described in paragraph 5;

- (ii) the Third Party satisfies the preconditions specified in paragraph 5.5 (where the proposed transferee or assignee is the Prospective User), as directed by WAGN; and
 - (iii) the User reimburses WAGN for all reasonable costs that WAGN incurs in processing and determining its request for consent, subject to WAGN providing, if requested by the User, a quote for the costs that it expects to incur but, provided the quote is prepared in good faith, it does not limit the costs which must be reimbursed under this paragraph 6.4(a)(iii).
- (b) Nothing in paragraph 6.4(a) limits WAGN's right under paragraph 6.3(c) to withhold its consent on reasonable grounds based on commercial or technical considerations.

7. EXTENSION AND EXPANSION REQUIREMENTS

7.1 Extensions of High Pressure Pipelines

- (a) If WAGN proposes a High Pressure Pipeline extension of the covered pipeline it must apply in writing to the ERA for a decision on whether the proposed extension will be taken to form part of the covered pipeline and will be covered by this Access Arrangement. The application must describe the extension and set out why the extension is necessary.
- (b) The application referred to in (a) above must be made before the proposed High Pressure Pipeline extension comes into service.
- (c) After considering WAGN's application and undertaking such consultation as the ERA considers appropriate the ERA will inform WAGN of its decision. Taking into account any consultation the ERA considers appropriate the Authority will use its reasonable endeavours to provide WAGN with written notice of its decision within 90 Business Days of WAGN's application.
- (d) The ERA's decision referred to in (c) above may be made on such reasonable terms as determined by the ERA and will have the effect stated in the decision.
- (e) An extension under this paragraph 7.1 will not affect reference tariffs during a current Access Arrangement Period.

7.2 Extensions of medium and low pressure pipelines

- (a) Any low or medium pressure pipeline extension of the covered pipeline will be treated as part of the covered pipeline and will accordingly be covered by this Access Arrangement.
- (b) No later than 20 business days following the expiration of the financial year WAGN must notify the ERA of all low and medium pressure pipeline extensions during that year, including all extensions commenced, in progress or completed.
- (c) The notice must describe each extension and set out why the extension was necessary.
- (d) An extension under this paragraph 7.2 will not affect reference tariffs during a current Access Arrangement Period.

7.3 Expansions

- (a) All expansions of the capacity of the covered pipeline carried out by WAGN will be treated as part of the covered pipeline and will accordingly be covered under this Access Arrangement.
- (b) No later than 20 business days following the expiration of the financial year WAGN must notify the ERA of all expansions of the covered pipeline during that year including all expansions commenced, in progress or completed.
- (c) The notice must describe each expansion and set out why the expansion was necessary.
- (d) An expansion under this paragraph 7.3 will not affect reference tariffs during the current Access Arrangement Period.

7.4 Distribution Licence

Where WAGN is obliged to offer to connect a premise to the WAGN GDS under a Distribution Licence, WAGN will not impose Surcharges or seek Capital Contributions in respect of Standard Delivery Facilities for those costs that WAGN is obliged to bear under the Distribution Licence.

8. CHANGING RECEIPT POINTS AND DELIVERY POINTS

8.1 Terms and conditions for changing Receipt Points and Delivery Points to be specified in the Service Agreement

- (a) A User's right to change a Receipt Point or a Delivery Point will be subject to the terms and conditions specified in that User's Service Agreement. In the case of Haulage Services, the terms and conditions are set out in clause 12.7 of the Template Haulage Contract.
- (b) The terms and conditions for changing a Receipt Point or a Delivery Point will be governed by the principles specified in paragraph 8.2 below.

8.2 Principles governing changing Receipt Points and Delivery Points

- (a) The principles that govern the change of a Receipt Point or Delivery Point are as follows:
 - (i) a User may, with the prior written consent of WAGN, change the User's Receipt Point or Delivery Point from that specified in its Service Agreement;
 - (ii) WAGN must not withhold its consent unless it has reasonable grounds, based on technical or commercial considerations, for doing so;
 - (iii) WAGN will only give its consent under paragraph 8.2(a)(i) where a User makes its request for consent in writing; and
 - (iv) WAGN may make it a condition of its consent under paragraph 8.2(a)(i) that the User satisfies one or more of the pre-conditions set out in paragraph 5.5 (which are to be read as though references to the Prospective User were instead references to the User proposing the addition, change or relocation, and references to the proposed Service Agreement or the proposed Haulage Contract were instead references to the Service Agreement or Haulage Contract as proposed to be amended by the addition, change or relocation).
- (b) Nothing in paragraph 8.2(a)(iii) or paragraph 8.2(a)(iv) limits WAGN's rights under paragraph 8.2(a)(ii) to withhold its consent on reasonable grounds based on commercial or technical considerations.

9. DEPRECIATION

9.1 Calculation of depreciation for Opening Capital Base

- (a) For the calculation of the Opening Capital Base for the WAGN GDS for the Next Access Arrangement Period, depreciation over the Current Access Arrangement Period is to be calculated in accordance with a straight line method, and is to be the sum of:
- (i) depreciation on the Opening Capital Base over the Current Access Arrangement Period; and
 - (ii) depreciation of the forecast Capital Expenditure for the Current Access Arrangement Period (being the amount of forecast Capital Expenditure used for the purpose of determining Haulage Tariffs for the Current Access Arrangement Period).
 - (iii) depreciation of any unanticipated Regulatory Capital Expenditure for the current access arrangement period (being depreciation calculated in accordance with clauses 2.2, 2.3 and 2.4 of Annexure B.
- (b) For the calculation of the Opening Capital Base for the WAGN GDS for the Next Access Arrangement Period, each of:
- (i) the Opening Capital Base for the Current Access Arrangement Period (adjusted for any difference between estimated and actual Capital Expenditure included in that Opening Capital Base);
 - (ii) Conforming Capital Expenditure made, or to be made, during the Current Access Arrangement Period;
 - (iii) any amounts added to the Capital Base under rule 82, rule 84, and rule 86 of the National Gas Rules;
 - (iv) depreciation over the Current Access Arrangement Period (calculated in accordance with paragraph 9.1(a));
 - (v) redundant assets identified during the course of the Current Access Arrangement Period; and
 - (vi) the value of Pipeline Assets disposed of during the Current Access Arrangement Period,

is to be escalated, at the rate of inflation as measured by the CPI All Groups, Weighted Average of Eight Capital Cities, and expressed in the prices prevailing on a date nominated by WAGN (provided that date is a date on or prior to the end of the Current Access Arrangement Period).

10. SPECULATIVE CAPITAL EXPENDITURE ACCOUNT

For the purposes of Rule 84, the amount of any Non-Conforming Capital Expenditure is, to the extent that expenditure is not to be recovered through a Surcharge on Users or a Capital Contribution, to be added to a notional fund, the WAGN GDS speculative capital expenditure account, and is to be dealt with in accordance with Rule 84(2) and Rule 84(3).

11. FIXED PRINCIPLES

- (a) The following principles were approved by the ERA as fixed principles on 25 August 2005 for a period of 10 Years:
- (i) the financing structure (being a 60/40 debt/equity ratio) that has been assumed for the purposes of determining the Rate of Return for the WAGN GDS;
 - (ii) the straight-line method of depreciation for each group of assets referred to in part 9; and
 - (iii) that FRC Costs that are incurred, or are expected to be incurred, in the delivery of Reference Services are included as a component of Operating Expenditure;
 - (iv) the inclusion of:
 - (A) HHV Costs that are Conforming Capital Expenditure in the Opening Capital Base for the WAGN GDS at the Revision Commencement Date; and
 - (B) in Total Revenue HHV Costs that are Operating Expenditure for the Next Access Arrangement Period in respect of the WAGN GDS,in respect of which Reference Tariffs have been varied as a Cost Pass Through Event.
- (b) The following principles are declared as fixed principles for 10 Years commencing on 1 January 2011; the inclusion of:
- (i) Physical Gate Point Costs that constitute Conforming Capital Expenditure in the Opening Capital Base for the WAGN GDS for the Next Access Arrangement Period; and
 - (ii) Physical Gate Point Costs that constitute Conforming Operating Expenditure in Total Revenue for the Next Access Arrangement Period in respect of the WAGN GDS,
- in respect of which Reference Tariffs have been varied as a Cost Pass Through Event.

12. DEFINITIONS AND INTERPRETATION

12.1 Dictionary

Unless the contrary intention appears, in this document:

Above 10 TJ Determination has the meaning given it in rule 139(3)(b) of the Retail Market Rules;

Access Arrangement has the meaning given to that term in the National Gas Access Law;

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

Access Determination has the meaning given to that term in the National Gas Access Law;

Access Dispute has the meaning given to that term in the National Gas Access Law;

Access Offer refers to an offer made under paragraph 5.3(b)(i) of this Access Arrangement;

Ancillary Services means any one of Deregistering a Delivery Point, Applying a Meter Lock, Removing a Meter Lock, Disconnecting a Delivery Point and Reconnecting a Delivery Point and **Ancillary Services** means all of them;

Application means an application from a Prospective User under the Application Procedure;

Application Procedure means the procedure set out in Part 5 of this Access Arrangement under which a Prospective User wishing to obtain access to a Pipeline Service must submit an Application;

Applying a Meter Lock means the Pipeline Service described in paragraph 4.8;

Business Day means a day that is not a Saturday, Sunday or a public or bank holiday under the *Public and Bank Holidays Act 1972 (WA)*;

Capacity Trading Requirements refers to the requirements specified in Part 6 of this Access Arrangement;

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

Capital Contribution has the meaning given to that term in the National Gas Rules;

Capital Expenditure has the meaning given to that term in the National Gas Rules;

Charge has the meaning given to that term in the National Gas Access Law;

Conforming Capital Expenditure has the meaning given to that term in the National Gas Rules;

Conforming Operating Expenditure means Operating Expenditure that complies with the criteria governing Operating Expenditure under the National Gas Rules;

Contracted Peak Rate, in respect of a User entitled to take delivery of Gas at a Delivery Point under a Service Agreement, means the rate specified in or under the User's Service

Agreement as the highest Instantaneous Flow Rate through the Delivery Point at which WAGN can be required to deliver Gas;

Cost Pass Through Event refers to an event defined as a cost pass through event in clause 3.1 of Annexure B;

Covered Pipeline has the meaning given to that term in the National Gas Access Law;

CPI All Groups, Weighted Average of Eight Capital Cities means the Consumer Price Index All Groups Index Number for All Groups, Weighted Average of Eight Capital Cities published by the Australian Bureau of Statistics or, if applicable, an alternative index determined under clause 2.6 of Annexure B;

Current Access Arrangement Period means the Access Arrangement Period to which the Access Arrangement currently relates;

Delivery Facilities means, as applicable, Standard Delivery Facilities or User Specific Delivery Facilities;

Delivery Point means a point, including a flange or joint, specified in a Service Agreement as a point at which the User takes custody of Gas from WAGN out of the WAGN GDS;

Deregistering a Delivery Point means the Pipeline Service described in paragraph 4.7;

Disconnecting a Delivery Point means the Pipeline Service described in paragraph 4.10;

Distribution Licence means the licence granted to WAGN by the ERA on 18 November 2007, which replaced licences GDL1, GDL2 and GDL3 granted on 1 July 2000, that authorises WAGN to transport Gas through the WAGN GDS and, if required for that purpose, to make alterations to the WAGN GDS, and to operate and maintain the WAGN GDS;

ERA means the Economic Regulation Authority;

Extension or Expansion means any extension to, or expansion of the capacity of, the WAGN GDS and includes a new Pipeline;

FRC Costs means the Operating Expenditure connected to or associated with:

- (a) the introduction of full retail contestability in the Western Australian Gas market; and
- (b) WAGN operating in a contestable Gas retail market, including the ongoing costs associated with WAGN's membership of the Retail Energy Market Company Limited (ACN 103 318 556) and its compliance with the Retail Market Scheme;

Haulage Contract means an agreement entered into between WAGN and a User under which WAGN agrees to provide one or more Haulage Services;

Haulage Service means any one of Service A1, Service A2, Service B1, Service B2 and Service B3 and **Haulage Services** means all of them;

Haulage Tariff means any one of Tariff A1, Tariff A2, Tariff B1, Tariff B2 and Tariff B3, and **Haulage Tariffs** means all of them;

HHV Costs has the meaning given to it in clause 5 of Annexure B to this Access Arrangement;

High Pressure Pipeline Extension means for the purposes of the Template Haulage Contract an extension to WAGN's Covered Pipeline with a direct connection to a transmission pipeline that provides reticulated gas to a new development or an existing development not serviced with reticulated gas.

Interconnection Arrangement means a written or unwritten contract, arrangement or understanding in respect of an interconnection at a Physical Gate Point between the WAGN GDS and an Interconnected Pipeline (and includes a written or unwritten contract, arrangement or understanding for the provision of an Interconnection Service);

Instantaneous Flow Rate, in respect of a Delivery Point, means a flow rate measured over the shortest period of time over which the Meter at the Delivery Point is capable of measuring a flow rate;

Interconnected Pipeline means a transmission Pipeline, distribution Pipeline or Gas storage system from which Gas is delivered into the WAGN GDS;

Interconnection Service means a Pipeline Service under which WAGN provides for, or facilitates, the interconnection of a pipeline to the WAGN GDS;

Investigation Proposal has the meaning given to that term in paragraph 0 of this Access Arrangement;

Medium Pressure/Low Pressure System means those parts of the WAGN GDS operating at a nominal pressure of less than 300 kPa and includes all high pressure regulators that are part of the WAGN GDS which reduce the pressure from those parts of the WAGN GDS which operate at a nominal pressure of 300 kPa or more to those parts of the WAGN GDS which operate at a nominal pressure of less than 300 kPa;

Meter means all equipment used to measure the flow of Gas taken from the WAGN GDS at a Delivery Point, including any ancillary equipment;

National Gas Access (Western Australia) Legislation means:

- (a) the *National Gas Access (Western Australia) Act 2009* (WA);
- (b) the National Gas Access Law;
- (c) the National Gas Rules; and
- (d) the National Gas Regulations.

National Gas Access Law means the National Gas Access (Western Australia) Law as defined in section 7 of the *National Gas Access (Western Australia) Act 2009* (WA);

National Gas Regulations has the meaning given to that term in the *National Gas Access (Western Australia) Act 2009*;

National Gas Rules has the meaning given to that term in the National Gas Access Law;

Next Access Arrangement Period means the Access Arrangement Period immediately after the Current Access Arrangement Period;

Non-Conforming Capital Expenditure has the meaning given to that term in the National Gas Rules;

Non-Reference Service means a Pipeline Service that is not a Haulage Service or an Ancillary Service;

Opening Capital Base has the meaning given to that term in the National Gas Rules;

Operating Expenditure has the meaning given to that term in the National Gas Rules;

Physical Gate Point means the flange, joint or other point which marks a physical boundary between the WAGN GDS and an Interconnected Pipeline;

Physical Gate Point Costs has the meaning given to that term in clause 5 of Annexure B;

Pipeline has the meaning given to that term in the National Gas Access Law;

Pipeline Service has the meaning given to that term in the National Gas Access Law;

Prospective User has the meaning given to that term in the National Gas Access Law;

Rate of Return has the meaning given to that term under the National Gas Rules;

Receipt Point for a Sub-network means a point (which may be in the same physical location as a Physical Gate Point) which WAGN has designated as a Receipt Point for that Sub-network;

Reconnecting a Delivery Point means the Pipeline Service described in paragraph 4.11;

Reference Service has the meaning given to that term in the National Gas Access Law;

Reference Tariff has the meaning given to that term in the National Gas Access Law;

Reference Tariff Variation Mechanism has meaning given to that term in the National Gas Rules and for the purposes of this Access Arrangement means the mechanism for varying a Haulage Tariff set out in Annexure B and the mechanism for varying the Reference Tariffs relating to the Ancillary Services set out in Annexure C;

Related Shipper in relation to a User for a Sub-network, means a person who, from time to time, is named in the User's allocation instruction for the Sub-network under the Retail Market Rules, and to avoid doubt, the User may be its own Related Shipper;

Removing a Meter Lock means the Pipeline Service described in paragraph 4.9;

Retail Market Rules means the rules applying under the Retail Market Scheme as amended from time to time, or any other scheme applying to the retail energy market;

Retail Market Scheme means the retail market scheme, including the Retail Market Rules, approved under section 11ZOJ of the *Energy Coordination Act 1994 (WA)* applying in respect of WAGN GDS, as amended from time to time, or any other scheme applying to the retail energy market;

Review Submission Date means the date specified in paragraph 2.2(a);

Revision Commencement Date means the date specified in paragraph 2.2(b);

Service A1 means the Pipeline Service described in paragraph 4.2;

Service A2 means the Pipeline Service described in paragraph 4.3;

Service B1 means the Pipeline Service described in paragraph 4.4;

Service B2 means the Pipeline Service described in paragraph 4.5;

Service B3 means the Pipeline Service described in paragraph 4.6;

Service Agreement means a Haulage Contract or any other agreement entered into between WAGN and a User under which WAGN agrees to provide a Pipeline Service to the User;

Spare Capacity has the meaning given to that term in the National Gas Access Law;

Standard Delivery Facilities means:

- (a) either:
 - (i) in the case of Reference Service B2, a Standard 12 m³/hr Meter;
or
 - (ii) in the case of Reference Service B3, a Standard 8 m³/hr Meter;
- (b) up to 20 metres of Service Pipe;
- (c) a Standard Pressure Regulator, sized to suit the applicable Meter;
- (d) any ancillary pipes and equipment (including a valve or valves); and
- (e) installation of items (a) to (d) above in Standard Site Conditions,

being the standard facility or facilities adopted for the purposes of this definition as specified from time to time by WAGN;

Service Pipe means the pipe and associated fittings which connect a Delivery Point to the main;

Standard 8 m³/hr Meter means a standard Meter with a badged capacity of not more than 8 cubic metres of Gas per hour, being the standard facility or facilities adopted for the purposes of this definition as specified from time to time by WAGN;

Standard 12 m³/hr Meter means a standard Meter with a badged capacity of not less than 8 cubic metres of Gas per hour and not more than 12 cubic metres of Gas per hour, being the standard facility or facilities adopted for the purposes of this definition as specified from time to time by WAGN;

Standard Pressure Regulator means a pressure regulator or pressure regulators provided by WAGN as part of Service B2 and Service B3 which are the standard facilities adopted for the purposes of this definition as specified from time to time by WAGN;

Standard Site Conditions means, in the reasonable opinion of WAGN, that the land or premises through which the Standard Delivery Facilities are being installed:

- (a) does not have rock or other hard formation present;
- (b) does not have tiered or terraced gardens or retaining walls present;
- (c) does not require traffic management (including traffic management to allow safe access or working in the land or premises adjacent to the land or premises through which the Standard Delivery Facilities are being installed);
- (d) does not require horizontal directional drilling or boring;
- (e) is not densely vegetated, and

where the Gas main is so located that, in the reasonable opinion of WAGN, it is practicable in accordance with good industry practice to connect the Standard Delivery Facilities to the Gas main.

Sub-network means a part of the WAGN GDS identified under the Retail Market Rules as a "Sub-network" in relation to the WAGN GDS;

Surcharge has the meaning given to that term in the National Gas Rules;

System Pressure Protection Plan means a plan prepared by a Prospective User that complies with the requirements set out in Annexure D and which sets out the manner in which the Prospective User will ensure that it does not jeopardise the system pressure of the WAGN GDS;

Tariff has the meaning given to that term in the National Gas Access Law;

Tariff A1 means the Tariff or Charge specified in, or determined by applying the formula or methodology contained in, clause 1.1 of Annexure A, as varied under the Reference Tariff Variation Mechanism;

Tariff A2 means the Tariff or Charge specified in, or determined by applying the formula or methodology contained in, clause 1.2 of Annexure A, as varied under the Reference Tariff Variation Mechanism;

Tariff B1 means the Tariff or Charge specified in, or determined by applying the formula or methodology contained in, clause 1.3 of Annexure A, as varied under the Reference Tariff Variation Mechanism;

Tariff B2 means the Tariff or Charge specified in, or determined by applying the formula or methodology contained in, clause 1.4 of Annexure A, as varied under the Reference Tariff Variation Mechanism;

Tariff B3 means the Tariff or Charge specified in, or determined by applying the formula or methodology contained in, clause 1.5 of Annexure A, as varied under the Reference Tariff Variation Mechanism;

Telemetry means the communication equipment used for transmission of data collected from a Meter to WAGN's central data management system and typically encompasses modems, telecom landline (which may be dedicated or part of the PSTN network) or radio transceivers (which may be in the form of a dedicated radio network, GSM, GPRS or satellite telephony);

Template Haulage Contract refers to Annexure E;

Total Revenue has the meaning given to that term in the National Gas Rules;

User has the meaning given to that term in the National Gas Access Law;

User Specific Delivery Facilities for a User means:

- (a) a Meter which is not a Standard 8 m³/hr Meter or a Standard 12 m³/hr Meter;
- (b) Service Pipe from the main to the Delivery Point;
- (c) a User Specific Pressure Regulator;
- (d) any ancillary pipes and equipment; and
- (e) in the case of Service A1 and Service A2, also includes Telemetry,

being the facility or facilities which are the most appropriate for that User, as determined by WAGN as a reasonable person;

User Specific Pressure Regulator means a pressure regulator which is not a Standard Pressure Regulator;

WAGN means WA Gas Networks Pty Ltd (ABN 90 089 531 975) of 12-14 The Esplanade, Perth WA 6000, and includes its successors and assigns;

WAGN GDS means the Mid-West and South-West Gas Distribution Systems in Western Australia;

Year means a period of 12 months.

12.2 Interpretation

- (a) Except where otherwise indicated, a reference in this document to a part, clause, subclause, paragraph, subparagraph, schedule or annexure is a reference to a part, clause, subclause, paragraph, subparagraph, schedule or annexure of or to this document.
- (b) A reference to a "document" is a reference to a document and all of its schedules and annexures.
- (c) A reference to a Rule followed by a number is a reference to a rule with the corresponding number in the National Gas Rules.
- (d) Unless the context otherwise requires, in this document words in the singular include the plural and vice versa.
- (e) If this document defines a word or expression, other parts of speech and grammatical forms of the word or expression have corresponding meanings.
- (f) The term "including" means "including but not limited to".
- (g) A reference to a Delivery Point or a Receipt Point being on a Sub-network or a system means it is connected to that Sub-network or system.
- (h) The term "under" in relation to a provision of this document, includes "by", "in accordance with", "pursuant to" and "by virtue of".
- (i) In this document, a reference to:
 - (i) a Law includes any amendment or re-enactment of it that is for the time being in force, and includes all Laws made under it from time to time; and
 - (ii) a rule of the Retail Market Rules or a provision of the Retail Market Scheme includes any amendment to or substitution of the rule or provision.
- (j) Where a period of time is expressed to begin at, on, or with a specified day, that day is excluded in the period.

12.3 SI units

Unless otherwise indicated, all units in this Access Arrangement are SI units in accordance with the international system of units set out in Australian Standard 1000-1998.

12.4 References to Gas

Unless otherwise indicated, a reference to "Gas" in this Access Arrangement is a reference to natural gas, being a substance that:

- (a) is in a gaseous state at standard temperature and pressure;

- (b) consists of naturally occurring hydrocarbons, or a naturally occurring mixture of hydrocarbons and non-hydrocarbons, the principal constituent of which is methane; and
- (c) is suitable for consumption.

12.5 Gas measured in gigajoules

Unless otherwise indicated, any reference in this Access Arrangement to a quantity of Gas is a measure of Gas in gigajoules.

12.6 References to Spare Capacity Contracted Peak Rate and capacity of the WAGN GDS

Unless the contrary intention appears, if this Access Arrangement generally requires Spare Capacity, Contracted Peak Rate or capacity of the WAGN GDS to be quantified, it is to be quantified as an Instantaneous Flow Rate and is to be expressed in gigajoules per hour.

Annexure A

CALCULATING HAULAGE TARIFFS

1. TARIFFS FOR HAULAGE SERVICES

1.1 TARIFF A1

- (a) Tariff A1 consists of:
 - (i) a Standing Charge which is payable each day regardless of Contracted Peak Rate and regardless of usage;
 - (ii) a Demand Charge calculated for each day by multiplying the Demand Charge Rate by the User's Contracted Peak Rate (expressed in gigajoules to three decimal places) and multiplying the resulting amount by the Interconnection Distance (expressed in kilometres to one decimal place);
 - (iii) a Usage Charge calculated by multiplying the Usage Charge Rate by the quantity of Gas delivered to the User at a Delivery Point (expressed in gigajoules to three decimal places) and multiplying the resulting amount by the Interconnection Distance (expressed in kilometres to one decimal place); and
 - (iv) a daily User Specific Charge for the User Specific Delivery Facilities.
- (b) Subject to the Reference Tariff Variation Mechanism, for Tariff A1 from 1 July 2011:
 - (i) the Standing Charge is \$41,351.48 per twelve month period;
 - (ii) the Demand Charge Rate is:
 - (A) \$174.30 for the first 10 kilometres of the Interconnection Distance; and
 - (B) \$91.74 for any part of the Interconnection Distance in excess of 10 kilometres;
 - (iii) the Usage Charge Rate is:
 - (A) \$0.03698 for the first 10 kilometres of the Interconnection Distance; and
 - (B) \$0.01848 for any part of the Interconnection Distance in excess of 10 kilometres; and
 - (iv) the User Specific Charge is to be an amount per day which reflects the costs to WAGN of providing the User Specific Delivery Facilities, which may consist of Capital Expenditure and Operating Expenditure, where the component of the User Specific Charge which reflects Capital Expenditure is calculated as follows:
 - (A) the value of the User Specific Delivery Facilities is to be amortised monthly on an "in arrears" basis;
 - (B) using a nominal pre-tax weighted average cost of capital of 10.55%; and
 - (C) over the lesser of the duration of the economic life of the User Specific Delivery Facilities and the period during which the User is entitled to take delivery of Gas at the Delivery Point to which the

User Specific Delivery Facilities relate under its Service Agreement.

1.2 **TARIFF A2**

- (a) Tariff A2 consists of:
 - (i) a Standing Charge which is payable each day regardless of Contracted Peak Rate and regardless of usage;
 - (ii) a Usage Charge calculated by multiplying the Usage Charge Rate by the quantity of Gas delivered to the User at a Delivery Point (expressed in gigajoules to three decimal places); and
 - (iii) a daily User Specific Charge for the User Specific Delivery Facilities.
- (b) Subject to the Reference Tariff Variation Mechanism, for Tariff A2 from 1 July 2011:
 - (i) the Standing Charge is \$22,892.24 per twelve month period;
 - (ii) the Usage Charge Rate is:
 - (A) \$2.21 per gigajoule for the first 10 terajoules of Gas delivered to the User at a Delivery Point per Year; and
 - (B) \$1.18 per gigajoule for Gas delivered to the User at a Delivery Point in excess of 10 terajoules per Year; and
 - (iii) the User Specific Charge is to be an amount per day which reflects the costs to WAGN of providing the User Specific Delivery Facilities, which may consist of Capital Expenditure and Operating Expenditure, where the component of the User Specific Charge which reflects Capital Expenditure is calculated as follows:
 - (A) the value of the User Specific Delivery Facilities is to be amortised monthly on an "in arrears" basis;
 - (B) using a nominal pre-tax weighted average cost of capital of 10.55%; and
 - (C) over the lesser of the duration of the economic life of the User Specific Delivery Facilities and the period during which the User is entitled to take delivery of Gas at the Delivery Point to which the User Specific Delivery Facilities relate under its Service Agreement.

1.3 **TARIFF B1**

- (a) Tariff B1 consists of:
 - (i) a Standing Charge which is payable each day regardless of Contracted Peak Rate and regardless of usage;
 - (ii) a Usage Charge calculated by multiplying the Usage Charge Rate by the quantity of Gas delivered to the User at a Delivery Point (expressed in gigajoules to three decimal places); and
 - (iii) a daily User Specific Charge for the User Specific Delivery Facilities.
- (b) Subject to the Reference Tariff Variation Mechanism, for Tariff B1 from 1 July 2011:
 - (i) the Standing Charge is \$1,148.65 per twelve month period ;
 - (ii) the Usage Charge Rate is:

- (A) \$4.41 per gigajoule for the first 5 terajoules of Gas delivered to the User at a Delivery Point per Year; and
- (B) \$3.78 per gigajoule for Gas delivered to the User at a Delivery Point in excess of 5 terajoules per Year; and
- (iii) the User Specific Charge is to be an amount per day which reflects the costs to WAGN of providing the User Specific Delivery Facilities under a Service Agreement, which may consist of capital costs and Operating Expenditure, where the component of the User Specific Charge which reflects capital costs is calculated as follows:
 - (A) the value of the User Specific Delivery Facilities is to be amortised monthly on an "in arrears" basis;
 - (B) using a nominal pre-tax weighted average cost of capital of 10.55%; and
 - (C) over the lesser of the duration of the economic life of the User Specific Delivery Facilities and the period during which the User is entitled to take delivery of Gas at the Delivery Point to which the User Specific Delivery Facilities relate under its Service Agreement.

1.4 TARIFF B2

- (a) Tariff B2 consists of:
 - (i) a Standing Charge which is payable each day regardless of usage; and
 - (ii) a Usage Charge calculated by multiplying the Usage Charge Rate by the quantity of Gas delivered to the User at a Delivery Point (expressed in gigajoules to three decimal places).
- (b) Subject to the Reference Tariff Variation Mechanism, for Tariff B2 from 1 July 2011:
 - (i) the Standing Charge is \$284.26 per twelve month period; and
 - (ii) the Usage Charge Rate is
 - (A) \$7.35 per gigajoule for the first 100 gigajoules of Gas delivered to the User at a Delivery Point per Year; and
 - (B) \$4.37 per gigajoule for Gas delivered to the User at a Delivery Point in excess of 100 gigajoules per Year.

1.5 TARIFF B3

- (a) Tariff B3 consists of:
 - (i) a Standing Charge which is payable each day regardless of usage; and
 - (ii) a Usage Charge calculated by multiplying the Usage Charge Rate by the quantity of Gas delivered to the User at a Delivery Point (expressed in gigajoules to three decimal places).
- (b) Subject to the Reference Tariff Variation Mechanism, for Tariff B3 from 1 July 2011:
 - (i) the Standing Charge is \$58.02 per twelve month period; and
 - (ii) the Usage Charge Rate is:
 - (A) \$12.34 per gigajoule for the first 10 gigajoules of Gas delivered to the User at a Delivery Point per Year; and

- (B) \$5.33 per gigajoule for Gas delivered to the User at a Delivery Point in excess of 10 gigajoules per Year.

2. DEFINITIONS FOR ANNEXURE A

2.1 Dictionary for Annexure A

Unless the contrary intention appears, in this Annexure A:

Access Arrangement Information means the information described in rule 42 of the National Gas Rules as amended and provided to the ERA following, and pursuant to, the ERA's decision giving effect to this Access Arrangement.

Demand Charge for Tariff A1 means the charge described in clause 1.1(a)(ii) of Annexure A.

Demand Charge Rate for Tariff A1 means the rate specified in clause 1.1(b)(ii) of Annexure A.

GST means:

- (a) the same as in the in GST Law;
- (b) any other goods and services tax, or any tax applying to a transaction under a Service Agreement; and
- (c) any additional tax, penalty tax, fine, interest or other charge under a law for such a tax.

GST Law means the same as "GST law" means in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Interconnection Distance means a distance measured along the straight line which represents the shortest distance between the Delivery Point and the nearest Pipeline or storage system from which Gas is (or would be, if Interconnection Arrangements were entered into and necessary Physical Gate Points and associated facilities were constructed) delivered into the WAGN GDS.

Standing Charge means:

- (a) for Tariff A1, the amount specified in clause 1.1(b)(i) of Annexure A;
- (b) for Tariff A2, the amount specified in clause 1.2(b)(i) of Annexure A;
- (c) for Tariff B1, the amount specified in clause 1.3(b)(i) of Annexure A;
- (d) for Tariff B2, the amount specified in clause 1.4(b)(i) of Annexure A;
- (e) for Tariff B3, the amount specified in clause 1.5(b)(i) of Annexure A.

Tariff Component means a component of a Haulage Tariff which is an amount, or the rate, by which a User is charged for a single element or attribute of a Haulage Service.

Usage Charge means:

- (a) for Tariff A1, the charge described in clause 1.1(a)(iii) of Annexure A;
- (b) for Tariff A2, the charge described in clause 1.2(a)(ii) of Annexure A;
- (c) for Tariff B1, the charge described in clause 1.3(a)(ii) of Annexure A;
- (d) for Tariff B2, the charge described in clause 1.4(a)(ii) of Annexure A;
- (e) for Tariff B3, the charge described in clause 1.5(a)(ii) of Annexure A.

Usage Charge Rate means:

- (a) for Tariff A1, the rate specified in clause 1.1(b)(iii) of Annexure A;
- (b) for Tariff A2, the rate specified in clause 1.2(b)(ii) of Annexure A;
- (c) for Tariff B1, the rate specified in clause 1.3(b)(ii) of Annexure A;
- (d) for Tariff B2, the rate specified in clause 1.4(b)(ii) of Annexure A;
- (e) for Tariff B3, the rate specified in clause 1.5(b)(ii) of Annexure A.

User Specific Charge means:

- (a) for Tariff A1, the charge described in clause 1.1(b)(iv) of Annexure A;
- (b) for Tariff A2, the charge described in clause 1.2(b)(iii) of Annexure A;
- (c) for Tariff B1, the charge described in clause 1.3(b)(iii) of Annexure A.

2.2 Monetary amounts in Annexure A

Unless otherwise stated, all amounts specified in this Annexure A are exclusive of GST and expressed in Australian dollars as at December 2009.

Annexure B

REFERENCE TARIFF VARIATION MECHANISM FOR HAULAGE TARIFFS

1. REFERENCE TARIFF VARIATION MECHANISM

This Reference Tariff Variation Mechanism provides for the variation of a Haulage Tariff:

- (a) in accordance with clause 2 of this Annexure B; and
- (b) as a result of a cost pass through for a defined Cost Pass Through Event, under clause 3 of this Annexure B.

2. REFERENCE TARIFF VARIATION MECHANISM – VARIATION IN ACCORDANCE WITH FORMULA

2.1 Variation

- (a) WAGN may vary any Haulage Tariff by varying one or more Tariff Components of that Haulage Tariff during a Variation Period in accordance with this clause 2 of Annexure B.
- (b) Each Haulage Tariff varied under this clause 2 of Annexure B applies as varied on and from the first day of the applicable Variation Period.
- (c) Where, in this clause 2 of Annexure B, reference is made to forecast Regulatory Operating Expenditure, that forecast is to be in Real December 2009 Dollars.
- (d) Where, in this clause 2 of Annexure B, a reference is made to actual Regulatory Operating Expenditure, that actual is to be in Nominal Dollars (dollars of the day) as presented in the WAGN Financial Statement.

2.2 Variation Period is the year commencing 1 July 2011

- (a) If the Variation Period is the Year commencing 1 July 2011, any variation of a Tariff Component under clause 2.1(a) of Annexure B must satisfy the following conditions:

$$P_{2011/12}^{ij} \leq P_0^{ij} (1 + V_{2011/12}) * \frac{CPI_{Mar2011}}{CPI_{Sep2008}}$$

where:

$P_{2011/12}^{ij}$ is the value of Tariff Component j of haulage Tariff i as varied on and from the first day of the variation period;

P_0^{ij} is the value of Tariff Component j of haulage Tariff i as set out in Annexure A.

$V_{2011/12}$ is calculated by applying the formula set out in clause 2.2(b) of Annexure B

$CPI_{Mar2011}$ is the CPI All Groups, Weighted Average of Eight Capital Cities for the quarter ending on 31 March 2011 and

$CPI_{Sep2008}$ is the CPI All Groups, Weighted Average of Eight Capital Cities for the quarter ending on 30 September 2008.

- (b) For the purpose of clause 2.2(a) of Annexure B, V_{2011/12} is calculated by applying the following formula:

$$V_{2011/12} = \frac{\Delta ROpex_{2010(1)} \times (1 + WACC)^2 + \Delta ROpex_{2010/11} \times (1 + WACC) + Y_{2010(1)} + Y_{2010/11} + Z_{2010(1)} + Z_{2010/11}}{EXPREV_{2011/12}}$$

and

$$\Delta ROpex_{2010(1)} = AROpex_{2010(1)} * \frac{CPI_{Dec2009}}{CPI_{Jun2010}} - FROpex_{2010(1)}$$

and

$$\Delta ROpex_{2010/11} = AROpex_{2010/11} * \frac{CPI_{Sep2009}}{CPI_{Mar2011}} - FROpex_{2010/11}$$

where:

AROpex₂₀₁₀₍₁₎ is Actual Regulatory Operating Expenditure for the period from 1 January 2010 to 30 June 2010;

FROpex₂₀₁₀₍₁₎ is \$4.092 million (real \$ as at 31 December 2009);

AROpex_{2010/11} is Actual Regulatory Operating Expenditure for the period from 1 July 2010 to 30 June 2011;

FROpex_{2010/11} is \$5.768 million (real \$ as at 31 December 2009);

CPI_{Dec2009} is the CPI All Groups, Weighted Average of Eight Capital Cities for the quarter ending on 31 December 2009;

CPI_{Jun2010} is the CPI All Groups, Weighted Average of Eight Capital Cities for the quarter ending on 30 June 2010;

CPI_{Sep2009} is the CPI All Groups, Weighted Average of Eight Capital Cities for the quarter ending on 30 September 2009;

CPI_{Mar2011} is the CPI All Groups, Weighted Average of Eight Capital Cities for the quarter ending on 31 March 2011:

Y₂₀₁₀₍₁₎ is the depreciation, for the period from 1 July 2010 to 30 June 2011, of unanticipated Regulatory Capital Expenditure (real \$ as at 31 December 2009) incurred in the period from 1 January 2010 to 30 June 2010

Y_{2010/11} is the depreciation, for the period from 1 July 2011 to 30 June 2012, of unanticipated Regulatory Capital Expenditure (real \$ as at 31 December 2009) incurred in the period from 1 January 2010 to 30 June 2011

Z₂₀₁₀₍₁₎ is the return, for the period from 1 July 2010 to 30 June 2011, on unanticipated Regulatory Capital Expenditure (real \$ as at 31 December 2009) incurred in the period from 1 January 2010 to 30 June 2010

$Z_{2010/11}$ is the return, for the period from 1 July 2011 to 30 June 2012, on unanticipated Regulatory Capital Expenditure (real \$ as at 31 December 2009) incurred in the period from 1 January 2010 to 30 June 2011

$ExpRev_{2011/12}$ is \$163.450 million (real \$ as at 31 December 2009) and

$WACC$ is 7.75%.

2.3 Variation Period is the year commencing 1 July 2012

- (a) If the Variation Period is the Year commencing 1 July 2012, any variation of a Tariff Component under clause 2.1(a) of Annexure B must satisfy the following conditions:

$$p_{2012/13}^{ij} \leq p_o^{ij} \times (1 + V_{2012/13}) \times \frac{CPI_{Mar2012}}{CPI_{Sep2008}}$$

where:

$p_{2012/13}^{ij}$ is the value of Tariff Component j of Haulage Tariff i as varied on and from the first day of the variation period;

p_o^{ij} is the value of Tariff Component j of Haulage Tariff i as set out in Annexure A;

$V_{2012/13}$ is calculated by applying the formula set out in clause 2.3 (b) of Annexure B;

$CPI_{Mar2012}$ is the value of the CPI All Groups, Weighted Average of Eight Capital Cities for the quarter ending on 31 March 2012; and

$CPI_{Sep2008}$ is the value of the CPI All Groups, Weighted Average of Eight Capital Cities for the quarter ending on 30 September 2008.

- (b) For the purpose of clause 2.3(a) of Annexure B, $V_{2012/13}$ is calculated by applying the following formula:

$$V_{2012/13} = \frac{\Delta ROpex_{2011/12} \times (1 + WACC) + Y_{2012/13} + Z_{2012/13}}{EXPREV_{2012/13}}$$

and

$$\Delta ROpex_{2011/12} = AROpex_{2011/12} * \frac{CPI_{Sep2009}}{CPI_{Mar2012}} - FROpex_{2011/12}$$

where:

$AROpex_{2011/12}$ is Actual Regulatory Operating Expenditure for the period from 1 July 2011 to 30 June 2012

$FROpex_{2011/12}$ is \$6.760 million (real \$ as at 31 December 2009)

$Y_{2012/13}$	is depreciation, for the period from 1 July 2012 to 30 June 2013, of unanticipated Regulatory Capital Expenditure (real \$ as at 31 December 2009) incurred in the period from 1 January 2010 to 30 June 2012;
$Z_{2012/13}$	is the return, for the period from 1 July 2012 to 30 June 2013, on unanticipated Regulatory Capital Expenditure (real \$ as at 31 December 2009) incurred in the period from 1 January 2010 to 30 June 2012;
WACC	is 7.75%;
$EXPREV_{2012/13}$	is \$168.766 million (real, December 2009).

2.4 Variation Period is the year commencing 1 July 2013

- (a) If the Variation Period is the year commencing 1 July 2013, any variation of a Tariff Component under clause 2.1(a) of Annexure B must satisfy the following conditions:

$$p_{2013/14}^{ij} \leq p_0^{ij} \times (1 + V_{2013/14}) \times \frac{CPI_{Mar2013}}{CPI_{Sep2008}}$$

where:

$p_{2013/14}^{ij}$	is the value of Tariff Component j of Haulage Tariff i as varied on and from the first day of the variation period;
p_0^{ij}	is the value of Tariff Component j of Haulage Tariff i as set out in Annexure A;
$V_{2013/14}$	is calculated by applying the formula set out in clause 2.4 (b) of Annexure B;
$CPI_{Mar2013}$	is the value of the CPI All Groups, Weighted Average of Eight Capital Cities for the quarter ending on 31 March 2013; and
$CPI_{Sep2008}$	is the value of the CPI All Groups, Weighted Average of Eight Capital Cities for the quarter ending on 30 September 2008.

- (b) For the purpose of clause 2.4(a) of Annexure B, $V_{2013/14}$ is calculated by applying the following formula:

$$V_{2013/14} = \frac{\Delta ROpex_{2012/13} \times (1 + WACC) + Y_{2013/14} + Z_{2013/14}}{EXPREV_{2013/14}}$$

and

$$\Delta ROpex_{2012/13} = AROpex_{2012/13} * \frac{CPI_{Sep2009}}{CPI_{Mar2013}} - FROpex_{2012/13}$$

where:

<i>AROpex</i> _{2012/13}	is Actual Regulatory Operating Expenditure for the period from 1 July 2012 to 30 June 2013
<i>FROpex</i> _{2012/132}	is \$6.529 million (real \$ as at 31 December 2009)
<i>Y</i> _{2013/14}	is depreciation, for the period from 1 July 2013 to 30 June 2014, of unanticipated Regulatory Capital Expenditure (real \$ as at 31 December 2009) incurred in the period from 1 July 2010 to 30 June 2013;
<i>Z</i> _{2013/14}	is the return, for the period from 1 July 2013 to 30 June 2014, on unanticipated Regulatory Capital Expenditure (real \$ as at 31 December 2009) incurred in the period from 1 January 2010 to 30 June 2013;
<i>WACC</i>	is 7.75%;
<i>EXPREV</i> _{2013/14}	is \$173.993 million (real, December 2009).

2.5 Effect of variation of regulatory capital expenditure

If WAGN varies the applicable Haulage Tariffs in accordance with clause 2.2, 2.3 or clause 2.4 above because unanticipated Regulatory Capital Expenditure is incurred, the Conforming Capital Expenditure added to the Opening Capital Base for the Next Access Arrangement Period shall be adjusted for the depreciation on that unanticipated Regulatory Capital Expenditure which has been recovered from Users through the varied tariffs during the Current Access Arrangement Period.

2.6 Alternative to CPI All Groups, Weighted Average of Eight Capital Cities

If the CPI All Groups, Weighted Average of Eight Capital Cities ceases to be published quarterly by the Australian Bureau of Statistics (**ABS**) or is published on a materially different basis (including due to a change in its nature, composition, data or reference base) to its basis at the time of the commencement of the Current Access Arrangement Period, then one of the following alternatives may be used:

- (a) If the ABS publishes a substitute index, WAGN may (subject to the ERA's approval) use the substitute index if it believes the use of that substitute index (with, if necessary, any arithmetical correction factor) will maintain a reasonable level of continuity between Haulage Tariffs calculated using the CPI All Groups, Weighted Average of Eight Capital Cities and Haulage Tariffs calculated using the substitute index.
- (b) If WAGN does not adopt a substitute index under clause 2.6(a) of Annexure B, WAGN may (subject to the ERA's approval) use any other substitute index.
- (c) If the ERA does not approve an index proposed by WAGN under clause 2.6(b) of Annexure B, then WAGN may use a substitute index determined by an independent consulting actuary. The independent consulting actuary will be appointed at the request of WAGN or the ERA by the President for the time being of the Institute of Actuaries of Australia. The consulting actuary will act as an expert and not as an arbitrator. The actuary's costs will be borne by WAGN and may be recovered through Haulage Tariffs.

3. REFERENCE TARIFF VARIATION MECHANISM – COST PASS THROUGH EVENTS

3.1 Cost Pass Through Events

For the purpose of this clause 3 of Annexure B, each of the following is a "Cost Pass Through Event":

- (a) WAGN incurs HHV Costs that constitute Conforming Capital Expenditure or Conforming Operating Expenditure;

- (b) WAGN incurs Physical Gate Point Costs that constitute Conforming Capital Expenditure or Conforming Operating Expenditure;
- (c) WAGN incurs Conforming Capital Expenditure or Conforming Operating Expenditure as a direct result of a Change in Law, Tax Change or Regulatory Change;
- (d) WAGN incurs Conforming Capital Expenditure or Conforming Operating Expenditure as a direct result of any Law that:
 - (i) establishes, changes or regulates the operation of, an emissions trading scheme or mechanism that has as one of its objectives the management or reduction of greenhouse gas emissions or concentrations and which includes the scheme set out in, or a scheme similar to, the scheme contemplated in the *Carbon Pollution Reduction Scheme Bill 2009* (Cth) and its associated legislation and regulations, as promulgated, supplemented or amended from time to time (**Emissions Trading Scheme**);
 - (ii) imposes a fee, penalty or Tax on greenhouse gas emissions or concentrations; or
 - (iii) establishes, changes or regulates the operation of, any renewable energy scheme, including the scheme under the *Renewable Energy (Electricity) Act 2000* (Cth) and its associated legislation and regulations, as promulgated, supplemented or amended from time to time,
 and, for the avoidance of doubt, this expenditure includes:
 - (iv) only direct capital or direct operating costs associated with preparation for, compliance with the Laws which implement, and the participation in, an Emissions Trading Scheme; and
 - (v) only liability for direct capital or direct operating costs transferred to WAGN from another entity as a direct result of accordance with an Emissions Trading Scheme; or
- (e) WAGN incurs Conforming Operating Expenditure additional to the amount forecast for the purpose of determining Total Revenue for Haulage Tariffs of the Current Access Arrangement Period because there has been a change in the price of Gas purchased by WAGN to replace Unaccounted for Gas, and this change exceeds the change due to inflation, as measured by the change in All Groups, Weighted Average of Eight Capital Cities.

3.2 Variation of Haulage Tariffs

If a Cost Pass Through Event occurs, WAGN:

- (a) must notify the ERA of the relevant event; and
- (b) may vary one or more Haulage Tariffs to recover only direct Conforming Operating Expenditure and depreciation of and return on direct Conforming Capital Expenditure incurred or forecast to be incurred by WAGN (or on WAGN's behalf) as a direct result of the relevant event, provided that those costs have not already been recovered by WAGN.

4. VARIATION REPORT TO BE GIVEN TO THE ERA

4.1 Variation report – reference tariff variation formula

WAGN will use its reasonable endeavours to give the ERA a variation report at least 90 Business Days before the date on which the Haulage Tariff is to be varied in accordance with the reference tariff variation formula, and that report shall contain the following information:

- (a) the proposed varied Haulage Tariff and varied Tariff Components;
- (b) the date or dates on which the varied Haulage Tariff is to come into effect;
- (c) calculations showing the derivation of the varied Haulage Contract using the formula in clause 2 of Annexure B; and
- (d) a statement of reasons for the variation of the Haulage Tariff.

4.2 Variation report – cost pass through event

WAGN will use its reasonable endeavours to give the ERA a variation report at least 90 Business Days before the date on which the Haulage Tariff is to be varied as a result of a cost pass through, and that report shall contain the following information:

- (a) a statement of reasons for the variation of the Haulage Tariff as a result of the cost pass through;
- (b) supporting calculations demonstrating consistency with the requirements of clause 3 of Annexure B;
- (c) supporting information substantiating the amount and nature of the costs proposed to be passed through by the varied Haulage Tariff; and
- (d) the date or dates on which it is proposed by WAGN that the varied Haulage Tariff shall come into effect.

4.3 ERA response to a variation report

- (a) The ERA will use its reasonable endeavours to give written notice to WAGN within 45 Business Days of the receipt of a variation report advising whether the ERA approves or does not approve the varied Haulage Tariff detailed in that variation report and providing reasons for its decision.
- (b) If WAGN gives the ERA a variation report under clause 4.2, anytime before the ERA gives notice pursuant to clause 4.3(a) of Annexure B the ERA may require WAGN to provide further substantiation of the amounts and the nature of the costs that WAGN proposes to be passed through by the varied Haulage Tariff and requiring WAGN to provide that further substantiation by a date specified in the ERA's request.
- (c) If the ERA does not approve the varied Haulage Tariff, it will not come into effect.
- (d) If the ERA approves the varied Haulage Tariff, it will come into effect on the date or dates specified in the variation report or, if the date or dates specified in the variation report have passed, then on the date or dates specified in the ERA's notice under clause 4.3(a) of Annexure B.

5. DICTIONARY FOR ANNEXURE B

Unless the contrary intention appears, in this Annexure B:

Change in Law means:

- (a) the introduction of a new Law;
- (b) an amendment to, or repeal of, an existing Law; or
- (c) a new or changed interpretation of an existing Law resulting from a decision of:
 - (i) a court;
 - (ii) a tribunal;
 - (iii) an arbitrator;

- (iv) a Government or regulatory department, body, instrumentality, minister, commissioner, officer, agency or other authority; or
- (v) a person or body which is the successor to the administrative responsibilities of any person or body described in paragraph (iv) of this definition;

CPI All Groups, Weighted Average of Eight Capital Cities means the Consumer Price Index All Groups Index Number for the Weighted Average of Eight Capital Cities published by the Australian Bureau of Statistics or, if applicable, an alternative index determined under clause 2.6 of this Annexure B;

Gate station means the metering equipment site associated with a Physical Gate Point (whether it comprises part of an Interconnected Pipeline or the WAGN GDS); and includes all facilities installed at the site to perform over pressure protection, reverse flow protection, excessive flow protection, gas metering and measurement and telemetry, and odorization, and all standby, emergency and safety facilities and all ancillary equipment and services;

HHV Costs means direct capital or operating costs incurred as a result of, the management of heating value blending; including expenditure incurred in connection with the measurement, recording, auditing, facilitation or management of heating value blending for the WAGN GDS to the extent that such costs were not included in formulating the Conforming Capital Expenditure or Conforming Operating Expenditure for the Access Arrangement Period and it is demonstrated that the costs could not reasonably have been forecast;

Law or Laws means all:

- (a) written and unwritten laws of the Commonwealth, of Western Australia and of any other State, Territory or foreign country having jurisdiction over the subject matter of this Access Arrangement; and
- (b) judgments, determinations, decisions, rulings, directions, notices, regulations, bylaws, statutory instruments, Codes of Practice, Australian Standards or orders given or made under any of those laws or by any government agency or authority;

New Relevant Tax means any Tax affecting an amount which WAGN is or will be required to pay in relation to its supply of one or more Haulage Services;

Physical Gate Point means the flange, joint or other point which marks a physical boundary between the WAGN GDS and an Interconnected Pipeline;

Physical Gate Point Costs means all direct capital or operating costs incurred as a direct result of operating a Physical Gate Point and associated Gate Station to the extent that such costs were not included in formulating Conforming Capital Expenditure or Conforming Operating Expenditure for the Access Arrangement Period and it is demonstrated that the costs could not reasonably have been forecast;

Previous Access Arrangement Period means the Access Arrangement Period immediately preceding the Current Access Arrangement Period;

Regulatory Change means a change in, the removal of, or the imposition of, a Regulatory Obligation or Requirement (as defined in section 6 of the National Gas Access Law) imposed on WAGN and, without limiting section 6 of the National Gas Access Law, includes:

- (a) a community service obligation;
- (b) a changed, additional, or new environmental, safety, technical, accounting, operating or administrative standard or requirement;
- (c) a uniform Tariff obligation or any other restriction on the level of Tariffs;

- (d) a licensing requirement; or
- (e) a required fee or required charge paid or payable, or a change to the amount of the required fee or charge paid or payable, to the ERA for a licence or any other membership, required contribution or other direct charge required by a regulatory body or agency;

to the extent that such changes were not included in formulating Conforming Capital Expenditure or Conforming Operating Expenditure for the Access Arrangement Period and it is demonstrated that the changes could not reasonably have been forecast;

Regulatory Costs means direct costs as a result of:

- (a) a Regulatory Obligation or Requirement (as defined in section 6 of the National Gas Access Law) that are demonstrated to have reasonably been excluded from forecast Conforming Capital Expenditure or forecast Conforming Operating Expenditure for the Access Arrangement Period;
- (b) WAGN's compliance with the National Gas Access (Western Australia) Legislation, its Distribution Licence, the *Energy Coordination Act 1994* (WA), the *Gas Standards Act 1972* (WA), the *Energy Operators (Powers) Act 1979* (WA), the *Environmental Protection Act 1986* (WA), and its compliance with all other applicable Laws and with the requirements of any government department, agency or authority operating in accordance with those Laws to the extent such cost can be demonstrated to have been reasonably excluded from the forecast Conforming Capital Expenditure or forecast Conforming Operating Expenditure;

Regulatory Operating Expenditure means Regulatory Costs which are Conforming Operating Expenditure incurred in relation to the WAGN GDS;

Regulatory Capital Expenditure means Regulatory Costs which are Conforming Capital Expenditure incurred in relation to the WAGN GDS;

Relevant Tax means any Tax the effect of which was properly taken into account (directly or indirectly) when setting Haulage Tariffs, as affecting an amount which WAGN is or will be required to pay in relation to its supply of one or more Haulage Services;

Tariff Component means a component of a Haulage Tariff which is an amount, or the rate by, which a User is charged for a single element or attribute of a Haulage Service;

Tax includes any tax, rate, impost, levy, duty, fee, compulsory loan, tax-equivalent payment or surcharge withheld, deducted, charged, levied or imposed under any Law;

Tax Change means:

- (a) a change in the way, or the rate at which, a Relevant Tax is calculated;
- (b) the removal of a Relevant Tax; or
- (c) the imposition of a New Relevant Tax, which results from a Change in Law or a Regulatory Change;

Unaccounted for Gas means the difference between measured inflows of Gas into the WAGN GDS and measured outflows of Gas from the WAGN GDS; and

Variation Period refers to one of the following periods (as the case may be):

- (a) the year commencing 1 July 2011;
- (b) the Year commencing 1 July 2012; or
- (c) the Year commencing 1 July 2013.

Annexure C

REFERENCE TARIFFS ASSOCIATED WITH THE ANCILLARY SERVICES AND THE ASSOCIATED REFERENCE TARIFF VARIATION MECHANISM

1. REFERENCE TARIFFS

1.1 Deregistering a Delivery Point

- (a) \$150.80 (Deregistering a Delivery Point as described under clause 7(e) of Schedule 4 and Schedule 5 of the Template Haulage Contract).
- (b) \$150.80 (attempting to Deregister a Delivery Point as described in clause 9(f) of Schedule 1 of the Template Haulage Contract, clause 9(d) of Schedule 2 of the Template Haulage Contract, clause 8(f) of Schedule 3 of the Template Haulage Contract and clause 7(f) of Schedule 4 and 5 of the Template Haulage Contract).
- (c) \$150.80 (cancelling a request to Deregister a Delivery Point as described in clause 9(g) of Schedule 1 of the Template Haulage Contract, clause 9(e) of Schedule 2 of the Template Haulage Contract, clause 8(g) of Schedule 3 of the Template Haulage Contract and clause 7(g) of Schedule 4 and 5 of the Template Haulage Contract).
- (d) The cost to WAGN of Deregistering a Delivery Point as described under clause 9(e) of Schedule 1 of the Template Haulage Contract, clause 9(c) of Schedule 2 of the Template Haulage Contract, clause 8(e) of Schedule 3 of the Template Haulage Contract, clause 7(e) of Schedule 4 of the Template Haulage Contract and clause 7(e) of Schedule 5 of the Template Haulage Contract.

1.2 Applying a Meter Lock

- (a) \$50.18 (applying or attempting to Apply a Meter Lock as described under clause 8(d) of Schedule 4 and Schedule 5 of the Template Haulage Contract);
- (b) \$50.18 (attempting to Apply a Meter Lock, but not being able to do so as described under clause 8(e) of Schedule 4 and Schedule 5 of the Template Haulage Contract);
- (c) \$50.18 (cancelling a request to Apply a Meter Lock as described under clause 8(f) of Schedule 4 and Schedule 5 of the Template Haulage Contract).

1.3 Removing a Meter Lock

- (a) \$17.70 (Removing a Meter Lock as described under clause 9(d) of Schedule 4 and Schedule 5 of the Template Haulage Contract);
- (b) \$17.70 (attempting to Remove a Meter Lock under clause 9(e) of Schedule 4 and Schedule 5 of the Template Haulage Contract);
- (c) \$17.70 (cancelling a request to Remove a Meter Lock under clause 9(f) of Schedule 4 and Schedule 5 of the Template Haulage Contract).

1.4 Disconnecting a Delivery Point

- (a) \$100.92 (Disconnecting a Delivery Point as described under clause 10(d) of Schedule 4 and Schedule 5 of the Template Haulage Contract);
- (b) \$100.92 (attempting to Disconnect a Delivery Point as described under clause 10(e) of Schedule 4 and Schedule 5 of the Template Haulage Contract);

- (c) \$100.92 (cancelling a request to Disconnect a Delivery Point as described under clause 10(f) of Schedule 4 and Schedule 5 of the Template Haulage Contract).

1.5 Reconnecting a Delivery Point

- (a) \$135.72 (Reconnecting a Delivery Point as described under clause 11(d) of Schedule 4 and Schedule 5 of the Template Haulage Contract);
- (b) \$135.72 (attempting to Reconnect a Delivery Point as described under clause 11(e) of Schedule 4 and Schedule 5 of the Template Haulage Contract);
- (c) \$135.72 (cancelling a request to Reconnect a Delivery Point as described under clause 11(f) of Schedule 4 and Schedule 5 of the Template Haulage Contract).

2. REFERENCE TARIFF VARIATION MECHANISM

- (a) Other than the costs referred to at clause 1.1(d) of this Annexure C which will be calculated at the time the costs are incurred the Reference Tariffs referred to in clause 1 of this Annexure C may be increased by WAGN on 1 July of each Year during the duration of this Access Arrangement by applying the Reference Tariff Variation Mechanism set out in this clause 2:

$$C_t = C_0 \times \frac{MarCPI_t}{SepCPI_{2008}}$$

where:

- (i) C_t is the adjusted Reference Tariff;
 - (ii) C_0 is the Reference Tariff specified in clause 1 of this Annexure C that is to be adjusted;
 - (iii) $MarCPI_t$ is the Consumer Price Index: All Groups, Weighted Average of Eight Capital Cities for the quarter ending on 31 March, as published by the Australian Bureau of Statistics (**ABS**), for the March Quarter immediately prior to the date of adjustment.
 - (iv) $SepCPI_{2008}$ is the Consumer Price Index: All Groups, Weighted Average of Eight Capital Cities for the quarter ending on 30 September 2008, as published by the Australian Bureau of Statistics (**ABS**).
- (b) If the Consumer Price Index referred to in clause 2(a)(iii) of this Annexure C ceases to be published quarterly by the ABS or in the reasonable opinion of WAGN is published on a materially different basis (including due to a change in its nature, composition, data or reference base) to its basis at the time of the last revisions to the Access Arrangement, then (subject to the ERA's approval):
 - (i) if the ABS publishes a substitute index, WAGN may use the substitute index if it believes the use of that substitute index (with, if necessary, any arithmetical correction factor) will maintain a reasonable level of continuity between a Reference Tariff calculated using the Consumer Price Index and a Reference Tariff calculated using the substitute index; or
 - (ii) if WAGN does not adopt a substitute index under clause 2(b)(i) of Annexure C, WAGN will nominate a substitute index in its discretion, exercised reasonably.
 - (c) If WAGN increases a Reference Tariff in accordance with clause 2(a) of Annexure C, it must make details of the increased Reference Tariff available to User at User's request.

3. INTERPRETATION

Unless otherwise stated, all amounts specified in this Annexure C are exclusive of GST and expressed in Australian dollars as at December 2009.

The costs referred to at clause 1.1(d) of this Annexure C will be calculated at the time the costs are incurred and are exclusive of GST.

Annexure D

SYSTEM PRESSURE PROTECTION PLAN

1. A “System Pressure Protection Plan” must outline the manner in which the Prospective User will ensure that it does not jeopardise system pressure by being in a position where it is unable to supply sufficient Gas at Receipt Points on a Sub-network and is simultaneously unable to sufficiently reduce the delivery of Gas it takes at its Delivery Points on the Sub-network and must do so using one of the options set out below:
 - (a) the Prospective User must have sufficient contractual entitlements to firm Gas transportation capacity on one or more Interconnected Pipelines for delivery to one or more Receipt Points (on the same Sub-network as the Delivery Points under the Haulage Contract) to meet the aggregate of all Contracted Peak Rates requested by the Prospective User at the Delivery Points (**Option 1**); or
2. To the extent that the Prospective User does not comply with Option 1 the Prospective User demonstrates to WAGN’s reasonable satisfaction that the issues potentially arising from the Prospective User not complying with Option 1 are adequately addressed as follows:
 - (a) due to the fact that the Delivery Points under the Haulage Contract are on a Sub-network which is supplied by two or more Interconnected Pipelines and an alternate supply or a different service which serves the same purpose is available to the Prospective User in sufficient quantity (**Option 2**); or
 - (b) the Prospective User agreeing to release and indemnify WAGN in accordance with clause 5.10(c) of the Template Haulage Contract: (**Option 3**); or
 - (c) by the Prospective User, at the Prospective User’s expense, acquiring a System Pressure Service at the relevant Delivery Points (**Option 4**); or
 - (d) by a combination of Options 1 to Option 4 (inclusive) or in any other way that adequately addresses the issues potentially arising from the Prospective User not complying with Option 1 (**Option 5**).
3. A “System Pressure Service” is a Pipeline Service by which WAGN may supply, maintain, operate and monitor remotely operated flow controllers at relevant Delivery Points, on terms and conditions (including as to payment of a System Pressure Charge) agreed between the Prospective User and WAGN, each acting as reasonable and prudent persons.
4. A “System Pressure Charge” applies in respect of the System Pressure Service, and is an amount which reflects the costs to WAGN of providing the System Pressure Service under the Haulage Contract which may consist of Capital Expenditure and Operating Expenditure and includes WAGN’s administration costs incurred in relation to the System Pressure Service.

Annexure E

TEMPLATE HAULAGE CONTRACT

Template Haulage Contract

WA Gas Networks Pty Ltd

ABN 90 089 531 975

[Insert name of User]

[Insert ABN/ACN/ARBN of User]

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Haulage Contract

DATE

PARTIES

WA Gas Networks Pty Ltd
ABN 90 089 531 975 (<Service Provider>)

[Insert Name of User]
[Insert ABN / address] (<User>)

RECITALS

- A. <Service Provider> owns the WAGN GDS and provides Pipeline Services by means of the WAGN GDS.
- B. The WAGN GDS is a Covered Pipeline under the National Gas Access Law.
- C. On 18 July 2000, the Regulator approved the Access Arrangement for the WAGN GDS under the Code. The Access Arrangement has been revised under the Code and National Gas Access Law and will continue to be revised under the National Gas Access Law.
- D. <User> wants to obtain access to one or more Pipeline Services provided by means of the WAGN GDS from <Service Provider>.
- E. This Haulage Contract sets out the terms and conditions upon which <Service Provider> will provide to <User> Service A1, Service A2, Service B1, Service B2 and Service B3 for the haulage of Gas from specified Receipt Points to specified Delivery Points.

OPERATIVE PROVISIONS

1. CONDITIONS PRECEDENT

1.1 Conditions Precedent

- (a) Other than this clause 1 and clauses 14, 19, 20 and 21, this Haulage Contract has no force and effect until each and all of the following conditions (**Conditions Precedent**) are satisfied:
 - (i) <User> demonstrates, to <Service Provider>'s reasonable satisfaction, that:
 - (i) <User>'s prudential and financial standing meets the minimum reasonable prudential and financial requirements specified by <Service Provider> in the Access Offer that led to this Haulage Contract;
 - (ii) <User> has obtained insurance of the type and nature, and has provided evidence of the type, specified in clause 14.3 of this Haulage Contract;
 - (iii) <User> is able to, deliver Gas to the Receipt Point or Receipt Points on the relevant Sub-network or Sub-networks from which <User> is to receive Gas at one or more Delivery Points under this Haulage Contract; and

- (iv) **<User>** is a member of the Retail Market Scheme; and
- (ii) if requested by **<Service Provider>** under clause 14.2 of this Haulage Contract, **<User>** has provided security in accordance with the request.
- (b) **<User>** must use its best efforts to ensure that each of the Conditions Precedent is satisfied as soon as practicable, but in any event by no later than 30 Business Days after signing this Haulage Contract.
- (c) **<User>** must keep **<Service Provider>** informed of any circumstances which may result in any of the Conditions Precedent not being satisfied in accordance with its terms.
- (d) **<Service Provider>** must promptly advise **<User>** of the satisfaction of each of the Conditions Precedent.
- (e) Each of the Conditions Precedent is solely for the benefit of **<Service Provider>** and only **<Service Provider>**, in its absolute discretion, may vary a Condition Precedent or elect not to require **<User>** to comply with a Condition Precedent, by written notice to **<User>**.
- (f) If the Conditions Precedent are not satisfied and **<Service Provider>** has not elected not to require **<User>** to comply with them under clause 1.1(e) within 30 Business Days of signing this Haulage Contract, **<Service Provider>** may, in its absolute discretion, terminate this Haulage Contract by written notice to **<User>**.

2. DURATION OF THIS HAULAGE CONTRACT

- (a) This Haulage Contract:
- (b) starts at the later of 8:00am on the day after:
 - (i) the day on which it is executed by both Parties; or
 - (ii) all Conditions Precedent are fulfilled; and
- (c) ends on the earlier of:
 - (i) when the Access Arrangement is revised or expires in accordance with the National Gas Access Law and the National Gas Rules and **<User>** does not agree to continue this Haulage Contract on the basis of the Haulage Contract being varied to incorporate the terms and conditions of Reference Services in the revised Access Arrangement which replaces the terms and conditions of Reference Services as set out in the current Access Arrangement; or
 - (ii) when **<User>** is no longer entitled to take delivery of Gas at any Delivery Point under this Haulage Contract; or
 - (iii) when it is terminated under clause 14 or as otherwise provided for under this Haulage Contract. .

3. HAULAGE SERVICES PROVIDED

This Haulage Contract specifies the terms and conditions on which **<Service Provider>** makes Haulage Services available to **<User>**.

4. FEES AND CHARGES

4.1 Obligation to pay for Haulage Services

- (a) <User> must pay to <Service Provider>:
 - (i) the Haulage Charge for each Haulage Service; and
 - (ii) all other amounts payable under this Haulage Contract,in the manner and at the times specified in this Haulage Contract.
- (b) <Service Provider> must claim payment from <User> for Haulage Charges and other amounts payable under this Haulage Contract in accordance with clause 9.
- (c) Nothing in clause 4.1(a) prevents <Service Provider> from recovering any other monies otherwise payable by <User> to <Service Provider> under this Haulage Contract or at Law.

4.2 Ongoing obligation to pay

- (a) <User> must pay <Service Provider> the Haulage Charge for each Haulage Service to which <User> has obtained access and other amounts payable under this Haulage Contract even if <Service Provider> is unable to provide, undertake or complete one or more of Haulage Services as a result of:
 - (i) an act or omission of <User> that prevented <Service Provider> from providing, undertaking or completing the Haulage Service;
 - (ii) that Haulage Service not being able to be provided or undertaken in respect of the Delivery Point.
- (b) <User> must pay <Service Provider> the Haulage Charge for each Haulage Service and other amounts payable under this Haulage Contract even if:
 - (i) <User> intends to use, and does use, a Haulage Service only intermittently or irregularly;
 - (ii) <Service Provider> refuses to accept the Gas delivered at a Receipt Point under clause 7.4;
 - (iii) <Service Provider> curtails, wholly or partially, the quantity or pressure of Gas deliveries to User at a Delivery Point under clauses 7.2 or 7.3;
 - (iv) <User>, for reasons that may be within or outside <User>'s control, is unable to use one or more Haulage Services.

5. RECEIPT AND DELIVERY OF GAS, DELIVERY POINTS AND THE DELIVERY POINT REGISTER

5.1 Receipt and delivery of Gas

<User> may take delivery of Gas at each Delivery Point identified in the Delivery Point Register on the terms and conditions set out in this Haulage Contract.

5.2 Obligation to accept and deliver Gas

- (a) <Service Provider> must:
 - (i) accept the quantity of Gas delivered to a Receipt Point by one or more Related Shippers; and
 - (ii) deliver Gas to <User> at a Delivery Point,
subject to and in accordance with the terms and conditions of this Haulage Contract.
- (b) <Service Provider> must use reasonable endeavours to deliver Gas to <User> at a Delivery Point at the Nominal Delivery Pressure for the Delivery Point.

5.3 Start Date and End Date for the receipt and delivery of Gas

- (a) <User> is entitled to take delivery of Gas at a Delivery Point from the start of the Gas Day, beginning on the Start Date for that Delivery Point, until the end of the Gas Day beginning on the End Date for that Delivery Point.
- (b) The Start Date for a Delivery Point is the date specified in the Delivery Point Register as the Start Date for that Delivery Point.
- (c) The End Date for a Delivery Point is:
 - (i) for a Delivery Point to which Service A1 or Service A2 applies, the date specified in the Delivery Point Register as the End Date for that Delivery Point;
 - (ii) for a Delivery Point to which Service B1, Service B2 or Service B3 applies, the earlier of:
 - (i) if an End Date is specified in the Delivery Point Register, then that date;
 - (ii) the date on which <User> is no longer the Current User for the Delivery Point; or
 - (iii) the date on which the Delivery Point is Deregistered.

5.4 Delivery Point Register

- (a) <Service Provider> must establish and maintain the Delivery Point Register which records:
 - (b) each Delivery Point at which <User> may take delivery of Gas;
 - (c) for each Delivery Point, whether Service A1, Service A2, Service B1, Service B2 or Service B3 applies;
 - (d) the MIRN for each Delivery Point at which <User> may take delivery of Gas;
 - (e) the Start Date for each Delivery Point;
 - (f) for each Delivery Point to which Service A1 or Service A2 applies, the End Date;
 - (g) for each Delivery Point to which Service B1, Service B2 or Service B3 applies, the End Date, if any;

- (h) for each Delivery Point, one or more Receipt Points at which a Related Shipper may from time to time deliver Gas into the Sub-network for delivery to the Delivery Point;
- (i) a description and the value of any User Specific Delivery Facilities for each Delivery Point;
- (j) the pressure which is the Nominal Delivery Pressure for each Delivery Point;
- (k) for each Delivery Point to which Service A1 applies:
 - (i) the Interconnection Distance;
 - (ii) the Contracted Peak Rate;
 - (iii) the period (expressed in Years) over which the cost of the User Specific Delivery Facilities is to be amortised for the purpose of calculating the annual User Specific Charge for the User Specific Delivery Facilities;
 - (iv) the amount of the annual User Specific Charge for the User Specific Delivery Facilities for the Delivery Point;
- (l) for each Delivery Point to which Service A2 or Service B1 applies:
 - (i) the Contracted Peak Rate;
 - (ii) the period (expressed in Years) over which the cost of the User Specific Delivery Facilities for the Delivery Point is to be amortised for the purpose of calculating the annual User Specific Charge for the Delivery Point; and
 - (iii) the amount of the annual User Specific Charge for the User Specific Delivery Facilities for the Delivery Point;
- (m) for each Delivery Point to which Service B2 or Service B3 applies, the type of Meter for the Delivery Point.

5.5 New Delivery Points and increasing Contracted Peak Rate

- (a) Subject to clause 5.5(b), **<User>** may request **<Service Provider>** to:
 - (i) add a new Delivery Point to the Delivery Point Register;
 - (ii) increase the Contracted Peak Rate for a Delivery Point to which Service A1, Service A2 or Service B1 applies; or
 - (iii) change the End Date for a Delivery Point to a date which is later than the End Date specified in the Delivery Point Register for the Delivery Point,

and, **<Service Provider>** must make appropriate adjustments to the Delivery Point Register, subject to **<Service Provider>** withholding consent on reasonable grounds, based on technical or commercial considerations.
- (b) A request under clause 5.5(a) is subject to:
 - (i) the Application Procedure (including in particular the pre-conditions to and restrictions on the provision of Reference Services specified in the Access Arrangement); and

- (ii) **<User>** being the Current User for the Delivery Point at the time **<Service Provider>** makes the appropriate adjustments to the Delivery Point Register.

5.6 Deregistration of Delivery Points

- (a) No later than 30 days prior to the End Date, **<Service Provider>** will give written notice to **<User>** specifying the procedure to Deregister the Delivery Point.
- (b) If on the End Date for a Delivery Point:
 - (i) no other User is identified as the Current User for the Delivery Point under the Retail Market Rules; or
 - (ii) **<User>** has not requested **<Service Provider>** to change the End Date for that Delivery Point to a date which is later than the End Date specified in the Delivery Point Register for that Delivery Point under clause 5.5(a)(iii),

then **<User>** must request **<Service Provider>** to Deregister the Delivery Point.
- (c) Until such time as the Delivery Point is Deregistered, **<User>** must pay all Haulage Charges and other amounts payable under this Haulage Contract in respect of the Delivery Point. Haulage Charges and other amounts payable for the Delivery Point will be calculated as though the End Date for the Delivery Point under this Haulage Contract does not occur until the date that the Delivery Point is Deregistered.

5.7 Receipt Points

- (a) There is one Receipt Point for each Interconnected Pipeline for each Sub-network, regardless of the number of Physical Gate Points.
- (b) If there is more than one Physical Gate Point for an Interconnected Pipeline for a Sub-network, then:
 - (i) Gas flows at the several Physical Gate Points are to be treated as aggregated into the single Receipt Point;
 - (ii) **<User>**'s right to deliver Gas, **<Service Provider>**'s obligation to receive Gas, and any Curtailment or refusal to accept Gas is taken to occur at the Receipt Point; and
 - (iii) it is not **<Service Provider>**'s responsibility to manage how Gas deemed to be delivered at a Receipt Point is apportioned between, or physically transported to, Physical Gate Points.

5.8 Gas quality and Gas Quality Data

- (a) **<User>** must ensure that the Gas that it delivers at the Receipt Point that is to be delivered through the WAGN GDS complies with the Gas Quality Specifications at all times.
- (b) **<User>** indemnifies **<Service Provider>** against any Claim brought by any person against **<Service Provider>** in respect of any Gas delivered to a Receipt Point under this Haulage Contract that did not meet the Gas Quality Specifications.
- (c) **<User>** acknowledges and agrees that:

- (i) **<Service Provider>** has no control over the quality of Gas in the WAGN GDS; and
- (ii) **<Service Provider>** makes no warranty or guarantee in respect of the quality of Gas delivered to **<User>** under this Haulage Contract.

5.9 Gas balancing

- (a) For each Gas Day, **<User>** must ensure that it procures the injection of an amount of Gas into each Sub-network that is equal to the **<User>**'s good faith estimate, acting as a reasonable and prudent person, of the quantity of Gas that **<User>** is likely to withdraw from the Sub-network on that Gas Day and **<User>** agrees to indemnify and to keep indemnified **<Service Provider>** against any loss or damage arising from imbalance between the actual amount of Gas injected into each Sub-network on that Gas Day except to the extent that such imbalance, loss or damage resulted from **<Service Provider>** acting in accord with some other provision of this Haulage Contract or under the Law, from negligence of **<Service Provider>**, or from failure of **<Service Provider>** to act as a reasonable and prudent network operator to mitigate the occurrence of such an imbalance and/or mitigate any consequent loss or damage. .
- (b) **<Service Provider>** may do all reasonable things to maintain a balance between the sum of quantities of Gas delivered by Users at a Receipt Point and the sum of quantities of Gas received by Users at Delivery Points in the Sub-network with which that Receipt Point is associated.
- (c) **<User>** acknowledges and agrees that:
 - (i) **<Service Provider>** does not control whether and how the operator of an Interconnected Pipeline delivers Gas into the WAGN GDS at a Receipt Point; and
 - (ii) nothing in this Haulage Contract or otherwise (including any action taken or not taken by **<Service Provider>** under this Haulage Contract) makes **<Service Provider>** liable to **<User>** in respect of any loss, damage or other consequence suffered by **<User>** in connection with:
 - (i) a failure by the operator of an Interconnected Pipeline or **<User>**'s Related Shipper to deliver Gas into the WAGN GDS at a Receipt Point; or
 - (ii) **<User>** breaching any provision of this Haulage Contract.
- (d) **<User>** must ensure that it, and its Related Shippers or related Swing Service Providers (as applicable), conduct (including conduct within a particular day):
 - (i) does not jeopardise Gas deliveries into the Sub-network in such a way that the Sub-network's system pressure is threatened;
 - (ii) does not impede **<Service Provider>**'s ability to ensure that the system pressure in a Sub-network is maintained; and
 - (iii) does not cause any User or other person to suffer loss or damage.
- (e) Without limiting this clause 5.9, **<User>** must ensure that its intra-day Gas flows do not:
 - (i) jeopardise the operation of the Sub-network;

- (ii) cause the obligation to keep the Sub-network pressurised to fall disproportionately on other parties; or
 - (iii) cause any User or other person to suffer loss or damage.
- (f) Nothing in this clause 5.9 limits clause 7.

5.10 System Pressure Protection Plan

- (a) **<User>** must comply and must ensure that its Related Shipper's conduct or related Swing Service Provider's conduct (as applicable) comply with **<User's>** Approved System Pressure Protection Plan.
- (b) **<User>** must notify **<Service Provider>** if at any time it is, suspects that it may be, or suspects that it is likely that it will be in the near future, in breach of the Approved System Pressure Protection Plan as soon as possible after it becomes aware of the fact or the suspicion arises.
- (c) If **<User>** relies to any extent on Option 3 as a part of its Approved System Pressure Protection Plan then **<User>** agrees:
 - (i) to release **<Service Provider>** from all Claims;
 - (ii) to indemnify **<Service Provider>** and keep **<Service Provider>** indemnified against all Claims from:
 - (i) any Downstream Person of the **<User>**;
 - (ii) any other **<User>**; or
 - (iii) any Downstream Person of any other **<User>**,

for Direct Damage and Indirect Damage arising out of or in connection with any Curtailment, interruption, restriction or cessation of Gas deliveries into the WAGN GDS by or on behalf of **<User>** at a Receipt Point or any Curtailment by **<Service Provider>** under clauses 7.2(b), 7.2(e), 7.2(f) or refusal to accept by **<Service Provider>** under clauses, 7.4(d) or 7.4(g).

- (iii) to indemnify **<Service Provider>** and keep **<Service Provider>** indemnified (on a solicitor and client basis) in respect of all legal costs incurred by **<Service Provider>** in connection with the release referred to at clause 5.10(c)(i) and the indemnity referred to at clause 5.10(c)(ii); and
- (iv) that the indemnities referred to clauses 5.10(c)(ii) and 5.10(c)(iii) apply despite any other provision of this Haulage Contract which might otherwise limit or exclude **<User's>** liability.

5.11 Emergencies

- (a) **<Service Provider>** may in an Emergency, without notice to any other persons, do all things which it considers necessary to prevent injury, death, loss or damage to persons or property and to render the situation safe, including without limitation entering onto any land or premises, stopping, disconnecting or reducing any Gas flow, Curtailing any delivery of Gas, refusing to accept any Gas into the WAGN GDS and giving any reasonable instructions to **<User>**.
- (b) **<Service Provider>** must as soon as practicable after determining that an Emergency exists give written notice of the Emergency to **<User>** if **<User>** is affected either by the Emergency or by **<Service Provider>**'s actions in

dealing with the Emergency, however a failure to give such written notice does not limit **<Service Provider>**'s powers under clause 5.11(a).

- (c) **<Service Provider>** will, after the Emergency and its aftermath has been dealt with, use reasonable endeavours to remove itself and any person, machinery, equipment or thing under its control from any land or premises onto which it entered under clause 5.11(a), except to the extent that the person, machinery, equipment or thing is required to continue dealing with the Emergency, its aftermath or to prevent its recurrence or to comply with any obligation imposed on **<Service Provider>** by any Law.
- (d) **<User>** must comply with any reasonable instruction (including without limitation any instruction concerning the management of **<User>**'s or its Gas customers' Gas demand and any instruction directed to preservation or restoration of Capacity of the WAGN GDS) given to it by **<Service Provider>** during, and related to, an Emergency, and **<User>** is liable to **<Service Provider>** for any injury, death, loss or damage, suffered by reason of **<User>**'s failure to comply with such an instruction.
- (e) **<Service Provider>**'s rights under this clause 5.11 do not limit any other power under the Law, the Access Arrangement or this Haulage Contract and is in addition to any other provision of the Law, the Access Arrangement or this Haulage Contract.

6. OPERATIONAL PROVISIONS

6.1 Title to Gas

- (a) **<Service Provider>** has title to, and control and possession of, all Gas in the WAGN GDS.
- (b) **<User>** indemnifies **<Service Provider>** against any Claim brought by any person against **<Service Provider>** in respect of any Gas delivered into the WAGN GDS under this Haulage Contract:
 - (i) claiming any interest in, or making any Claim of any nature over, the Gas; or
 - (ii) in respect of any unpaid charges, royalties or Taxes in respect of or in connection with the Gas or the production of the Gas incurred by any person (including **<User>** and a Related Shipper) before or arising out of the delivery of the Gas to **<Service Provider>**.

6.2 Only **<User>** may take delivery, title and possession of Gas from **<Service Provider>**

- (a) Only **<User>** can receive Gas delivered under this Haulage Contract by **<Service Provider>** at a Delivery Point.
- (b) The delivery by **<Service Provider>** to **<User>** at a Delivery Point is a transfer of title to and control and possession of the Gas from **<Service Provider>** to **<User>**, effective at the Delivery Point at the time of the delivery, and the title being free and clear of all Claims of any nature.

6.3 **<User>**'s entitlement to receive Gas is contractual

- (a) **<User>**'s entitlement to receive Gas under this Haulage Contract is a contractual entitlement and not a proprietary entitlement.

6.4 Unaccounted for Gas

<Service Provider> will replace Gas which is lost while in its control or possession.

6.5 Commingling permitted

<Service Provider> may:

- (a) commingle with other Gas in the WAGN GDS any Gas delivered into the WAGN GDS; and
- (b) deliver Gas out of the WAGN GDS in a commingled state,

where and when it considers it necessary or convenient to do so.

6.6 Interconnection issues

- (a) If <Service Provider> considers that an Interconnection Event has occurred in relation to a Physical Gate Point, then:
 - (i) as soon as reasonably practicable thereafter <Service Provider> will notify <User> of the Interconnection Event whereupon:
 - (i) <User> must not deliver Gas into the WAGN GDS at that Physical Gate Point, unless <Service Provider> permits partial delivery under partial Curtailment at that Physical Gate Point; and
 - (ii) <User> must not take delivery of Gas at a Delivery Point associated with that Physical Gate Point unless <Service Provider> permits <User> to partly take delivery of Gas under partial Curtailment at a Delivery Point associated with that Physical Gate Point; and
 - (ii) <Service Provider>, acting as a reasonable and prudent network operator,:
 - (i) may refuse to accept partly or in whole any quantity of Gas at the Receipt Point associated with that Physical Gate Point; and
 - (ii) may wholly or partly Curtail the quantity or pressure of Gas deliveries to <User> at a Delivery Point associated with the Receipt Point associated with that Physical Gate Point.
- (b) If a contract that exists in respect of the Interconnection Arrangements at a Physical Gate Point associated with a Receipt Point specified in the Delivery Point Register:
 - (i) is terminated or breached as a result of the negligence or default of <Service Provider> then, subject to this Haulage Contract, <Service Provider> is liable to <User> for any Direct Damage suffered by <User> as a result of an interruption or Curtailment of Gas delivery under clause 6.6(a)(ii);
 - (ii) is terminated or breached other than as a result of the negligence or default of <Service Provider>, then <Service Provider> may interrupt or Curtail Gas delivery under clause 6.6(a)(ii) without incurring liability to <User>; and
 - (iii) requires <Service Provider> to comply with any gas quality specifications, <User> agrees to be bound by those gas quality specifications.

- (c) If **<User>** considers that an event has occurred or is likely to occur that may constitute an Interconnection Event, **<User>** must notify **<Service Provider>** as soon as practicable.
- (d) It is **<Service Provider>**, acting as a reasonable and prudent network operator, who determines whether an event is an Interconnection Event for the purposes of this Haulage Contract.
- (e) Subject to clause 6.6(f) and clause 19.1, **<Service Provider>** may disclose to an operator of an Interconnected Pipeline information which **<Service Provider>** determines, as a reasonable and prudent network operator, to be the minimum amount of information required to be disclosed for operational reasons relating to the interconnection of that, or any other, Interconnected Pipeline with the WAGN GDS.
- (f) **<Service Provider>** must use reasonable endeavours to present any information disclosed to the operator of an Interconnected Pipeline under clause 6.6(e) in a form which does not identify details of **<User>**.

6.7 Delivery facilities installation, maintenance and operation

- (a) Except as provided in this clause, **<Service Provider>** will not be liable to pay compensation for or in respect of, or make good any damage done to the land or premises of **<User>** or **<User>**'s Gas customer by **<Service Provider>**, its officers, servants, or agents in the reasonable course of installing, maintaining or operating User Specific Delivery Facilities or the Standard Delivery Facilities whether that damage is of a temporary or permanent character.
- (b) If, in the course of installing, maintaining or operating User Specific Delivery Facilities or Standard Delivery Facilities, **<Service Provider>** causes damage to land or premises including opening or breaking up any sealed or paved surface, or damaging or disturbing any lawn, landscaping or other improvement, then **<Service Provider>** will if necessary fill in any ground to restore it to approximately its previous level.
- (c) **<Service Provider>** will be liable to reinstate or make good, or pay compensation in respect of land or premises including any sealed or paved surface opened or broken up, or any lawn, landscaping or other improvement damaged or disturbed, in the course of installing, maintaining or operating the User Specific Delivery Facilities or the Standard Delivery Facilities to the land or premises of **<User>** or **<User>**'s Gas customer, if and to the extent that **<Service Provider>** fails to act reasonably having regard to the safe and efficient operation of the WAGN GDS and prudent Pipeline practices generally accepted in the Gas haulage industry.
- (d) If **<User>** is required to compensate **<User>**'s Gas customer for any damage done in circumstances where **<Service Provider>** would be liable in respect of such damage under clause 6.7(c), then **<Service Provider>** will indemnify **<User>** to the extent of the lesser of:
 - (i) the value of the compensation **<User>**'s Gas customer receives from **<User>**; and
 - (ii) the value of compensation which would be payable by **<Service Provider>** to **<User>** under clause 6.7(c), if the damage had been suffered wholly by **<User>** instead of **<User>**'s Gas customer.
- (e) Except to the extent that **<Service Provider>** is liable to **<User>** or **<User>**'s Gas customer under clause 6.7(c), **<User>** will indemnify **<Service Provider>**

against all Claims brought by <User> or <User>'s Gas customer in respect of any damage done to the land or premises of <User> or <User>'s Gas customer by <Service Provider>, its officers, servants, or agents in the reasonable course of installing, maintaining or operating User Specific Delivery Facilities or Standard Delivery Facilities whether that damage is of a temporary character or a permanent character.

- (f) An obligation to indemnify which arises under clauses 6.7(d) and 6.7(e) will be discharged by payment in full by the indemnifying Party to the indemnified Party (or to such person as the indemnified Party nominates) within 20 Business Days after the date the indemnified Party provides written notice to the indemnifying Party setting out adequately detailed grounds for, and specifying the full quantum of, the claim for indemnification.

7. CURTAILMENT

7.1 <Service Provider> to minimise Curtailment

<Service Provider> will in its operation and maintenance of the WAGN GDS use reasonable endeavours to minimise the magnitude and duration of any Curtailment of Gas deliveries to <User>, except where the Curtailment is attributable to the default of <User>.

7.2 Curtailment Events

In addition to any rights and remedies that may be available to <Service Provider> under the Law, this Haulage Contract or any other agreement, <Service Provider> may wholly or partly Curtail the quantity or pressure of Gas deliveries to <User> at a Delivery Point if one or more of the following events occur:

- (a) <User> exceeds its Contracted Peak Rate at the Delivery Point;
- (b) <User> or <User>'s Related Shippers are not entitled to have delivered, or fail to have delivered, an equivalent quantity of Gas at one or more Receipt Points on the same Sub-network as the Delivery Point;
- (c) <User> is in default under this Haulage Contract;
- (d) <Service Provider> has refused to accept Gas from an Interconnected Pipeline due to the Gas not complying with the Gas Quality Specifications or any applicable Gas Standards Regulations;
- (e) in <Service Provider>'s opinion formed as a reasonable and prudent network operator, <User> is in breach of a provision of the Approved System Pressure Protection Plan or the representation and warranty set out in clauses **Error! Reference source not found.** and **Error! Reference source not found.**;
- (f) the operator of an Interconnected Pipeline, in respect of a particular day:
 - (i) has Curtailed or interrupted, or has given notice that it intends to Curtail or interrupt, the entitlement of a Related Shipper to receive Gas at a Receipt Point for the Sub-network in which the Delivery Point is located; or
 - (ii) refused, or has given written notice that it intends to refuse, to deliver Gas to a Related Shipper at a Receipt Point for the Sub-network in which the Delivery Point is located,

and the Related Shipper is, or is likely to be, named in <User>'s allocation instruction under the Retail Market Rules for the day; or

- (g) a Physical Gate Point associated with a Receipt Point is not, or ceases to be, the subject of a current Interconnection Arrangement;
- (h) the level of Capacity of the WAGN GDS falls or remains below that necessary to meet all Users' requirements;
- (i) an Emergency occurs or either Party experiences an event of Force Majeure; or
- (j) **<Service Provider>** undertakes any of the activities referred to under clause 7.3 Curtailment for certain activities;
- (k) **<Service Provider>** considers as a reasonable and prudent network operator that it would be unsafe or may give rise to an unsafe situation (whether for the operation of the WAGN GDS or in respect of anything downstream of the Delivery Point) to deliver Gas to **<User>** at the Delivery Point; or
- (l) without limiting clauses 7.2(m) or 7.2(k), **<Service Provider>** considers as a reasonable and prudent network operator that there is or is a reasonable prospect of any non-compliance with the *Gas Standards (Gasfitting and Consumer Gas Installations) Regulations 1999 (WA)* downstream of the Delivery Point by any person;
- (m) **<Service Provider>** considers as a reasonable and prudent network operator that it would, or might reasonably be expected to, be or result in a breach of any Law by **<Service Provider>**, **<User>** or any other person to deliver the Gas; or
- (n) any other circumstance arises under which Curtailment is permitted by the Haulage Contract or under the Law.

7.3 Curtailment for certain activities

- (a) **<Service Provider>** may, in addition to any other rights that may be available to it under any Law, at any time:
 - (b) by arrangement with **<User>**; or
 - (c) at least 30 days after giving **<User>** written notice,

wholly or partially Curtail Gas deliveries to **<User>** to the extent reasonably necessary to permit **<Service Provider>** to undertake any Extension or Expansion of the WAGN GDS or perform any maintenance or operational activities in relation to the WAGN GDS that the Service Provider may reasonably require.

7.4 **<Service Provider>**'s right to refuse to accept Gas at Receipt Point

In addition to any other rights and remedies that may be available to it under any Law or agreement or otherwise, **<Service Provider>** may refuse to accept, wholly or partly, the quantity of Gas delivered to a Receipt Point by **<User>** or its Related Shipper if:

- (a) Gas delivered by **<User>** at that Receipt Point does not comply with the Gas Quality Specifications or any applicable Gas Standards Regulations;
- (b) Gas delivered at that Receipt Point by a User or Related Shipper does not comply with the Gas Quality Specifications or any applicable Gas Standards Regulations, even if the Gas delivered by **<User>** or its Related Shipper at that Receipt Point does comply;

- (c) without limiting clause 7.4(a), **<Service Provider>** considers as a reasonable and prudent network operator that accepting the Gas would be inconsistent with a heating value blending management plan under the Gas Standards Regulations, or otherwise will, or might reasonably be expected to, cause the heating value of the Gas in any part of the WAGN GDS to depart from any requirement in or under the Gas Standards Regulations;
- (d) **<Service Provider>** considers as a reasonable and prudent network operator that it would be unsafe or may give rise to an unsafe situation for the operation of the WAGN GDS to accept the quantity of Gas delivered to the Receipt Point by the Related Shipper;
- (e) **<Service Provider>** considers as a reasonable and prudent network operator that it would, or might reasonably be expected to, be or cause a breach of any Law by **<Service Provider>**, **<User>** or any other person to accept the Gas;
- (f) either Party experiences an event of Force Majeure;
- (g) acceptance of the Gas by **<Service Provider>** would cause the WAGN GDS to exceed its maximum allowable operating pressure; or
- (h) **<Service Provider>** is permitted to do so by the Haulage Contract or under the Law.

7.5 <User> to comply with notice of Curtailment

- (a) In order to effect a Curtailment under this Haulage Contract (including under clause 7.2 or 7.3), **<Service Provider>** may direct the **<User>** by issuing a notice to **<User>** requiring **<User>** to:
 - (i) Curtail receiving Gas at one or more Delivery Points and Curtail delivering Gas to every associated Receipt Point; and
 - (ii) comply with any other condition necessary to effect the Curtailment or refusal to accept Gas.
- (b) If **<Service Provider>** considers it appropriate, it may include in any notice issued under clause 7.5(a) the reason or reasons for the Curtailment.
- (c) **<User>** must comply with the terms of a notice given by **<Service Provider>** under clause 7.5(a).
- (d) Nothing in this clause 7.5 limits **<Service Provider>**'s rights to effect a Curtailment.

7.6 <User> to comply with notice of refusal to accept Gas

- (a) In order to enforce a refusal to accept Gas under clause 7.4, **<Service Provider>** may direct the **<User>** by issuing a notice to **<User>** requiring **<User>** to:
 - (i) cease delivering Gas to a Physical Gate Point, Receipt Point or Receipt Points and Curtail taking delivery of Gas from any and all associated Delivery Points; and
 - (ii) comply with any other condition necessary to effect the Curtailment or refusal to accept Gas.

- (b) If **<Service Provider>** considers it appropriate, it may include in any notice issued under clause 7.6(a) the reason or reasons for **<Service Provider>**'s refusal to accept Gas.
- (c) **<User>** must comply with the terms of a notice given by **<Service Provider>** under clause 7.6(a).
- (d) Nothing in this clause 7.6 limits **<Service Provider>**'s rights to enforce a refusal to accept Gas in any other way.

7.7 Service Provider entitled to recover reasonable costs

<User> must reimburse **<Service Provider>** for all reasonable costs **<Service Provider>** incurs in Curtailing under clauses 7.2 or 7.3 or refusing to accept delivery of Gas under clause 7.4 to the extent that the right to Curtail or refusal to accept delivery of Gas arises from a:

- (a) breach of this Haulage Contract by **<User>**; or
- (b) negligent act or omission by **<User>** or its Related Shipper.

7.8 Method of Curtailment or refusal to accept

- (a) When exercising its rights under clauses 7.2, 7.3 or 7.4 **<Service Provider>** shall determine, acting as a reasonable and prudent network operator:
 - (i) which Delivery Points it will Curtail and the order of that Curtailment; or
 - (ii) the quantity of Gas that it refuses to accept delivery of and the Receipt Points at which it will refuse to accept,as the case may be.
- (b) **<Service Provider>** may exercise its rights under clauses 7.2, 7.3 or 7.4 even though the need for the Curtailment or refusal to accept delivery of Gas is caused or contributed to by one or more other Users.
- (c) **<Service Provider>** will where practicable use reasonable endeavours to provide **<User>** with a reasonable advance warning of the magnitude, starting time and expected duration of an impending Curtailment of Gas deliveries to **<User>** under clause 7.2 or refusal to accept delivery of Gas under clause 7.4 and the reasons for the Curtailment or refusal to accept (as the case may be).
- (d) In the event that the magnitude or expected duration is materially different to that described in the advance warning referred to at clause 7.8(c) then the **<Service Provider>** will, where practicable, use reasonable endeavours to provide **<User>** with reasonable ongoing notice of the likely magnitude and expected duration.
- (e) Without limiting clause 5.9 (Gas Balancing), despite **<Service Provider>**'s entitlement to exercise its rights under clauses 7.2, 7.3 or 7.4 and to Curtail delivery of Gas to other Users or refuse to accept delivery of Gas from other User's under similar circumstances, **<User>** acknowledges:
 - (i) that **<User>** is responsible for balancing the Gas it delivers to a Sub-network on a Gas Day with the quantity of Gas it receives from the Sub-network on a Gas Day; and
 - (ii) **<Service Provider>** has no obligation to wholly or partly Curtail the amount or pressure of Gas deliveries to **<User>** or refuse to accept

delivery of Gas for the purpose of avoiding swing service on a Sub-network on a Gas Day.

8. METERING

8.1 Operating meters

User Specific Delivery Facilities and Standard Delivery Facilities for Haulage Services will be designed, adjusted, operated and maintained:

- (a) so as to achieve the best accuracy of measurement which is, having regard to the nature and duration of this Haulage Contract and the magnitude of <User>'s Contracted Peak Rate, technically and economically feasible; and
- (b) consistently with the standard of a prudent network operator acting efficiently, in accordance with accepted good industry practice.

8.2 Use of Gas Quality Data from other locations

<Service Provider> may use Gas Quality Data from equipment at one or more other locations to estimate Gas quality at a Delivery Point in order to calculate quantities of Gas delivered to a Delivery Point, and in the absence of manifest error the rates and quantities so calculated by <Service Provider> bind the Parties.

8.3 Access to the Delivery Point and relevant land and premises

- (a) <User> acknowledges that <Service Provider>'s ability to provide a Haulage Service to <User> to a Delivery Point is subject to <User> ensuring that <Service Provider> has unfettered access to the land and premises on, or through which, the Standard Delivery Facilities or the User Specific Delivery Facilities are to be, or are, installed:
 - (i) during the term of this Haulage Contract; and
 - (ii) if applicable, until that Delivery Point is Deregistered.
- (b) The <User> must use reasonable endeavours to provide or procure in a timely manner unfettered access to the relevant land or premises so that <Service Provider> (and its officers, agents, employees or contractors) can undertake the activities listed in the Schedule to this Haulage Contract.
- (c) If <Service Provider> does not have unfettered access and as a consequence incurs a cost in order to obtain access to the land or premises referred to in clause 8.3(a) that it would not have incurred had unfettered access been obtained, then <Service Provider> may require <User> to pay an amount determined by <Service Provider> as reasonable to recover that cost.
- (d) <Service Provider>'s rights under this clause 8.3 are in addition to, and do not limit, any other entitlement of <Service Provider> under this Haulage Contract to be paid an amount where the activities required to be undertaken by <Service Provider> in consideration for being paid that amount include accessing the land or premises on, or through which, the WAGN GDS is to be, or is, installed.

9. INVOICING AND PAYMENT

9.1 Invoicing

- (a) **<Service Provider>** may, by giving notice to **<User>**, claim payment twice a month for each and every Haulage Charge or for other amounts payable under this Haulage Contract that **<User>** incurs under this Haulage Contract in the period prior to the relevant claim (**Payment Claim**).
- (b) **<Service Provider>** will use reasonable endeavours to make a Payment Claim on the first and sixteenth days of each month.
- (c) A Payment Claim comprises:
 - (I) all charges payable under a Haulage Contract for the Payment Period in respect of each Delivery Point;
 - (II) a summary of any metering information used to calculate the charges referred to in 9.1(a);
 - (III) all other amounts (if any) which are payable in arrears or credited or debited for the Payment Period under a Haulage Contract;
 - (IV) any outstanding amounts from previous Payment Periods and the interest payable on those amounts, and any outstanding credits carried forward under clause 9.1(a) ; and
 - (V) such other information as the parties may agree.

9.2 Payment Claim review process

- (a) Within 10 Business Days of receiving a Payment Claim **<User>** must in a single return notice inform **<Service Provider>** of the line items in the Payment Claim (if any) that **<User>** disputes and provide details of the reasons for any disputes.
- (b) If the **<User>** does not lodge a return notice within 10 Business days of receiving a Payment Claim it will be taken to have agreed to pay the items in the Payment Claim notice.
- (C) If the sum of all credits shown on a Payment Claim exceeds the sum of all amounts shown as payable on the Payment Claim, then no amount is payable in respect of that Payment Period, and (subject to clause 9.2(c)) any residual credits are carried forward without interest to the next Payment Period
- (D) Any credit or debit which remains or accrues to the **<User>**'s account after the last Payment Claim has been issued at the end of the Haulage Contract is to be dealt with by an appropriate payment from one Party to the other.
- (E) If the **<User>** disputes any amount set out in a Payment Claim, then the **<User>** must under clause 9.2 pay the undisputed portion (if any) and one half of the disputed portion of the amount shown on the Payment Claim, and must, within 10 Business Days after receiving the Payment Claim, give written notice to the **<Service Provider>** that it disputes the amount and provide in that written notice full details of the dispute.
- (f) Any amount withheld by the **<User>** under this clause but subsequently found to have been payable may, without prejudice to the **<Service Provider>**'s other rights, at the **<Service Provider>**'s option attract interest calculated daily

at the Prescribed Interest Rate from 10 Business Days after receiving the Payment Claim until payment.

- (g) Any amount paid by the **<User>** under this clause but subsequently found not to have been payable may, without prejudice to the **<User>**'s other rights, at the **<User>**'s option attract interest calculated daily at the Prescribed Interest Rate from the date the **<User>** paid the amount until the date **<Service Provider>** pays the amount to the **<User>**.

9.3 Payment within 10 Business Days

- (a) Subject to clause 9.2, **<User>** must, within 10 Business Days of receiving a Payment Claim, pay to **<Service Provider>** the amount shown as payable by **<User>** in the Payment Claim in the manner shown on the Payment Claim.
- (b) If **<User>** fails to comply with clause 9.3(a) then, without prejudice to **<Service Provider>**'s other rights, **<User>** must pay interest on any unpaid amount, calculated daily at the Prescribed Interest Rate, from 10 Business Days after receiving the Payment Claim.

9.4 Correction of payment errors

- (a) If either the **<Service Provider>** or **<User>** detects any underpayment or overpayment of any amount by the **<Service Provider>** or **<User>**, the detecting party must give written notice to the other party of the underpayment or overpayment, and an adjusting payment is to be made by the appropriate party within 10 Business Days after receiving that written notice.
- (b) If either the **<Service Provider>** or **<User>** fails to make an adjusting payment in accordance with clause 9.4(a) of the Haulage Contract then, without prejudice to the other party's other rights, the party required to make the adjusting payment must pay interest on any unpaid amount, calculated daily at the Prescribed Interest Rate, from 10 Business Days after receiving the written notice until payment.

9.5 Guaranteed Service Level payments

- (a) If **<Service Provider>** is required to pay a Small Use Customer under its GSL for a failure by **<Service Provider>** to comply with the levels of service in the GSL, **<Service Provider>** may notify **<User>** that it wishes to make the payment of the required amount through **<User>**, in which case:
 - (i) **<Service Provider>** must notify **<User>** of the amount owing to the Small Use Customer;
 - (ii) **<User>** must pay that amount to the Small Use Customer or credit that amount to the Small Use Customer as soon as practicable, in accordance with **<User>**'s Small Use Customer invoicing procedures; and
 - (iii) subject to clause 9.5(b), **<Service Provider>** must credit the amount actually paid to the Small Use Customer to the next Payment Claim that it issues to **<User>**.
- (b) If **<Service Provider>** is required to make a payment to a Small Use Customer as a result of not complying with the levels of service in the GSL but that non-compliance is a result of **<User>**'s conduct, then **<User>** must either:
 - (i) reimburse **<Service Provider>** for the payment made to the Small Use Customer; or

- (ii) if requested by **<Service Provider>**, on its behalf, make the payment to the Small Use Customer or credit that amount to the Small Use Customer's next bill, and **<Service Provider>** is not required to reimburse or credit **<User>** for that amount.
- (c) **<User>** must notify **<Service Provider>** where it is aware that **<Service Provider>** may be required to make a payment to a Small Use Customer under the GSL.
- (d) **<Service Provider>** must notify **<User>** where it makes a payment directly to a Small Use Customer under the GSL.

10. FORCE MAJEURE

- (a) Subject to clause 10(b), a Party is excused from performance of, and is not liable for any failure in carrying out, any of its obligations under this Haulage Contract if it is prevented from doing so by Force Majeure.
- (b) Subject to clause 10(c), the occurrence of Force Majeure (whether claimed by **<Service Provider>** or by **<User>**) does not relieve **<User>** of the obligation to pay any Haulage Charge or other amounts payable which are specified by this Haulage Contract or as otherwise required by Law to be payable.
- (c) To the extent that **<Service Provider>** fails to provide Reference Services under this Haulage Contract and claims the benefit of Force Majeure in respect of that failure, **<User>** is excused from the obligation to pay the Reference Tariff (including any standing charge or demand charge).
- (d) The inability to pay money, however caused, does not constitute Force Majeure.
- (e) If a Party claims the benefit of Force Majeure, it must:
 - (i) promptly give written notice to the other Party specifying:
 - (i) the occurrence and circumstances in which the claim arises and provide periodic updates as to the status of each occurrence or circumstance at the request of the other Party; and
 - (ii) the likely duration of the occurrence or circumstance;
 - (ii) promptly give written notice to the other Party once it is able to resume full performance of its obligations;
 - (iii) use reasonable endeavours to remedy the consequences without delay; and
 - (iv) resume full performance of its obligations under the Haulage Contract as soon as reasonably practicable.
- (f) Settlement of strikes, lock outs, stoppages and restraints of labour or other industrial disturbances are entirely within the discretion of the Party claiming the benefit of this clause 10 and the Party may refrain from settling industrial disturbances or may settle them on any terms it considers to be in its best interests.
- (g) If at any time during the duration of this Haulage Contract a Party is validly claiming, and has for a consecutive period of at least one Year validly claimed,

the benefit under this clause 10 of Force Majeure in respect of a failure by the Party to comply with its obligations under the Haulage Contract then either Party may in its absolute discretion by written notice to the other Party terminate this Haulage Contract.

11. VARIATION

11.1 Replacement of Haulage Services

- (a) **<Service Provider>** may at any time where permitted by clause 11.1(c), by written notice to **<User>**, vary this Haulage Contract to replace the Haulage Service provided under this Haulage Contract at a Delivery Point with a different Haulage Service at that Delivery Point.
- (b) **<Service Provider>** must consult with **<User>** at least 20 Business Days' prior to giving a notice under clause 11.1(a), and **<User>** may, within 5 Business Days of the notice being given, provide information to **<Service Provider>** regarding why the notice should not be given.
- (c) **<Service Provider>** may only replace a Haulage Service with a different Haulage Service under clause 11.1(a) if either:
 - (i) in its opinion, exercised reasonably, **<Service Provider>** anticipates (having regard to any information provided by **<User>** under clause 11.1(b), if any) that the quantity of Gas to be delivered to **<User>** in the next Year following the date of the notice would fall within the requirements of a Haulage Service other than the Haulage Service that applies to the Delivery Point under this Haulage Contract immediately prior to the date of the notice (being the requirements specified in clause 1(b) each of Schedule 1 to Schedule 5 read as if **<User>** was making an Application, in good faith, at the time of the proposed replacement); or
 - (ii) an Above 10 TJ Determination has been, or is likely to be, made under the Retail Market Rules and the Haulage Service that applies immediately prior to the date of the notice is not already Service A1 or Service A2.
- (d) For the purpose of clause 11.1(a), this Haulage Contract is varied by updating the Delivery Point Register to replace the existing Haulage Service at the Delivery Point with the replacement Haulage Service at that Delivery Point and the variation takes effect from the start of the Gas Day which occurs 20 Business Days after the date a notice is issued under clause 11.1(a).
- (e) For the avoidance of doubt, from the date a variation takes effect under clause 11.1(d), all terms and conditions applying to the replacement Haulage Service (including the Tariff) will apply.

12. ASSIGNMENT, NOVATION AND CAPACITY TRADING

12.1 No assignment except as provided for in these Capacity Trading Requirements

<User> may only transfer (by way of subcontract or otherwise), assign or otherwise grant an entitlement to all or part of its Contracted Peak Rate at a Delivery Point under clauses 12.2 or 12.3.

12.2 Bare transfers

<User> may transfer, by way of subcontract, all or any of its Contracted Peak Rate at a Delivery Point to another party (**Third Party**) without the consent of <Service Provider> provided that:

- (a) <User>'s rights against, and obligations to, <Service Provider> under this Haulage Contract are unaffected by the transfer; and
- (b) <User> immediately gives <Service Provider> written notice of:
 - (i) the subcontract and its likely duration;
 - (ii) the identity of the Third Party; and
 - (iii) amount of Capacity transferred.

12.3 Other transfers

- (a) <User> may request <Service Provider>, in writing, for consent to transfer all or any of its Contracted Peak Rate at a Delivery Point to a Third Party other than by way of a transfer under clause 12.2.
- (b) <Service Provider> must not withhold its consent to a transfer under this clause 12.3 except on reasonable grounds, based on commercial or technical considerations.
- (c) Without limiting <Service Provider>'s discretion to withhold consent under clause 12.3(b), <Service Provider> may make its consent to a transfer conditional upon:
 - (i) Third Party making an Application under and the transfer being subject to, the Application Procedure (including in particular the pre-conditions to and restrictions on the provision of Reference Services specified in the Access Arrangement);
 - (ii) Third Party complying with one or more pre-conditions to and restrictions on the provision of Reference Services specified in the Access Arrangement, as directed by <Service Provider> in writing; or
 - (iii) <User> reimbursing <Service Provider> for costs in accordance with clause 12.5.

12.4 Transferor remains liable to <Service Provider>

- (a) <User>'s obligations under this Haulage Contract remain in full force and effect notwithstanding a proposed transfer under clause 12.3 until <Service Provider>:
 - (i) consents by written notice to the transfer; and
 - (ii) <User> and Third Party comply with every condition imposed by <Service Provider> under clause 12.3(c),

at which time, subject to clause 12.4(b), <User> is released from its obligations to the extent described in the written notice referred to in clause 12.4(a)(i).

- (b) A transfer in accordance with clause 12.3 does not affect rights or liabilities that had accrued under, or in relation to, this Haulage Contract before the transfer took effect.

12.5 Costs

- (a) **<User>** must reimburse **<Service Provider>** for all reasonable costs **<Service Provider>** incurs in processing a transfer under clause 12.2 or processing and determining a request for the transfer of its Contracted Peak Rate under clause 12.3.
- (b) If requested, **<Service Provider>** must provide a quote for the costs referred to in clause 0 in relation to a transfer or assignment under clause 12.3.
- (c) A quote provided under clause 12.5(b) does not limit the costs which must be reimbursed under clause 0 provided that it is prepared in good faith.

12.6 Novation rights

- (a) **<User>** may novate this Haulage Contract with **<Service Provider>**'s prior written consent, and such consent must not be unreasonably withheld. **<Service Provider>**'s consent will not be unreasonably withheld if it is withheld on the ground that, if the novation occurred, there would be in **<Service Provider>**'s opinion, acting as a reasonable and prudent person, an increase in the commercial or technical risk to **<Service Provider>**.
- (b) Without limiting **<Service Provider>**'s discretion to withhold consent under clause 12.6(a), **<Service Provider>** may make its consent to a novation conditional upon:
 - (i) the person to whom it is proposed the Haulage Contract will be novated to complying with one or more pre-conditions to and restrictions on the provision of Reference Services specified in the Access Arrangement, as directed by **<Service Provider>** in writing; and
 - (ii) **<User>** reimbursing **<Service Provider>** a reasonable fee, in **<Service Provider>**'s absolute discretion, to cover **<Service Provider>**'s costs associated with assessing whether to grant its consent under clause 12.6(a).
- (c) **<Service Provider>** may novate this Haulage Contract on giving reasonable written notice to **<User>**.

12.7 Changing a Receipt Point or a Delivery Point

- (a) **<User>** may request **<Service Provider>**, by written notice, for consent to change:
 - (i) a Delivery Point specified in the Delivery Point Register as a Delivery Point at which **<User>** may take delivery of Gas to a different Delivery Point; or
 - (ii) a Receipt Point specified in the Delivery Point Register as a Receipt Point at which a Related Shipper may from time to time deliver Gas into the Sub-network for transportation to a Delivery Point at which **<User>** may take delivery of Gas.
- (b) In respect of a request for consent to change a Delivery Point or Receipt Point, **<Service Provider>** may:
 - (i) withhold its consent to **<User>**'s request under clause 12.7(a) if it has reasonable grounds, based on technical or commercial considerations, for doing so; or

- (ii) give its consent to **<User>'s** request under clause 12.7(a) subject to conditions only if they are reasonable on commercial or technical grounds; or
- (iii) without limiting the generality of clause 12.7(b)(ii) require **<User>** to comply with the Application Procedure (including in particular pre-conditions to and restrictions on the provision of Reference Services specified in the Access Arrangement) to the extent that there are reasonable grounds based on technical or commercial considerations for requiring the **<User>** to comply with the Application Procedure (which are to be read as though references to the Prospective User were instead references to **<User>** proposing the change, and references to the proposed Haulage Contract were instead references to this Haulage Contract).
- (c) **<Service Provider>'s** consent under clause 12.7(a) will specify the date from which the change to the Delivery Point or Receipt Point is effective.
- (d) Where there has been a change to a Delivery Point or Receipt Point under this clause, **<Service Provider>** will amend the Delivery Point Register in accordance with, and on the date specified in, its written consent.

13. DEFAULT AND TERMINATION

13.1 Default by a Party

A Party is in default under this Haulage Contract in any one or more of the following circumstances:

- (a) if the Party misses or makes a late payment under this Haulage Contract;
- (b) if the Party contravenes the due and punctual performance or observance of any of the other covenants, agreements, conditions or other obligations contained, or implied by the operation of Law, in this Haulage Contract;
- (c) if a receiver, receiver and manager, administrator, or controller is appointed over the Party or if a petition or application is presented (and not withdrawn within 10 Business Days), or an order is made or a resolution is passed for the winding up or dissolution without winding up of the Party otherwise than for the purpose of reconstruction or amalgamation under a scheme to which the other Party has given consent;
- (d) if the Party is found to be materially in breach of any warranty given to the other Party whether in this Haulage Contract, the Application which gave rise to this Haulage Contract, or any instrument relating to this Haulage Contract or that Application, or if any statement or representation made by the Party in any instrument described above, is found to be false or misleading in any material particular; or
- (e) in any other circumstance specified in this Haulage Contract.

13.2 Default by <User>

<User> is in default under this Haulage Contract in any one or more of the following circumstances:

- (a) if there is any adverse change in the business or financial condition of **<User>** or an event occurs which could, in the reasonable opinion of **<Service**

Provider), materially affect **<User>**'s ability to meet its obligations to **<Service Provider>** under this Haulage Contract; or

- (b) if **<User>** is in default under any other agreement with **<Service Provider>** under which **<Service Provider>**, provides Pipeline Services to **<User>**.

13.3 Notice of default

If a Party is in default under this Haulage Contract, then the other Party may give written notice to the defaulting Party specifying the default.

13.4 Termination

- (a) Subject to clause 13.4(b), if a Party is in default under this Haulage Contract, then the other Party may in its absolute discretion by written notice to the defaulting Party terminate the Haulage Contract.
- (b) A Party can only terminate a Haulage Contract under clause 13.4(a):
 - (i) for a default under clause 13.1(a), where the Party has given a written notice under clause 13.3 of that default, and the default has not been remedied within 5 Business Days of the Party receiving that written notice; or
 - (ii) for any other default under clauses 13.1 or 13.2, where the Party has given a written notice under clause 13.3 of that default, and the default has not been remedied within 15 Business Days of the other Party receiving that written notice.
- (c) The Parties may terminate this Haulage Contract by agreement.

13.5 Additional remedies in the event of <User>'s default

If **<User>** is in default under this Haulage Contract, then **<Service Provider>** may in its absolute discretion wholly or partly Curtail Gas deliveries to **<User>** at a Delivery Point, refuse to accept delivery of Gas at a Receipt Point or reduce or suspend any other Pipeline Service or other service to **<User>** until such time as all defaults have been remedied.

13.6 Saving of other remedies

A Party's rights under clause 13.4 are in addition to any other rights and remedies available to the Party, whether under any Law, the Access Arrangement, this Haulage Contract or otherwise.

13.7 Effect of termination

- (a) Termination of this Haulage Contract:
 - (i) does not prejudice the rights or remedies accrued to either Party at the date of termination; and
 - (ii) subject to clause 13.7(b), relieves each Party of all further obligations under the Haulage Contract to the other Party on and from the date of termination.
- (b) Termination of this Haulage Contract by a Party does not relieve the other Party of its obligations:
 - (i) to pay all amounts outstanding at the time of termination; and

- (ii) to pay all amounts which would have become payable under the Haulage Contract but for its termination.

13.8 Novation of contracts do not trigger default provisions

A novation of this Haulage Contract is not an event of default of the Haulage Contract for the purposes of clause 13.1 and does not give rise to the right to terminate the Haulage Contract if it is conducted in accordance with clause 12.6.

13.9 Restructuring or sale of <Service Provider> not a default

- (a) The restructuring or sale of <Service Provider> is not a default for the purposes of clause 13.1 if it is conducted as part of, in preparation for or otherwise to facilitate:
 - (i) a restructure of all or part of <Service Provider>'s corporate group; or
 - (ii) the establishment of ring fencing policies or procedures (or both) specified in or under the National Gas Access Law or National Gas Rules.
- (b) The term "restructure" in clause 13.9(a) includes the division of <Service Provider> into two or more separate legal entities, and the assignment, sale or other transfer of all or part of <Service Provider>'s business or assets to one or more Related Bodies Corporate of <Service Provider>.

14. SECURITY AND INSURANCE

14.1 Relationship between the Parties

<Service Provider> may, by written notice, from time to time under this clause require <User> to:

- (a) pay all amounts owing under this Haulage Contract to continue to receive Haulage Services under this Haulage Contract;
- (b) provide written evidence that <User> has the ability to comply, is complying and will comply, with its Approved System Pressure Protection Plan, including by providing evidence of the identity of its Related Shippers; and
- (c) provide written evidence that <User> is complying with Gas Quality Specifications and Gas Standards Regulations in relation to Gas it injects into the WAGN GDS,

and (without limiting any other remedies which may be available to it) <Service Provider> may wholly or partly Curtail Gas deliveries to <User> at a Delivery Point, refuse to accept delivery of Gas at a Receipt Point or reduce or suspend any other Pipeline Service or other service to <User> for so long as the relevant requirement remains unsatisfied.

14.2 Security for performance

- (a) <Service Provider> may, by written notice, from time to time require <User> to provide security for the performance of its obligations under this Haulage Contract and (without limiting any other remedies which may be available to it) <Service Provider> may wholly or partly Curtail Gas deliveries to <User> at a Delivery Point, refuse to accept delivery of Gas at a Receipt Point or reduce or suspend any other Pipeline Service or other service to <User> until the security has been provided .

- (b) Without limiting clause 14.2(a), **<Service Provider>** may require **<User>** to provide security under clause 14.2(a) in the form of a bank guarantee by giving **<User>** written notice specifying:
 - (i) that the period of time for which the bank guarantee will apply will be for the duration of the Haulage Contract; and
 - (ii) the amount in dollars that the bank guarantee is to be for, which will be the greater of **<Service Provider>**'s reasonable estimate of all Haulage Charges and other amounts payable that will be incurred by **<User>** under the Haulage Contract in the 2 months following the date of estimation or an amount that is necessary in **<Service Provider>**'s reasonable opinion to protect **<Service Provider>**'s legitimate business interests.

14.3 Insurances

- (a) **<User>** must meet **<Service Provider>**'s minimum insurance and prudential requirements, including requirements as to its ability to meet all financial obligations under this Haulage Contract. Unless otherwise agreed in writing, the minimum insurance requirements are:
 - (i) a third party liability insurance including product liability policy that includes cover for **<User>**'s and a Related Shipper's liability in the event that Gas that enters the WAGN GDS causes loss of, or damage to, the WAGN GDS that:
 - (i) is with an insurer with a Standard & Poors rating of "A" or higher or as approved by **<Service Provider>**;
 - (ii) names **<Service Provider>** as an insured or notes **<Service Provider>**'s interest in a manner acceptable to **<Service Provider>**;
 - (iii) shall include a cross liability clause in which the insurer agrees to waive all rights of subrogation or action against any of the persons constituting the insured and for the purpose of which the insurer accepts the term 'insured' as applying to each of the persons constituting the insured as if a separate policy of insurance had been issued to each of them (subject always to the overall sum insured not being increased); and
 - (iv) is in the amount of not less than \$50,000,000 for any one occurrence, or some other amount as reasonably specified by **<Service Provider>** from time to time; and
 - (ii) workers compensation insurance that:
 - (i) is with an insurer with a Standard & Poors rating of "A" or higher or as approved by **<Service Provider>**; and
 - (ii) complies with the *Worker's Compensation and Injury Management Act 1981* (WA);
 - (iii) includes common law cover to the greater of \$50,000,000 in respect of any one accident to any one employee or the amount required by the *Worker's Compensation and Injury Management Act 1981* (WA) in respect of any one accident to any one employee; and

- (iv) otherwise is on terms and for an amount that a prudent person carrying on the business of **<User>** would obtain having regard to the nature of **<User>**'s business.
- (b) **<Service Provider>** may require **<User>** to provide evidence of the matters in clause 14.3(a) and **<User>** will provide that evidence within 14 Business Days of receipt of a written notice from **<Service Provider>** directing the evidence be provided.
- (c) **<User>** will inform **<Service Provider>** in writing within 7 Business Days of:
 - (i) receipt of notification from an insurer of the insurer's intention to cancel the insurances referred to in this clause 14.3; or
 - (ii) **<User>** determining that it intends to change its insurer.

15. LIABILITY OF PARTIES

15.1 Liability for negligence and default limited to Direct Damage

- (a) Subject to clause 15.1(b), if a Party:
 - (i) is negligent in any matter relating to or arising out of this Haulage Contract; or
 - (ii) defaults in respect of its obligations to the other Party under this Haulage Contract,

then the Party is liable to the other Party (including its directors, servants, consultants, independent contractors and agents) for, and indemnifies the other Party (including its directors, servants, consultants, independent contractors and agents) against, any Direct Damage to the other Party caused by or arising out of the negligence or default.

- (b) **<Service Provider>** is not liable to **<User>** for Direct Damage or Indirect Damage caused by or arising out of:
 - (i) any refusal to accept Gas at a Receipt Point or Curtailment of Gas deliveries to **<User>** undertaken in accordance with the terms of this Haulage Contract or otherwise pursuant to Law;
 - (ii) any non-delivery of Gas into the WAGN GDS where non-delivery has not been caused, or contributed to, by the **<Service Provider>** (to avoid doubt **<Service Provider>** relying on its rights under clauses 15.1(b)(i) or 15.1(b)(iii) does not amount to **<Service Provider>** causing or contributing to the non-delivery); or
 - (iii) **<Service Provider>** acting in accordance with its rights under this Haulage Contract or otherwise pursuant to Law.

15.2 Liability for fraud

A Party who is fraudulent in respect of its obligations to the other Party under this Haulage Contract is liable to the other Party for, and indemnifies the other Party against, any loss or damage caused by or arising out of the fraud, in respect of which the exclusion of Indirect Damage in clause 15.3 does not apply.

15.3 No liability for Indirect Damage

To the extent effective at Law neither Party is in any circumstances to be liable to the other Party for any Indirect Damage, whether arising under a Law, or in contract, tort (including negligence) or equity, or otherwise, in relation to a matter related to, or arising out of, this Haulage Contract provided that where this Haulage Contract states that "[t]he exclusion of Indirect Damage in clause 15.3 does not apply", or words to similar effect, in relation to a matter then:

- (a) the exclusion of Indirect Damage in this clause 15.3 does not apply in relation to that matter; and
- (b) the Parties' liability in relation to the matter is to be determined by Law, and to avoid any doubt the definition of Indirect Damage in this Haulage Contract is to be disregarded for the purposes of that determination.

15.4 Extended operation of clause 15.3

To the extent that <Service Provider> is not liable to <User> as a result of clause 15.3, then if a Downstream Person of <User> makes a Claim against <Service Provider> in respect of any matter connected with or arising out of a Curtailment, interruption, restriction or cessation of Gas flow, then <User> must indemnify and keep indemnified <Service Provider> against any liability to a Downstream Person (as the case may be) which would exceed <Service Provider>'s liability to <User> if the Claim were brought by <User> rather than the Downstream Person.

15.5 No liability arising out of any approval by <Service Provider>

Without limiting the generality of clause 15.3, <Service Provider> is not, except as provided in clauses 15.1 and 15.2, in any circumstances liable to <User> for any injury, death, loss or damage (including Indirect Damage), caused by or arising out of any approval by <Service Provider> of any design, location or construction of, or proposed operating or maintenance procedures in relation to, any equipment, apparatus, machine, component, installation, cable, pipe or facility connected to, or adjacent to and associated with, the WAGN GDS.

15.6 Saving of contractual payments

Nothing in clauses 10, 13 or 15 (inclusive) limits the liability of either Party to make all payments under this Haulage Contract.

15.7 Each limitation separate

Each limitation or exclusion created by clauses 10, 13 or 15 (inclusive) and each protection given to <Service Provider> or <User> or to their respective directors, servants, consultants, independent contractors and agents by clauses 10, 13 or 15 (inclusive) is a separate limitation, exclusion or protection applying and surviving even if for any reason any provision of clauses 10, 13 or 15 (inclusive) is held inapplicable in any circumstances.

16. REPRESENTATIONS AND WARRANTIES

16.1 <User> representation and warranties

<User>, by entering into this Haulage Contract, represents and warrants to <Service Provider> that:

- (a) [<User> and <Service Provider> to insert agreed representations and warranties, if any, of <User>]

16.2 <Service Provider> representation and warranties

- (a) <Service Provider> represents and warrants to <User> that:
- (b) [<User> and <Service Provider> to insert agreed representations and warranties, if any, of <Service Provider>]

16.3 Representations and warranties generally

- (a) [<User> and <Service Provider> to insert representations and warranties generally, if any]

17. DISPUTE RESOLUTION

17.1 Interaction between the dispute resolution process under the Haulage Contract and other dispute resolution processes

- (a) To the extent that the National Gas Access Law or the Retail Market Scheme applies to a dispute under the Haulage Contract, the parties agree to apply the respective dispute resolution procedure to that dispute.
- (b) Subject to clause 17.1(a) and clauses 9.2 and 9.4 (regarding disputed Payment Claims), any dispute or difference arising between the parties out of or in connection with the Haulage Contract must be resolved in accordance with clauses 17.2 to 17.4.

17.2 Parties to attempt to resolve

- (a) If clause 17.1(b) applies to a dispute or difference, either Party may give written notice to the other Party specifying the details of the dispute. .
- (b) The Parties must use reasonable endeavours to resolve the dispute within 20 Business Days from receiving the notice referred to at clause 17.2(a).
- (c) If the dispute remains unresolved after the process set out in clauses 17.2(a) and 17.2(b), then authorised officers of the Parties are to meet within 5 Business Days of the day referred to at clause 17.2(b) and use reasonable endeavours to resolve the dispute.
- (d) All discussions held and documents exchanged by the Parties under this clause 17.1 are on a without prejudice basis.

17.3 Disposition of unresolved disputes

If the dispute remains unresolved 10 Business Days after the authorised officers first meet as referred to in clause 17.2(c), then a Party may refer the dispute to arbitration under clause 17.4.

17.4 Arbitration

- (a) A Party refers a dispute to arbitration by giving written notice to the other Party stating that the dispute is referred to arbitration and specifying with reasonable particularity the matter in dispute and the dispute is by that written notice by force of this clause referred to arbitration of a single arbitrator.
- (b) If the Parties cannot agree on a person to be Arbitrator within 14 Business Days of the dispute first being referred to arbitration under clause 17.4(a), either Party may request the President for the time being of the Law Society of Western Australia (**President**) to nominate a person to be Arbitrator.

- (c) The Arbitrator appointed under clause 17.4(b) must have reasonable experience in conducting arbitrations and, to the extent possible:
 - (i) if the principal matter in dispute is a question of law—be a qualified legal practitioner of at least 7 Years standing with commercial and practical experience in the area of the principal matter;
 - (ii) if the principal matter is technical or operational in nature—be a person with technical expertise in the principal matter; and
 - (iii) in any other circumstance by a qualified legal practitioner of at least 7 Years standing with commercial and practical experience in the area of the dispute.
- (d) The Parties will comply with any direction that the President may give in relation to the nomination of the Arbitrator including:
 - (i) payment of any fee or cost required by the President;
 - (ii) the provision of any information that the President may request; and
 - (iii) the execution of any document that the President requests the Parties execute (including any deed or agreement under which the Parties release the Law Society of Western Australia, its employees, servants and officers (including the President) from liability arising from the nomination.
- (e) In any arbitration:
 - (i) the proceedings are to be conducted under the *Commercial Arbitration Act 1985 (WA)* as modified by this Haulage Contract;
 - (ii) a Party may be represented by a legal practitioner; and
 - (iii) the proceedings are to be conducted in Perth.
- (f) The Arbitrator must not order either of the Parties to take any steps to achieve a settlement of the dispute being arbitrated.
- (g) A Party to the arbitration proceedings may appeal to a Judge (or acting Judge or auxiliary Judge) of the Supreme Court of Western Australia on any question of Law arising out of an award by an Arbitrator.
- (h) The Arbitrator may:
 - (i) of his or her own motion, but only to the extent reasonably necessary to facilitate the determination of a dispute presently before him or her, retain the services of any person suitably qualified in any field of expertise to advise the Arbitrator in relation to matters within that field of expertise;
 - (ii) award such interest as he or she considers appropriate;
 - (iii) if a Party has overpaid another, whether under a mistake of law or fact, order repayment of the sum overpaid together with interest; and
 - (iv) rectify any term of the Haulage Contract, so as to conform to the true intention of the Parties, but any rectification must comply with the Law, the Access Arrangement and the principles of the general law applicable to the rectification of contracts.
- (i) If the Arbitrator retains a person under clause 17.4(h)(i):

- (i) that person may sit with the Arbitrator during the hearing of all evidence relating to the person's field of expertise and may take part in the proceedings;
- (ii) the Arbitrator, in making an award, may adopt the opinion of that person, after first disclosing the opinion to the Parties and receiving the Parties' submissions thereon;
- (iii) the costs and expenses of that person must be reasonable and are to be in the Arbitrator's discretion and, without limiting that discretion, may be dealt with as part of the costs of the proceedings; and
- (iv) the duration of retainer of that person must end no later than the day on which the Arbitrator publishes his or her final award in the proceedings in question.

18. NOTICES AND ADDRESSES FOR NOTICES

- (a) Notices, or other communications provided to **<Service Provider>** by **<User>**, or provided by **<Service Provider>** to **<User>**, under this Haulage Contract must be provided in accordance with the format and procedure specified in the Retail Market Scheme for notices to be provided under the Retail Market Rules (to the extent that it is applicable).
- (b) If the Retail Market Rules do not specify a format and procedure for providing a notice, consent or other communication under this Haulage Contract, then the following provisions apply:
 - (i) a notice, consent or other communication under this Haulage Contract is only effective if it is in writing and transmitted to the addressee by electronic mail; and
 - (ii) the notice, consent or other communication is regarded as given and received when the addressee's electronic mail system logs the email message as having been received and:
 - (i) if it logged as having been received by 5.00 pm (Western Standard Time or Western Standard Daylight Savings Time (if applicable)) on a Business Day – on that Business Day; or
 - (ii) if it logged as having been received after 5.00 pm (Western Standard Time or Western Standard Daylight Savings Time (if applicable)) on a Business Day, or on a day that is not a Business Day – on the next Business Day.
- (c) Where notices or other communications are not provided in accordance with clause 18(a) or clause 18(b) (as applicable), **<Service Provider>** may recover from **<User>**, the reasonable additional costs involved in dealing with that notice or other communication.
- (d) The address for notices served on **<Service Provider>** is:

WA Gas Networks
Level 6,
12-14 The Esplanade
Perth WA 6000

Email: commercial@wagn.com.au

but may be changed by notice served on **<User>**.

- (e) The address for notices served on **<User>** is:

[insert address]

Email: [insert email address]

but may be changed by notice served on **<Service Provider>**.

19. INTELLECTUAL PROPERTY, CONFIDENTIALITY AND INFORMATION EXCHANGE

19.1 When disclosure of Confidential Information is permitted

A Party must not disclose Confidential Information except:

- (a) with the prior written consent of the other Party;
- (b) if the information is in the public domain, or enters the public domain other than by breach of this clause 19;
- (c) at the request of the Party to whom the information relates where the information is about the use of Pipeline Services or the acquisition or consumption of Gas;
- (d) when the disclosure is necessary in order to comply with:
 - (i) any Law;
 - (ii) an order of a court or tribunal;
 - (iii) a requirement imposed by or under any Law (including, without limitation, a regulatory information instrument issued by the Regulator under the National Gas Access Law); or
 - (iv) the listing rules of a recognised stock exchange;
- (e) as necessary to any consultant or adviser to the Party;
- (f) subject to the National Gas Access Law, as necessary to its Related Bodies Corporate's employees, officers, agents, contractors, consultants, lawyers, bankers, financiers, financial and technical advisers;
- (g) when, in the reasonable opinion of **<Service Provider>**, the information is required to be disclosed in the course of any contemplated restructuring or sale of **<Service Provider>** as discussed in clause 13.9; or
- (h) when, in the reasonable opinion of the disclosing Party, the information is required to be disclosed to any present or prospective lender to or financier of a Party.

19.2 Other provisions concerning disclosure

- (a) In the case of a permitted disclosure under clause 19.1, the disclosing Party must use reasonable endeavours to make disclosure on terms which preserve as far as practicable the confidentiality of the information.
- (b) In the case of a disclosure to which clause 19.1(d) applies, the disclosing Party must:

- (i) give advance notice to the other Party of the impending disclosure;
- (ii) if appropriate, oppose or restrict such disclosure;
- (iii) make such disclosure on terms which preserve as far as practicable the confidentiality of the information; and
- (iv) take such steps as will permit the other Party to have a reasonable opportunity to oppose or restrict such disclosure by lawful means.

19.3 Format for information exchange

- (a) Any information provided by <User> to <Service Provider> or <Service Provider> to <User> under this Haulage Contract must be provided in accordance with the format and procedure specified in the Retail Market Rules (to the extent that it is applicable) including, without limitation, by wherever possible providing information in electronic form, which means a structured electronic file that is capable of being downloaded and is in a format fit for purpose.
- (b) Where information is not exchanged in accordance with clause 19.3(a), <Service Provider> or <User> may recover from the person providing or requesting the information the reasonable additional costs involved in dealing with the information.

20. MISCELLANEOUS

20.1 Applicable Law

This Haulage Contract is governed by the Law of the State of Western Australia and the Parties irrevocably submit themselves to the jurisdiction of the courts of that State.

20.2 Election

- (a) A Party may only elect not to exercise a right under this Haulage Contract by giving notice in writing.
- (b) No conduct of a Party (including a failure to exercise, or delay in exercising, a right under this Haulage Contract) operates as an election not to exercise the right, as an estoppel precluding enforcement of that right or otherwise prevents the exercise of the right.
- (c) An election not to exercise a right under this Haulage Contract on one or more occasions does not operate as an election not to exercise the right in the future or as an estoppel precluding enforcement of that right if it arises again.
- (d) The exercise of a right under this Haulage Contract does not prevent a further exercise of that right or of any other right under this Haulage Contract.

20.3 Entire agreement

This Haulage Contract constitutes the full agreement between the Parties and supersedes all prior negotiations, representations, proposals and agreements whether oral or written with respect to the subject matter of this Haulage Contract.

20.4 Severance

If any provision of this Haulage Contract is held illegal or unenforceable by any tribunal, court or arbitrator having competent jurisdiction, the judgment does not affect the remaining provisions of this Haulage Contract which remain in full force and effect as if the provision held to be illegal or unenforceable had not been included in this Haulage Contract.

20.5 Further Assurance

Each Party must execute any document and perform any action necessary to give full effect to this Haulage Contract, whether prior or subsequent to performance of this Haulage Contract.

20.6 Counterparts

This Haulage Contract may be executed in any number of counterparts, all of which taken together are deemed to constitute one and the same document.

21. INTERPRETATION

21.1 Dictionary

The following table sets out the terms and their definitions that apply in this document.

Term	Definition
Above 10TJ Determination	has the meaning given to that term in rule 139(3)(b) of the Retail Market Rules.
Access Arrangement	means the access arrangement for the WAGN GDS approved under the Code on 18 July 2000 and subsequently revised under the Code and National Gas Access Law.
Access Arrangement Period	has the meaning given to that term in the National Gas Rules.
Access Offer	means an access offer made by <Service Provider> in accordance with the Application Procedure.
Application	means an application made by <User> to <Service Provider> under the Application Procedure.
Application Procedure	means the application procedure specified in the Access Arrangement.
Approved System Pressure Protection Plan	means the System Pressure Protection Plan approved by <Service Provider> under the Access Arrangement.
Arbitrator	means the person appointed to hear a dispute between the Parties in accordance with clause 17.4.
Assessment	means something which creates or evidences an obligation to pay an ascertained amount of a Tax at or before a fixed time.

Term	Definition
Business Day	means a day that is not— (a) a Saturday or Sunday; or (b) observed as a public holiday, a special holiday or bank holiday in the place in which any relevant act is to be or may be done.
Capacity	means the measure of the potential of a Covered Pipeline as currently configured to deliver a particular Pipeline Service between a Receipt Point and a Delivery Point at a point in time.
Capacity Trading Requirements	has the meaning given to it in clause 12.
Charge	has the meaning given to that term in the National Gas Access Law.
Claim	means any claim, allegation, cause of action, proceeding, liability, suit or demand made against the person concerned however it arises and whether it is present or future, fixed or unascertained, actual or contingent including without limitation claims in tort (including negligence), claims in contract, claims under statute (including strict liability) and claims for a misrepresentation.
Code	means the <i>National Third Party Access Code for Natural Gas Pipeline Systems</i> , previously in force in Western Australia under the <i>Gas Pipelines Access (Western Australia) Act 1998 (WA)</i> .
Commencement Date	means the day on which this Haulage Contract commenced under clause 2(b).
Conditions Precedent	means the conditions defined as Conditions Precedent in clause 1.1.
Confidential Information	means all information which is communicated to, or obtained by, a Party to this document that is: (a) provided in confidence and that the disclosing Party has asked to be kept confidential; (b) non-public information about the use of Pipeline Services (including the terms of this Haulage Contract) or the acquisition or consumption of Gas; or (c) information that a reasonable person would regard as confidential.

Term	Definition
Contracted Peak Rate	<p>in respect of a Delivery Point, means the highest Instantaneous Flow Rate through the Delivery Point at which <Service Provider> can be required to deliver Gas, which:</p> <ul style="list-style-type: none"> (a) for a Delivery Point to which Service A1 applies, is determined under clause 7 of Schedule 1; (b) for a Delivery Point to which Service A2 applies, is determined under clause 7 of Schedule 2; (c) for a Delivery Point to which Service B1 applies, is determined under clause 7 of Schedule 3; (d) for a Delivery Point to which Service B2 applies, is determined under clause 6 of Schedule 4; and (e) for a Delivery Point to which Service B3 applies, is determined under clause 6 of Schedule 5.
Covered Pipeline	has the meaning given to that term in the National Gas Access Law.
Covered Pipeline Service Provider	has the meaning given to that term in the National Gas Access Law.
Current User	in relation to a Delivery Point, means the User who is assigned to the Delivery Point in the REMCo Registry.
Curtail	means to reduce, interrupt or stop or any combination of them.
Delivery Point	means a point, including a flange or joint, specified in the Delivery Point Register, as a point at which <User> is entitled to take delivery of Gas from <Service Provider> out of the WAGN GDS.
Delivery Point Register	means a database or collection of databases that contain the details of Delivery Points and other information described in clause 5.4 and which may contain other information, including information about other Users.
Deregistered	<p>means, in relation to a Delivery Point, that Gas is permanently precluded from being supplied at the Delivery Point because the Delivery Point is permanently deregistered in accordance with:</p> <ul style="list-style-type: none"> (a) for a Delivery Point to which Service A1 applies, the procedure specified clause 9 of Schedule 1; (b) for a Delivery Point to which Service A2 applies, the procedure specified in clause 9 of Schedule 2; (c) for a Delivery Point to which Service B1 applies, the procedure specified in clause 8 of Schedule 3; (d) for a Delivery Point to which Service B2 applies, the procedure specified in clause 7 of Schedule 4; and (e) for a Delivery Point to which Service B3 applies, the procedure specified clause 7 of Schedule 5.

Term	Definition
Direct Damage	<p>means:</p> <ul style="list-style-type: none"> (a) in relation to any person – loss or damage which is not Indirect Damage; and (b) in relation to <Service Provider> only – in addition, any liability of <Service Provider> to any User, any Claim against <Service Provider> by any User, and any of <Service Provider>'s costs or expenses in connection with the Claim.
Downstream Person	<p>means, in relation to <Service Provider>:</p> <ul style="list-style-type: none"> (a) any person; <ul style="list-style-type: none"> (i) supplied; or (ii) having or claiming an entitlement to be supplied, directly or indirectly with Gas which is, or is to be, or should have been, transported by or on behalf of <Service Provider> through the WAGN GDS (whether or not it was also to be transported through any other Pipeline by or on behalf of <Service Provider> or any other person); and (b) any other person claiming directly or indirectly on behalf of or through such a person.
Emergency	<p>means:</p> <ul style="list-style-type: none"> (a) in <Service Provider>'s opinion, any extreme operating situation; or (b) any other situation (however caused) which, in <Service Provider>'s opinion, poses an immediate or imminent danger to persons or property or otherwise constitutes an emergency or justifies or requires urgent or unilateral action.
End Date	has the meaning given in clause 5.3(c).
End User	means a person who acquires or proposes to acquire Gas from <User> at a Delivery Point.
Expansion or Extension	means any extension to, or expansion of the Capacity of the WAGN GDS and includes a new Pipeline.

Term	Definition
Force Majeure	<p>means any occurrence or circumstance which is not within a Party's control and which the Party, by applying the standard of a reasonable and prudent person, is not able to prevent or overcome and includes (provided the forgoing tests are satisfied):</p> <ul style="list-style-type: none"> (a) acts of God, including epidemics, slides, lightning, earthquakes, fires, storms, floods, wash outs and cyclones; (b) strikes, lock outs, stoppages, restraints of labour and other industrial disturbances; (c) acts of the enemy including wars, blockades and insurrection; (d) acts of terror, terrorism or terrorists; (e) riots and civil disturbances; (f) valid Laws; (g) shortage of necessary equipment, materials or labour; (h) refusal or delay in obtaining any necessary consent or approval from any Commonwealth, State or local government or Commonwealth or State statutory authority; (i) unavoidable accidents involving, or break down of or loss or damage to, any plant, equipment, materials or facilities necessary for the Party's operations; (j) any WAGN GDS shutdown or interruption which is validly required or directed by any Commonwealth, State or local government agency or any Commonwealth or State statutory authority having authority to so require or direct; (k) any WAGN GDS shutdown or interruption required to conform with design or regulatory limits on WAGN GDS facilities, whether arising due to environmental conditions or circumstances or otherwise; (l) WAGN GDS ruptures; and (m) collisions or accidents.
Gas Day	<p>means a 24 hour period starting at 08:00 hours (Western Standard Time or, if applicable, Western Standard Daylight Savings Time) on a day and ending at 08:00 hours on the following day, so that:</p> <ul style="list-style-type: none"> (a) a reference to a Gas Day is a reference to the Gas Day commencing at 08:00 hours on the day or date referred to, and ending at 08:00 hours on the following day; and (b) references to months, quarters and years are to be given corresponding meanings; and (c) in reckoning of months, quarters and years, the 8 hour offset between months, quarters and years reckoned under (b) above and calendar months, quarters and years, is to be disregarded.
Gas Hour	means a period of sixty minutes commencing and ending on the hour.

Term	Definition
Gas Quality Data	<p>means the following data in relation to Gas:</p> <ul style="list-style-type: none"> (a) maximum carbon dioxide; (b) maximum inert gases; (c) minimum and maximum higher heating value; (d) minimum and maximum Wobbe Index; (e) maximum total sulphur (including odorant); (f) maximum Hydrogen Sulphide; (g) maximum Oxygen; (h) maximum water; (i) Hydrocarbon dewpoint over the pressure range 2.5 to 8.72 MPa absolute; and (j) maximum radioactive components.
Gas Quality Specifications	has the meaning given to that term in 0.
Gas Standards Regulations	means the <i>Gas Standards (Gas Supply and System Safety) Regulations 2000 (WA)</i> and any other regulations under the <i>Gas Standards Act 1972 (WA)</i> which relate to Gas quality, including heating value.
GSL	means <Service Provider> 's Guaranteed Service Level Scheme as amended by <Service Provider> from time to time.
GST	<p>means:</p> <ul style="list-style-type: none"> (a) the same as in the GST Law; (b) any other goods and services tax, or any tax applying to this transaction in a similar way; and (c) any additional tax, penalty tax, fine, interest or other charge under a law for such a tax.
GST Law	means the same as "GST law" means in <i>A New Tax System (Goods and Services Tax) Act 1999 (Cth)</i> .
Haulage Charge	<p>for a Haulage Service, means the amount that is payable by <User> to <Service Provider> for that Haulage Service, being:</p> <ul style="list-style-type: none"> (a) for Service A1 at a Delivery Point, the amount determined by applying clause 6 of Schedule 1; (b) for Service A2 at a Delivery Point, the amount determined by applying clause 7 of Schedule 2; (c) for Service B1 at a Delivery Point, the amount determined by applying clause 7 of Schedule 3; (d) for Service B2 at a Delivery Point, the amount determined by applying clause 5 of Schedule 4; and (e) for Service B3 at a Delivery Point, the amount determined by applying clause 5 of Schedule 5.

Term	Definition
Haulage Contract	means this agreement and its annexures, schedules and exhibits.
Haulage Service	means any one of Service A1, Service A2, Service B1, Service B2 and Service B3 and Haulage Services means all of them.
Indirect Damage	means: <ul style="list-style-type: none"> (a) in relation to a person – any consequential loss or damage however caused, including without limitation any: <ul style="list-style-type: none"> (i) loss of (or loss of anticipated) use, production, revenue, income, profits, business and savings; or (ii) business interruption, <p>whether or not the consequential loss or damage was foreseeable or contemplated by the Parties; and</p> (b) any liability of the person to any other person, or any Claim against the person by any other person, and any costs or expenses in connection with the Claim.
Instantaneous Flow Rate	in respect of a Delivery Point, means a flow rate measured over the shortest period of time over which the Meter at the Delivery Point is capable of measuring a flow rate.
Interconnected Pipeline	means a transmission Pipeline, distribution Pipeline or Gas storage system from which Gas is supplied into the WAGN GDS.
Interconnection Arrangement	means a written or unwritten contract, arrangement or understanding in respect of an interconnection at a Physical Gate Point between the WAGN GDS and an Interconnected Pipeline (and includes a written or unwritten contract, arrangement or understanding for the provision of an Interconnection Service).
Interconnection Distance	in respect of a Delivery Point, means the distance measured along the straight line which represents the shortest distance between the Delivery Point and the nearest Pipeline or storage system from which Gas is (or would be, if Interconnection Arrangements were entered into and necessary Physical Gate Points and associated facilities were constructed) delivered into the WAGN GDS.
Interconnection Event	means an event as a result of which a Physical Gate Point associated with a Receipt Point is not, or ceases to be, the subject of a current Interconnection Arrangement or there is a current Interconnection Agreement but a party to that current Interconnection Agreement has a right under that Interconnection Agreement to wholly or partly Curtail or refuse to accept Gas or otherwise reduce or limit the flow of Gas.
Interconnection Service	means a Pipeline Service under which WAGN provides for, or facilitates, the interconnection of a Pipeline to the WAGN GDS.
Payment Period	means the period to which a Payment Claim under the Haulage Contract relates.

Term	Definition
Law or Laws	<p>means all:</p> <ul style="list-style-type: none"> (a) written and unwritten laws (including, without limitation, laws set out in statutes and subordinate legislation) of the Commonwealth, of Western Australia, of local government authorities, and of any other State, Territory or foreign country having jurisdiction over the subject matter of this Haulage Contract; and (b) judgments, determinations, decisions, rulings, directions, notices, regulations, by-laws, statutory instruments, Codes of Practice, Australian Standards or orders given or made under any of those laws or by any government agency or authority.
Medium Pressure/Low Pressure System	<p>means those parts of the WAGN GDS operating at a nominal pressure of less than 300 kPa and includes all high pressure regulators that are part of the WAGN GDS which reduce the pressure from those parts of the WAGN GDS which operate at a nominal pressure of 300 kPa or more to those parts of the WAGN GDS which operate at a nominal pressure of less than 300 kPa.</p>
Meter	<p>means all equipment used to measure the flow of Gas taken from the WAGN GDS at a Delivery Point, including any ancillary equipment.</p>
Minimum Receipt Temperature	<p>means the minimum temperature at which Gas may enter the WAGN GDS at a Physical Gate Station which must be between 0°C and 10°C.</p>
MIRN	<p>means a unique 10-digit Meter installation registration number that <Service Provider> assigns to a Delivery Point on the WAGN GDS.</p>
National Gas Access Law	<p>means the National Gas Access (Western Australia) Law as that term is defined in the <i>National Gas Access (WA) Act 2009 (WA)</i>.</p>
National Gas Rules	<p>has the meaning given to that term in the National Gas Access Law.</p>
Nominal Delivery Pressure	<p>means, in respect of a Delivery Point:</p> <ul style="list-style-type: none"> (a) to which Service A1 applies, the pressure determined as the nominal pressure for the Delivery Point under clause 4 of Schedule 1; (b) to which Service A2 applies, the pressure determined as the nominal pressure for the Delivery Point under clause 4 of Schedule 2; (c) to which Service B1 applies, the pressure determined as the nominal pressure for the Delivery Point under clause 4 of Schedule 3; (d) to which Service B2 applies, the pressure determined as the nominal pressure for the Delivery Point under clause 3 of Schedule 4; and (e) to which Service B3 applies, the pressure determined as the nominal pressure for the Delivery Point under clause 3 of Schedule 5.
Option 3	<p>has the meaning given to that term in the definition of System Pressure Protection Plan in Annexure D of the Access Arrangement.</p>

Term	Definition
Overrun Charge	means a charge for an Overrun Service calculated in accordance with: <ul style="list-style-type: none"> (a) in the case of Service A1, clause 8 of Schedule 1; and (b) in the case of Service A2, clause 8 of Schedule 2.
Overrun Service	has the meaning given to this term in: <ul style="list-style-type: none"> (a) in the case of Service A1, clause 8 of Schedule 1; and (b) in the case of Service A2, clause 8 of Schedule 2.
Overrun Service Rate	has the meaning given to this term in: <ul style="list-style-type: none"> (a) in the case of Service A1, clause 8 of Schedule 1; and (b) in the case of Service A2, clause 8 of Schedule 2.
Party	means a party to this Haulage Contract.
Payment Claim	has the meaning given to that term in clause 9.1.
Physical Gate Point	means a flange, joint or other point which marks a physical boundary between the WAGN GDS and an Interconnected Pipeline.
Physical Gate Station	means the metering equipment site associated with a Physical Gate Point and includes all facilities installed at the site to perform over pressure protection, reverse flow protection, excessive flow protection, Gas metering and measurement and telemetry and all standby, emergency and safety facilities and all ancillary equipment and services.
Pipeline	has the meaning given to that term in the National Gas Access Law.
Pipeline Service	has the meaning given to that term in the National Gas Access Law.
Prescribed Interest Rate	in respect of a day on which interest is to be payable, means an annual interest rate which is three percentage points higher than the bank bill rate, where the bank bill rate: <ul style="list-style-type: none"> (a) means the average bid rate (rounded up to four decimal places) for bank accepted bills having a tenor of one month as displayed on the 'BBSW' page of the Reuters monitor system at or about 10:30am (Eastern Standard Time or, if applicable, Eastern Standard Daylight Savings Time) on that day; or (b) if the bank bill rate cannot be determined by the procedure in paragraph (a) of this definition, a reasonable rate determined by WAGN having regard to comparable indices then available.
Receipt Point	for a Sub-network means a point (which may be in the same physical location as a Physical Gate Point) which <Service Provider> has designated as a Receipt Point for that Sub-network.
Reference Services	has the meaning given to that term in the National Gas Access Law.
Reference Tariff	has the meaning given to that term in the National Gas Access Law.

Term	Definition
Reference Tariff A1	means the Tariff specified in the Access Arrangement as the Reference Tariff for the Reference Service that is called "Service A1" in the Access Arrangement.
Reference Tariff A2	means the Tariff specified in the Access Arrangement as the Reference Tariff for the Reference Service that is called "Service A2" in the Access Arrangement.
Reference Tariff B1	means the Tariff specified in the Access Arrangement as the Reference Tariff for the Reference Service that is called "Service B1" in the Access Arrangement.
Reference Tariff B2	means the Tariff specified in the Access Arrangement as the Reference Tariff for the Reference Service that is called "Service B2" in the Access Arrangement.
Reference Tariff B3	means the Tariff specified in the Access Arrangement as the Reference Tariff for the Reference Service that is called "Service B3" in the Access Arrangement.
Reference Tariff Variation Mechanism	has the meaning given to that term in the Access Arrangement.
Regulator	has the meaning given to that term in the National Gas Access. Law
Related Body Corporate	has the meaning given to that term under the <i>Corporations Act 2001</i> (Cth).
Related Shipper	in relation to a User for a Sub-network, means a person who, from time to time, is named in the User's allocation instruction for the Sub-network under the Retail Market Rules, and to avoid doubt, a User may be its own Related Shipper.
REMCo	means the Retail Energy Market Company Limited (ABN 15 103 318 556), or any other corporation managing the retail energy market..
REMCo Registry	has the meaning given to that term in the Retail Market Rules, as amended from time to time, or any other scheme applying to the retail energy market.
Retail Market Rules	means the rules applying under the Retail Market Scheme, as amended from time to time, or any other scheme applying to the retail energy market.
Retail Market Scheme	means the retail market scheme, including the Retail Market Rules, approved under section 11ZOJ of the <i>Energy Coordination Act 1994</i> (WA) as applying in respect of the WAGN GDS, as amended from time to time, or any other scheme applying to the retail energy market.
Revision Commencement Date	means the date specified as the Revision Commencement Date in the Access Arrangement.
Service A1	is the Pipeline Service described in clause 1 of Schedule 1.

Term	Definition
Service A2	is the Pipeline Service described in clause 1 of Schedule 2.
Service B1	is the Pipeline Service described in clause 1 of Schedule 3.
Service B2	is the Pipeline Service described in clause 1 of Schedule 4.
Service B3	is the Pipeline Service described in clause 1 of Schedule 5.
Service Pipe	means the pipe and associated fittings which connect a Delivery Point to the main.
Service Provider	has the meaning given to that term under the National Gas Access Law and, for the purposes of this Haulage Contract, WAGN is a Service Provider for the WAGN GDS and also the Covered Pipeline Service Provider for the WAGN GDS.
Small Use Customer	has the meaning given to that term under the <i>Energy Coordination Act 1994</i> (WA).
Standard 8m³/hr Meter	means a standard Meter with a badged capacity of not more than 8 cubic metres of Gas per hour, being the standard facility or facilities adopted for the purpose of this definition as specified from time to time by <Service Provider>.
Standard 12m³/hr Meter	means a standard Meter with a badged capacity of not more than 12 cubic metres of Gas per hour, being the standard facility or facilities adopted for the purpose of this definition as specified from time to time by <Service Provider>.
Standard Delivery Facilities	<p>means:</p> <ul style="list-style-type: none"> (a) either: <ul style="list-style-type: none"> (i) in the case of Service B2, a Standard 12m³/hr Meter; or (ii) in the case of Service B3, a Standard 8m³/hr Meter; (b) up to 20 metres of Service Pipe; (c) a Standard Pressure Regulator, sized to suit the applicable Meter; (d) any ancillary pipes and equipment (including a valve or valves); and (e) installation of items (a) to (d) above in Standard Site Conditions, <p>being the standard facility or facilities adopted for the purposes of this definition and specified from time to time by <Service Provider>.</p>
Standard Pressure Regulator	means a pressure regulator or pressure regulators provided by WAGN as part of Service B2 and Service B3 which is or are the standard facilities adopted for the purposes of this definition as specified from time to time by <Service Provider>.

Term	Definition
Standard Site Conditions	<p>means, in the reasonable opinion of <Service Provider>, that the land or premises through which the Standard Delivery Facilities are being installed:</p> <ul style="list-style-type: none"> (a) does not have rock or other hard formation present; (b) does not have tiered or terraced gardens or retaining walls present; (c) does not require traffic management (including traffic management to allow safe access or working in the land or premises adjacent to the land or premises through which the Standard Delivery Facilities are being installed); (d) does not require horizontal directional drilling or boring; (e) is not densely vegetated, <p>and only where the gas main is so located that, in the reasonable opinion of <Service Provider>, it is practicable in accordance with good industry practice to connect the Standard Delivery Facilities to the main.</p>
Start Date	has the meaning given in clause 5.3(b).
Sub-network	means a part of the WAGN GDS identified under the Retail Market Rules as a sub-network of the WAGN GDS.
Swing Service Provider	has the meaning given to that term in the Retail Market Rules.
System Pressure Protection Plan	means a plan to ensure <User> does not jeopardise system pressure by being in a position where it is unable to supply sufficient Gas at Receipt Points on a Sub-network and is simultaneously unable to sufficiently reduce the delivery of Gas it takes at its Delivery Points on the Sub-network.
Tariff	has the meaning given to it in section 2 of the National Gas Access Law.
Tariff A1	means Reference Tariff A1 as varied from time to time under the Access Arrangement.
Tariff A2	means Reference Tariff A2 as varied from time to time under the Access Arrangement.
Tariff B1	means Reference Tariff B1 as varied from time to time under the Access Arrangement.
Tariff B2	means Reference Tariff B2 as varied from time to time under the Access Arrangement.
Tariff B3	means Reference Tariff B3 as varied from time to time under the Access Arrangement.
Tariff Component	means a component of a Haulage Tariff which is an amount, or the rate by, which a User is charged for a single element or attribute of a Haulage Service.

Term	Definition
Taxes	includes any tax, rate, impost, levy duty, fee, compulsory loan, tax-equivalent payment or surcharge withheld, deducted, charged, levied or imposed under any Law other than one that is imposed on taxable income.
Telemetry	means the communication equipment used for transmission of data collected from a Meter to WAGN's central data management system.
Usage Charge	has the meaning given to that term in the Access Arrangement.
User	has the meaning given to it in the National Gas Access Law and, for the purposes of this contract <User> is a User.
User Specific Charge	has the meaning given to that term in the Access Arrangement.
User Specific Delivery Facilities	<p>for a User means:</p> <ul style="list-style-type: none"> (a) a Meter which is not a Standard 8m³/hr Meter or a Standard 12m³/h Meter; (b) Service Pipe from the main to the Delivery Point; (c) a User Specific Pressure Regulator; (d) any ancillary pipes and equipment (including a valve or valves); and (e) in the case of Service A1 and Service A2, also includes Telemetry, <p>being the facility or facilities which are the most appropriate for that User, as determined by <Service Provider> as a reasonable person.</p>
User Specific Pressure Regulator	means a pressure regulator which is not a Standard Pressure Regulator.
WAGN	means WA Gas Networks Pty Ltd (ABN 90 089 531 975) (formerly AlintaGas Networks) and includes its successors and assigns.
WAGN GDS	means the Mid-West and South-West Gas Distribution Systems (formerly known as AGN GDS) owned by WAGN.
Year	means a period of 12 months.

21.2 Rules for interpreting this Haulage Contract

The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) Headings are for convenience only, and do not affect interpretation.
- (b) A reference to:
 - (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;

- (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
 - (iii) a Party to this document or to any other document or agreement includes a permitted substitute or a permitted assign of that Party;
 - (iv) a reference to a clause or Schedule is a reference to a clause or Schedule of this agreement;
 - (v) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
 - (vi) anything (including a right, obligation or concept) includes each part of it.
- (c) A singular word includes the plural, and vice versa.
- (d) A word which suggests one gender includes the other gender.
- (e) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
- (f) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (g) A reference to "currency", "dollar" or "\$" is a reference to the Australian dollar.
- (h) A reference to a document includes a reference to information in any format or form.
- (i) The term "under" in relation to a provision of this Haulage Contract includes "by", "in accordance with", "pursuant to" and "by virtue of".
- (j) A reference:
- (i) to a Delivery Point being "on" the Medium Pressure/Low Pressure System or a Sub-network means that the Delivery Point is attached to or forms part of the relevant system or Sub-network, such that Gas flowing through the Delivery Point flows from that system or Sub-network;
 - (ii) to a Receipt Point being "on" a Sub-network means that the Physical Gate Points associated with the Receipt Point are attached to or form part of the relevant Sub-network, such that Gas flowing through the Physical Gate Points flows into that Sub-network; and
 - (iii) "associated", when used to describe the relationship between a Receipt Point and a Physical Gate Point, means that each of them is associated with the same Sub-network.
- (k) Words defined in the GST Law have the same meaning in clauses concerning GST, unless expressly provided otherwise.
- (l) If a person is a member of a GST group, references to GST for which the person is liable and to input tax credits to which the person is entitled include GST for which the representative member of the GST group is liable and input tax credits to which the representative member is entitled.

- (m) References to GST extend to any notional liability of any person for GST and to any amount which is treated as GST under the GST Law, and references to an input tax credit extend to any notional input tax credit to which any person is entitled.

21.3 References to Gas and quantities of Gas

- (a) Unless otherwise indicated, any reference in this Haulage Contract to a quantity of Gas is a measure of Gas in gigajoules.
- (b) Unless otherwise indicated, a reference to "Gas" in this Haulage Contract is a reference to natural gas, being a substance that:
 - (i) is in a gaseous state at standard temperature and pressure;
 - (ii) consists of naturally occurring hydrocarbons, or a naturally occurring mixture of hydrocarbons and non-hydrocarbons, the principal constituent of which is methane; and
 - (iii) is suitable for consumption.

21.4 SI units

Unless otherwise indicated, all units in this Haulage Contract are SI units in accordance with the international system of units set out in Australian Standard 1000-1998.

21.5 Provision regarding rounding

Where a Party is required to calculate a value under this Haulage Contract, any rounding applied in undertaking that calculation is to be applied in accordance with the provisions that relate to rounding under the Retail Market Rules.

21.6 References to Contracted Peak Rate and capacity of the WAGN GDS

Unless the contrary intention appears, if this Access Arrangement generally requires Contracted Peak Rate or Capacity of the WAGN GDS to be quantified, it is to be quantified as an Instantaneous Flow Rate and is to be expressed in gigajoules per hour.

Schedule 1

SERVICE A1

SPECIFIC TERMS AND CONDITIONS

1. GENERAL

- (a) The terms and conditions in this Schedule 1 apply to each Delivery Point specified in the Delivery Point Register as being a Delivery Point to which Service A1 applies.
- (b) Service A1 is a Pipeline Service provided under this Haulage Contract by which **<User>** may take delivery of Gas at a Delivery Point on the WAGN GDS, and where:
 - (i) at the time **<User>** submitted its Application for Service A1 at a Delivery Point:
 - (A) it was reasonably anticipated that **<User>** would take delivery of 35 TJ or more of Gas during each Year that **<User>** requested to obtain access to Service A1 at that Delivery Point;
 - (B) **<User>** requested a Contracted Peak Rate for the Delivery Point of 10 GJ or more per hour; and
 - (ii) **<User>** requested User Specific Delivery Facilities at the Delivery Point.
- (c) Service A1 is derived from the Reference Service described as Service A1 in the Access Arrangement.

2. DELIVERY FACILITIES

- (a) **<Service Provider>** will provide User Specific Delivery Facilities to measure the amount of Gas delivered to **<User>** at each Delivery Point specified in the Delivery Point Register which will include, as a minimum, a Meter which:
 - (i) is read by means of Telemetry; and
 - (ii) aggregates the flow of Gas across time and records that flow for each Gas Hour.
- (b) **<Service Provider>** will design and construct all User Specific Delivery Facilities, and will have regard to **<User>**'s reasonable requirements in doing so.
- (c) **<Service Provider>** will own, operate and maintain, and may from time to time modify, subject to consultation with **<User>**, any User Specific Delivery Facilities.
- (d) **<User>** must use its reasonable endeavours to cooperate with **<Service Provider>** in installing, operating, maintaining, and modifying any User Specific Delivery Facilities.
- (e) Nothing in clause 2 of this Schedule limits **<Service Provider>**'s powers under any Law (including the *Energy Coordination Act 1994 (WA)* or the *Energy Operators (Powers) Act 1979 (WA)* and subordinate legislation).

3. ACCURACY VERIFICATION

- (a) **<Service Provider>** will verify the accuracy of the Meter forming part of any User Specific Delivery Facilities as required by good industry practice and applicable Laws with the frequency of verification determined by **<Service Provider>** if not specified by that good industry practice or those applicable Laws.
- (b) If **<User>** requests **<Service Provider>** to verify the accuracy of a Meter forming part of User Specific Delivery Facilities and **<Service Provider>** determines that the Meter is accurate, **<User>** must pay **<Service Provider>**'s reasonable costs in verifying the accuracy of the Meter.

4. GAS PRESSURE

- (a) Subject to clause 4(b) of this Schedule the Nominal Delivery Pressure at which **<Service Provider>** will deliver Gas to **<User>** is:
 - (i) unless the Parties agree that a particular pressure is to apply as the Nominal Delivery Pressure, the Nominal Delivery Pressure associated with the User Specific Facilities at the Delivery Point; or
 - (ii) if the Parties agree that a particular pressure is to apply as the Nominal Delivery Pressure, the agreed pressure.
- (b) Notwithstanding clause 4(a) of this Schedule the pressure described at clause 4(a) of this Schedule will be amended to the pressure that **<Service Provider>** determines, from time to time as a reasonable and prudent network operator, as the minimum nominal operating pressure for the main to which the Delivery Point is connected.

5. METER READING

- (a) **<Service Provider>** will be responsible for calculating and recording the quantity of Gas delivered to **<User>** at the Delivery Point by Telemetry reading.
- (b) **<Service Provider>** will take such Telemetry readings every day.

6. PRICES

- (a) Service A1 is made available at Tariff A1.
- (b) The Haulage Charge for Service A1 at a Delivery Point is calculated by applying Tariff A1.
- (c) If Tariff A1 consists (in whole or in part) of a User Specific Charge, then the User Specific Charge must be pro-rated on the basis of a 365 day Year starting on the Start Date for the Delivery Point to which the User Specific Delivery Facilities relate.

7. CONTRACTED PEAK RATE

The Contracted Peak Rate for a Delivery Point is the rate agreed between the Parties for the Delivery Point and specified in the Delivery Point Register.

8. EXCEEDING CONTRACTED PEAK RATE

- (a) If **<User>**'s Instantaneous Flow Rate exceeds its Contracted Peak Rate for a Delivery Point, then **<User>** has acquired "**Overrun Service**" and must pay **<Service Provider>** an Overrun Charge calculated as follows:

$$OC = \text{OSR} \times Q \text{ Overrun}$$

where:

OC = the Overrun Charge payable by <User> to <Service Provider> for the Delivery Point for the month;

OSR = the "Overrun Service Rate" which is calculated by multiplying the Usage Charge Rate for the Delivery Point for the month by 200; and

Q Overrun = the total for the month of each gigajoule or part of a gigajoule of Gas in excess of <User>'s Contracted Peak Rate that was delivered to <User> at the Delivery Point during a period of time in which <User>'s Instantaneous Flow Rate exceeded its Contracted Peak Rate.

(b) Despite any provision to the contrary, a requirement under this clause to pay an Overrun Charge in respect of a gigajoule or part of a gigajoule does not relieve <User> of the obligation to pay the Charge determined under Tariff A1 in respect of that gigajoule or part gigajoule.

(c) If <User>'s Instantaneous Flow Rate for a Delivery Point exceeds its Contracted Peak Rate for a Delivery Point on:

(i) three or more days during any 30 day period; or

(ii) eight or more days during a Year,

then <Service Provider> must, as soon as reasonably practicable, notify <User> of this fact and of whether:

(iii) <Service Provider> is prepared to, having regard to the restrictions and pre-conditions specified in the Application Procedure, increase <User>'s Contracted Peak Rate, in which case <User> must within 10 Business Days elect between:

(A) an increase in its Contracted Peak Rate, with effect from the last of the days referred to in clause 8(c)(i) or 8(c)(ii) of this Schedule, as applicable, so that it is equal to the highest Instantaneous Flow Rate at the Delivery Point during the days referred to in 8(c)(i) or 8(c)(ii) of this Schedule, as applicable, in which case <Service Provider> will increase the Contracted Peak Rate for that Delivery Point and update the Delivery Point Register; and

(B) <Service Provider> installing, and to <User> paying the costs of <Service Provider> acquiring and installing, a flow control device at the Delivery Point which will regulate Gas deliveries to <User> to no more than the Contracted Peak Rate, in which case <Service Provider> may install, and <User> must pay the costs of <Service Provider> acquiring and installing, a flow control device at the Delivery Point which will regulate Gas deliveries to <User> to no more than the Contracted Peak Rate,

and if <User> does not so elect within 10 Business Days, <Service Provider> may make the election on <User>'s behalf; or

(iv) <Service Provider> is not prepared, having regard to the restrictions and pre-conditions specified in the Application Procedure, to increase <User>'s Contracted Peak Rate in accordance with this clause, in which case <Service Provider> may install, and <User> must pay the costs of <Service Provider> acquiring and installing, a flow control device at the Delivery Point which will regulate Gas deliveries to <User> to no more than the Contracted Peak Rate.

9. DEREGISTERING A DELIVERY POINT

- (a) **<User>** may request (and if required by clause 5.6, must request) **<Service Provider>** to permanently deregister a Delivery Point by lodging a valid permanent removal request under the Retail Market Rules with **<Service Provider>**.
- (b) Once **<Service Provider>** has received a request to permanently deregister a Delivery Point, **<Service Provider>** will permanently deregister the Delivery Point by:
 - (i) removing the User Specific Delivery Facilities to the extent **<Service Provider>** considers necessary;
 - (ii) permanently removing the Delivery Point in accordance with the Retail Market Rules; and
 - (iii) removing the Delivery Point from the Delivery Point Register,in the manner it considers appropriate.
- (c) **<User>** acknowledges and agrees that **<Service Provider>** is not liable to **<User>** in respect of any Claim, loss or damages (including Indirect Damage and Direct Damage) if it fails to permanently deregister the Delivery Point.
- (d) **<Service Provider>** will notify **<User>** in writing once the Delivery Point has been deregistered.
- (e) If **<Service Provider>** deregisters the Delivery Point, then **<User>** must pay **<Service Provider>**'s reasonable costs incurred in deregistering the Delivery Point (such costs will include all reasonable direct and indirect costs incurred by the **<Service Provider>** in relation to deregistering the Delivery Point).
- (f) If **<Service Provider>** attempts to deregister the Delivery Point, but is unable to do so because it cannot gain access to the Delivery Point, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (g) If **<User>** cancels its request before **<Service Provider>** deregisters, or attempts to deregister, the Delivery Point, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (h) The activities of **<Service Provider>** described in this clause 9 are a Pipeline Service derived from the Reference Service described as Deregistering a Delivery Point in the Access Arrangement.

Schedule 2

SERVICE A2

SPECIFIC TERMS AND CONDITIONS

1. GENERAL

- (a) The terms and conditions in Schedule 2 apply to each Delivery Point specified on the Delivery Point Register as being a Delivery Point to which Service A2 applies.
- (b) Service A2 is a Pipeline Service provided under this Haulage Contract by which **<User>** may take delivery of Gas at a Delivery Point on the WAGN GDS and where:
 - (i) at the time **<User>** submitted its Application for Service A2 **<User>** requested User Specific Delivery Facilities at the Delivery Point; and
 - (ii) either (or both):
 - (A) at the time **<User>** submitted its Application for Service A2:
 - (I) it was reasonably anticipated that **<User>** would take delivery of 10 TJ or more of Gas, but less than 35 TJ of Gas, during each Year that **<User>** requested to obtain access to Service A2 at that Delivery Point; or
 - (II) **<User>** requested a Contracted Peak Rate for the Delivery Point of 10 GJ or more per hour; or
 - (B) an Above 10 TJ Determination was, or was likely to have been, made under the Retail Market Rules.
- (c) Service A2 is derived from the Reference Service described as Service A2 in the Access Arrangement.

2. DELIVERY FACILITIES

- (a) **<Service Provider>** will provide User Specific Delivery Facilities to measure the amount of Gas taken by **<User>** at each Delivery Point specified in the Delivery Point Register which will include, as a minimum, a Meter which:
 - (i) is read by means of Telemetry; and
 - (ii) aggregates the flow of Gas across time and records that flow for each Gas Hour.
- (b) **<Service Provider>** will design and construct all User Specific Delivery Facilities, and will have regard to **<User>**'s reasonable requirements in doing so.
- (c) **<Service Provider>** will own, operate and maintain, and may from time to time modify, subject to consultation with **<User>**, any User Specific Delivery Facilities.
- (d) **<User>** must use its reasonable endeavours to cooperate with **<Service Provider>** in installing, operating, maintaining, and modifying any User Specific Delivery Facilities.

- (e) Nothing in this clause 2 limits **<Service Provider>**'s powers under any Law (including the *Energy Coordination Act 1994* (WA) or the *Energy Operators (Powers) Act 1979* (WA) and subordinate legislation).

3. ACCURACY VERIFICATION

- (a) **<Service Provider>** will verify the accuracy of the Meter forming part of any User Specific Delivery Facilities as required by good industry practice and applicable Laws with the frequency of verification determined by **<Service Provider>** if not specified by that good industry practice or those applicable Laws.
- (b) If **<User>** requests **<Service Provider>** to verify the accuracy of a Meter forming part of User Specific Delivery Facilities and **<Service Provider>** determines that the Meter is accurate, **<User>** must pay **<Service Provider>**'s reasonable costs in verifying the accuracy of the Meter.

4. GAS PRESSURE

- (a) Subject to clause 4(b) of this Schedule the Nominal Delivery Pressure at which **<Service Provider>** will deliver Gas to **<User>** is:
 - (i) unless the Parties agree that a particular pressure is to apply as the Nominal Delivery Pressure, the Nominal Delivery Pressure associated with the User Specific Facilities at the Delivery Point; or
 - (ii) if the Parties agree that a particular pressure is to apply as the Nominal Delivery Pressure, the agreed pressure.
- (b) Notwithstanding clause 4(a) of this Schedule the pressure described at clause 4(a) of this Schedule will be amended to the pressure that the **<Service Provider>** determines, from time to time as a reasonable and prudent network operator, as the minimum nominal operating pressure for the main to which the Delivery Point is connected.

5. METER READING

- (a) **<Service Provider>** will be responsible for calculating and recording the quantity of Gas delivered to **<User>** at the Delivery Point by Telemetry reading.
- (b) **<Service Provider>** will take such Telemetry readings every day.

6. PRICES

- (a) Service A2 is made available at Tariff A2.
- (b) The Haulage Charge for Service A2 at a Delivery Point is calculated by applying Tariff A2.
- (c) If Tariff A2 consists (in whole or in part) of a User Specific Charge, then the User Specific Charge must be pro-rated on the basis of a 365 day Year starting on the Start Date for the Delivery Point to which the User Specific Delivery Facilities relate.

7. CONTRACTED PEAK RATE

The Contracted Peak Rate for a Delivery Point is the rate agreed between the Parties for the Delivery Point and specified in the Delivery Point Register.

8. EXCEEDING CONTRACTED PEAK RATE

If **<User>**'s Instantaneous Flow Rate for a Delivery Point exceeds its Contracted Peak Rate for a Delivery Point on:

- (a) three or more days during any 30 day period; or
- (b) eight or more days during a Year,

then **<Service Provider>** must, as soon as reasonably practicable, notify **<User>** of this fact and of whether:

- (c) **<Service Provider>** is prepared to, having regard to the restrictions and pre-conditions specified in the Application Procedure, increase **<User>**'s Contracted Peak Rate in accordance with this clause, in which case **<User>** must within 10 Business Days elect between:
 - (i) an increase in its Contracted Peak Rate, with effect from the last of the days referred to in clause 8(a) or 8(b) of this Schedule, as applicable, so that it is equal to the highest Instantaneous Flow Rate at the Delivery Point during the days referred to in clause 8(a) or 8(b) of this Schedule, as applicable, in which case **<Service Provider>** will increase the Contracted Peak Rate for that Delivery Point and update the Delivery Point Register; and
 - (ii) **<Service Provider>** installing, and to **<User>** paying the costs of **<Service Provider>** acquiring and installing, a flow control device at the Delivery Point which will regulate Gas deliveries to **<User>** to no more than the Contracted Peak Rate, in which case **<Service Provider>** may install, and **<User>** must pay the costs of **<Service Provider>** acquiring and installing, a flow control device at the Delivery Point which will regulate Gas deliveries to **<User>** to no more than the Contracted Peak Rate,

and if **<User>** does not so elect within 10 Business Days, **<Service Provider>** may make the election on **<User>**'s behalf; or

- (d) **<Service Provider>** is not prepared to, having regard to the restrictions and pre-conditions specified in the Application Procedure, increase **<User>**'s Contracted Peak Rate in accordance with this clause, in which case **<Service Provider>** may install, and **<User>** must pay the costs of **<Service Provider>** acquiring and installing, a flow control device at the Delivery Point which will regulate Gas deliveries to **<User>** to no more than the Contracted Peak Rate.

9. DEREGISTERING A DELIVERY POINT

- (a) **<User>** may request (and if required by clause 5.6, must request) **<Service Provider>** to permanently deregister a Delivery Point by lodging a valid permanent removal request under the Retail Market Rules with **<Service Provider>**.
- (b) Once **<Service Provider>** has received a request to permanently deregister a Delivery Point, **<Service Provider>** will permanently deregister the Delivery Point by:
 - (i) removing the User Specific Delivery Facilities to the extent **<Service Provider>** considers necessary;
 - (ii) permanently removing the Delivery Point in accordance with the Retail Market Rules; and
 - (iii) removing the Delivery Point from the Delivery Point Register,

in the manner it considers appropriate.

- (c) **<User>** acknowledges and agrees that:
 - (i) **<Service Provider>** is not liable to **<User>** in respect of any Claim, loss or damages (including Indirect Damage and Direct Damage) if it fails to permanently deregister the Delivery Point; and
 - (ii) **<Service Provider>** will notify **<User>** in writing once the Delivery Point has been deregistered.
- (d) If **<Service Provider>** deregisters the Delivery Point, then **<User>** must pay **<Service Provider>**'s reasonable costs incurred in deregistering the Delivery Point (such costs will include all reasonable direct and indirect costs incurred by the **<Service Provider>** in relation to deregistering the Delivery Point).
- (e) If **<Service Provider>** attempts to deregister the Delivery Point, but is unable to do so because it cannot gain access to the Delivery Point, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (f) If **<User>** cancels its request before **<Service Provider>** deregisters, or attempts to deregister, the Delivery Point, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (g) The activities of **<Service Provider>** described in this clause 9 are a Pipeline Service derived from the Reference Service described as Deregistering a Delivery Point in the Access Arrangement.

Schedule 3

SERVICE B1

SPECIFIC TERMS AND CONDITIONS

1. GENERAL

- (a) The terms and conditions in this Schedule 3 apply to each Delivery Point specified on the Delivery Point Register as being a Delivery Point to which Service B1 applies.
- (b) Service B1 is a Pipeline Service provided under this Haulage Contract by which **<User>** may take delivery of Gas at a Delivery Point on the WAGN GDS, where:
 - (i) at the time **<User>** submitted its application for Service B1 at a Delivery Point either (or both):
 - (A) it was reasonably anticipated that **<User>** would take delivery of less than 10 TJ of Gas during each Year Service B1 was requested to obtain access to Service B1 under this Haulage Contract;
 - (B) **<User>** requested a Contracted Peak Rate for the Delivery Point of less than 10 GJ per hour; and
 - (ii) **<User>** requested User Specific Delivery Facilities at the Delivery Point.
- (c) Service B1 is derived from the Reference Service described as Service B1 in the Access Arrangement.

2. DELIVERY FACILITIES

- (a) **<Service Provider>** will provide User Specific Delivery Facilities to measure the amount of Gas taken by **<User>** at each Delivery Point specified in the Delivery Point Register.
- (b) **<Service Provider>** will design and construct all User Specific Delivery Facilities, and will have regard to **<User>**'s reasonable requirements in doing so.
- (c) The User Specific Delivery Facilities at the Delivery Point will include a Meter which aggregates the flow of Gas across time.
- (d) **<Service Provider>** will own, operate and maintain, and may from time to time modify, subject to consultation with **<User>**, any User Specific Delivery Facilities.
- (e) **<User>** must use its reasonable endeavours to cooperate with **<Service Provider>** in installing, operating, maintaining, and modifying any User Specific Delivery Facilities.
- (f) Nothing in clause 2 of this Schedule limits **<Service Provider>**'s powers under any Law (including the *Energy Coordination Act 1994 (WA)* or the *Energy Operators (Powers) Act 1979 (WA)* and subordinate legislation).

3. ACCURACY VERIFICATION

- (a) **<Service Provider>** will verify the accuracy of the Meter forming part of any User Specific Delivery Facilities as required by good industry practice and applicable

Laws with the frequency of verification determined by **<Service Provider>** if not specified by that good industry practice or those applicable Laws.

- (b) If **<User>** requests **<Service Provider>** to verify the accuracy of a Meter forming part of User Specific Delivery Facilities and **<Service Provider>** determines that the Meter is accurate, **<User>** must pay **<Service Provider>**'s reasonable costs in verifying the accuracy of the Meter.

4. GAS PRESSURE

- (a) Subject to clause 4(b) of this Schedule the Nominal Delivery Pressure at which **<Service Provider>** will deliver Gas to **<User>** is:
 - (i) unless the Parties agree that a particular pressure is to apply as the Nominal Delivery Pressure, the Nominal Delivery Pressure associated with the User Specific Facilities at the Delivery Point; or
 - (ii) if the Parties agree that a particular pressure is to apply as the Nominal Delivery Pressure, the agreed pressure.
- (b) Notwithstanding clause 4(a) of this Schedule the pressure described at clause 4(a) of this Schedule will be amended to the pressure that the **<Service Provider>** determines, from time to time as a reasonable and prudent network operator, as the minimum nominal operating pressure for the main to which the Delivery Point is connected.

5. METER READING

- (a) **<Service Provider>** will be responsible for calculating and recording the quantity of Gas delivered to **<User>** at each Delivery Point.
- (b) **<Service Provider>** will read the Meter in accordance with the Retail Market Rules or otherwise approximately 12 times each Year.

6. PRICES

- (a) Service B1 is made available at Tariff B1.
- (b) The Haulage Charge for Service B1 at a Delivery Point is calculated by applying Tariff B1.
- (c) If Tariff B1 consists (in whole or in part) of a User Specific Charge, then the User Specific Charge must be pro-rated on the basis of a 365 day Year starting on the Start Date for the Delivery Point to which the User Specific Delivery Facilities relate.

7. CONTRACTED PEAK RATE

The Contracted Peak Rate for a Delivery Point is the highest Instantaneous Flow Rate at which Gas can be delivered by **<Service Provider>** at the Delivery Point using the User Specific Delivery Facilities at the Delivery Point.

8. DEREGISTERING A DELIVERY POINT

- (a) **<User>** may request (and if required by clause 5.6, must request) **<Service Provider>** to permanently deregister a Delivery Point by lodging a valid permanent removal request under the Retail Market Rules with **<Service Provider>**.
- (b) Once **<Service Provider>** has received a request to permanently deregister a Delivery Point, **<Service Provider>** will permanently deregister the Delivery Point by:

- (i) removing the User Specific Delivery Facilities to the extent **<Service Provider>** considers necessary;
 - (ii) permanently removing the Delivery Point in accordance with the Retail Market Rules; and
 - (iii) removing the Delivery Point from the Delivery Point Register,
- in the manner it considers appropriate.
- (c) **<User>** acknowledges and agrees that **<Service Provider>** is not liable to **<User>** in respect of any Claim, loss or damage (including Indirect Damage and Direct Damage) if it fails to permanently deregister the Delivery Point,
 - (d) **<Service Provider>** will notify **<User>** in writing once the Delivery Point has been deregistered.
 - (e) If **<Service Provider>** deregisters the Delivery Point, then **<User>** must pay **<Service Provider>**'s reasonable costs incurred in deregistering the Delivery Point (such costs will include all reasonable direct and indirect costs incurred by the **<Service Provider>** in relation to deregistering the Delivery Point).
 - (f) If **<Service Provider>** attempts to deregister the Delivery Point, but is unable to do so because it cannot gain access to the Delivery Point, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
 - (g) If **<User>** cancels its request before **<Service Provider>** deregisters, or attempts to deregister, the Delivery Point, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
 - (h) The activities of **<Service Provider>** described in this clause 8 are a Pipeline Service derived from the Reference Service described as Deregistering a Delivery Point in the Access Arrangement.

Schedule 4

SERVICE B2

SPECIFIC TERMS AND CONDITIONS

1. GENERAL

- (a) The terms and conditions in this Schedule 4 apply to each Delivery Point specified on the Delivery Point Register as being a Delivery Point to which Pipeline Service B2 applies.
- (b) Service B2 is a Pipeline Service provided under this Haulage Contract by which **<User>** may take delivery of Gas at a Delivery Point on the Medium Pressure/Low Pressure System using Standard Delivery Facilities which include a Standard 12 m³/hr Meter.
- (c) Service B2 is derived from the Reference Service described as Service B2 in the Access Arrangement.

2. DELIVERY FACILITIES

- (a) **<Service Provider>** will provide Standard Delivery Facilities to measure the amount of Gas taken by **<User>** at each Delivery Point specified in the Delivery Point Register which aggregates the flow of Gas between readings.
- (b) **<Service Provider>** will own, operate and maintain, and may from time to time modify, subject to consultation with **<User>**, any Standard Delivery Facilities.
- (c) **<User>** must use its reasonable endeavours to cooperate with **<Service Provider>** in installing, operating, maintaining, and modifying any Standard Delivery Facilities.
- (d) Nothing in this clause 2 limits **<Service Provider>**'s powers under any Law (including the *Energy Coordination Act 1994 (WA)* or the *Energy Operators (Powers) Act 1979 (WA)* and subordinate legislation).

3. GAS PRESSURE

Provided it is within the capability of the WAGN GDS at the Delivery Point, the Nominal Delivery Pressure at which **<Service Provider>** will deliver Gas to **<User>** is a pressure that will not exceed 7 kPa, as regulated by the Standard Delivery Facilities at the Delivery Point.

4. METER READING

- (a) **<Service Provider>** will be responsible for calculating and recording the quantity of Gas delivered to **<User>** at the Delivery Point.
- (b) **<Service Provider>** must use reasonable endeavours to read the Meter approximately 4 times each Year at intervals of approximately 100 days.

5. PRICES

- (a) Service B2 is made available at Tariff B2.
- (b) The Haulage Charge for Service B2 at a Delivery Point is calculated by applying Tariff B2.

6. CONTRACTED PEAK RATE

The Contracted Peak Rate for a Delivery Point is the lesser of:

- (a) the highest Instantaneous Flow Rate at which Gas can be delivered by **<Service Provider>** at the Delivery Point using the Standard Delivery Facilities at the Delivery Point; and
- (b) 12 m³/h.

7. DEREGISTERING A DELIVERY POINT

- (a) **<User>** may request (and if required by clause 5.6, must request) **<Service Provider>** to permanently deregister a Delivery Point by lodging a valid permanent removal request under the Retail Market Rules with **<Service Provider>**.
- (b) Once **<Service Provider>** has received a request to permanently deregister a Delivery Point, **<Service Provider>** will permanently deregister the Delivery Point by:
 - (i) removing the Standard Delivery Facilities to the extent **<Service Provider>** considers necessary;
 - (ii) permanently removing the Delivery Point in accordance with the Retail Market Rules; and
 - (iii) removing the Delivery Point from the Delivery Point Register,in the manner it considers appropriate.
- (c) **<User>** acknowledges and agrees that **<Service Provider>** is not liable to **<User>** in respect of any Claim, loss or damage (including Indirect Damage and Direct Damage) if it fails to permanently deregister the Delivery Point.
- (d) **<Service Provider>** will notify **<User>** in writing once the Delivery Point has been deregistered.
- (e) If **<Service Provider>** deregisters the Delivery Point, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (f) If **<Service Provider>** attempts to deregister the Delivery Point, but is unable to do so because it cannot gain access to the relevant land or premises, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (g) If **<User>** cancels its request before **<Service Provider>** deregisters, or attempts to deregister, the Delivery Point, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (h) The activities of **<Service Provider>** described in this clause 7 are a Pipeline Service derived from the Reference Service described as Deregistering a Delivery Point in the Access Arrangement.

8. APPLYING A METER LOCK TO A DELIVERY POINT

- (a) **<User>** may request **<Service Provider>**, in writing, to apply a lock to the valve that comprises part of the Standard Delivery Facilities to prevent Gas from being received at the relevant Delivery Point.

- (b) **<Service Provider>** will use reasonable endeavours to apply a lock to the valve that comprises part of the Standard Delivery Facilities in a manner that will prevent the valve from being turned on, in the manner **<Service Provider>** considers appropriate, within 3 Business Days of receiving **<User>**'s request.
- (c) **<User>** acknowledges and agrees that:
 - (i) **<Service Provider>** is not liable for a failure to comply with **<User>**'s request, or if Gas continues to flow at the Delivery Point; and
 - (ii) it may not be physically possible for **<Service Provider>** to apply a lock to certain types of valves and in those circumstances **<User>** will still be liable to pay the Charge referred to at clause 8(d) of this Schedule.
- (d) If **<Service Provider>** applies, or attempts to apply, a lock to the valve that comprises part of the Standard Delivery Facilities, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (e) If **<Service Provider>** attempts to apply a lock to a valve that comprises part of the Standard Delivery Facilities, but is unable to do so because it cannot gain access to the relevant land or premises, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (f) If **<User>** cancels its request before **<Service Provider>** applies or attempts to apply a lock to the valve that comprises part of the Standard Delivery Facilities, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (g) The activities of **<Service Provider>** described in this clause 8 are a Pipeline Service derived from the Reference Service described as Applying a Meter Lock in the Access Arrangement.

9. REMOVING A METER LOCK FROM A DELIVERY POINT

- (a) **<User>** may request **<Service Provider>**, in writing, to remove a lock that **<Service Provider>** applied to a valve that comprises part of the Standard Delivery Facilities.
- (b) **<Service Provider>** will use reasonable endeavours to physically remove the lock, in the manner **<Service Provider>** considers appropriate, within 3 Business Days of receiving **<User>**'s request.
- (c) **<User>** acknowledges and agrees that **<Service Provider>** is not liable for a failure to comply with **<User>**'s request.
- (d) If **<Service Provider>** removes the lock, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (e) If **<Service Provider>** attempts to remove the lock, but is unable to do so because it cannot gain access to the relevant land or premises, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (f) If **<User>** cancels its request before **<Service Provider>** removes, or attempts to remove, the lock, then **<User>** must pay the relevant Reference Tariff specified in

Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.

- (g) The activities of **<Service Provider>** described in this clause 9 are a Pipeline Service derived from the Reference Service described as Removing a Meter Lock in the Access Arrangement.

10. DISCONNECTING A DELIVERY POINT

- (a) **<User>** may request **<Service Provider>**, in writing, to disconnect a Delivery Point by lodging a disconnection notice with **<Service Provider>** under the Retail Market Rules.
- (b) **<Service Provider>** will use reasonable endeavours to physically disconnect the Delivery Point in a manner that will prevent Gas from being delivered to the Delivery Point, in the manner **<Service Provider>** considers appropriate, within 3 Business Days of receiving **<User>**'s request.
- (c) **<User>** acknowledges and agrees that **<Service Provider>** is not liable for a failure to comply with **<User>**'s request, or if Gas continues to flow at the Delivery Point.
- (d) If **<Service Provider>** disconnects the Delivery Point, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (e) If **<Service Provider>** attempts to disconnect the Delivery Point, but is unable to do so because it cannot gain access to the relevant land or premises, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (f) If **<User>** cancels its request before **<Service Provider>** disconnects or attempts to disconnect, the Delivery Point, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (g) The activities of **<Service Provider>** described in this clause 10 are a Pipeline Service derived from the Reference Service described as Disconnecting a Delivery Point in the Access Arrangement.

11. RECONNECTING A DELIVERY POINT

- (a) **<User>** may request **<Service Provider>**, in writing, to reconnect a Delivery Point that was disconnected by **<Service Provider>** under this Haulage Contract by lodging a reconnection notice with **<Service Provider>** under the Retail Market Rules.
- (b) **<Service Provider>** will use reasonable endeavours to physically reconnect the Delivery Point in a manner that will allow Gas to be delivered to the Delivery Point, in the manner it considers appropriate, within 2 Business Days of receiving **<User>**'s request.
- (c) **<User>** acknowledges and agrees that **<Service Provider>** is not liable for a failure to comply with **<User>**'s request.
- (d) If **<Service Provider>** reconnects the Delivery Point, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.

- (e) If **<Service Provider>** attempts to reconnect the Delivery Point, but is unable to do so because it cannot gain access to the relevant land or premises, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (f) If **<User>** cancels its request before **<Service Provider>** reconnects, or attempts to reconnect, the Delivery Point, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (g) The activities of **<Service Provider>** described in this clause 11 are a Pipeline Service derived from the Reference Service described as Reconnecting a Delivery Point in the Access Arrangement.

Schedule 5

SERVICE B3

SPECIFIC TERMS AND CONDITIONS

1. GENERAL

- (a) The terms and conditions in this Schedule 5 apply to each Delivery Point specified on the Delivery Point Register as being a Delivery Point to which Pipeline Service B3 applies.
- (b) Service B3 is a Pipeline Service provided under this Haulage Contract by which **<User>** may take delivery of Gas at a Delivery Point on the Medium Pressure/Low Pressure System using Standard Delivery Facilities which include a Standard 8 m³/hr Meter.
- (c) Service B3 is derived from the Reference Service described as Service B3 in the Access Arrangement.

2. DELIVERY FACILITIES

- (a) **<Service Provider>** will provide Standard Delivery Facilities to measure the amount of Gas taken by **<User>** at each Delivery Point specified in the Delivery Point Register which aggregates the flow of Gas between readings.
- (b) **<Service Provider>** will own, operate and maintain, and may from time to time modify, subject to consultation with **<User>**, any Standard Delivery Facilities.
- (c) **<User>** must use its reasonable endeavours to cooperate with **<Service Provider>** in installing, operating, maintaining, and modifying any Standard Delivery Facilities.
- (d) Nothing in clause 2 of this Schedule limits **<Service Provider>**'s powers under any Law (including the *Energy Coordination Act 1994 (WA)* or the *Energy Operators (Powers) Act 1979 (WA)* and subordinate legislation).

3. GAS PRESSURE

Provided it is within the capability of the WAGN GDS at the Delivery Point, the Nominal Delivery Pressure at which **<Service Provider>** will deliver Gas to **<User>** is a pressure that will not exceed 7 kPa, as regulated by the Standard Delivery Facilities at the Delivery Point.

4. METER READING

- (a) **<Service Provider>** will be responsible for calculating and recording the quantity of Gas delivered to **<User>** at the Delivery Point.
- (b) **<Service Provider>** must use reasonable endeavours to read the Meter approximately 4 times each Year at intervals of approximately 100 days.

5. PRICES

- (a) Service B3 is made available at Tariff B3.
- (b) The Haulage Charge for Service B3 at a Delivery Point is calculated by applying Tariff B3.

6. CONTRACTED PEAK RATE

The Contracted Peak Rate for a Delivery Point is the lesser of:

- (a) the highest Instantaneous Flow Rate at which Gas can be delivered by **<Service Provider>** at the Delivery Point using the Standard Delivery Facilities at the Delivery Point; and
- (b) 8 m³/h.

7. DEREGISTERING A DELIVERY POINT

- (a) **<User>** may request (and if required by clause 5.6, must request) **<Service Provider>** to permanently deregister a Delivery Point by lodging a valid permanent removal request under the Retail Market Rules with **<Service Provider>**.
- (b) Once **<Service Provider>** has received a request to permanently deregister a Delivery Point, **<Service Provider>** will permanently deregister the Delivery Point by:
 - (i) Standard Delivery Facilities to the extent **<Service Provider>** considers necessary;
 - (ii) permanently removing the Delivery Point in accordance with the Retail Market Rules; and
 - (iii) removing the Delivery Point from the Delivery Point Register,in the manner it considers appropriate.
- (c) **<User>** acknowledges and agrees that **<Service Provider>** is not liable to **<User>** in respect of any Claim, loss or damages (including Indirect Damage and Direct Damage) if it fails to permanently deregister the Delivery Point.
- (d) **<Service Provider>** will notify **<User>** in writing once the Delivery Point has been deregistered.
- (e) If **<Service Provider>** deregisters the Delivery Point, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (f) If **<Service Provider>** attempts to deregister the Delivery Point, but is unable to do so because it cannot gain access to the relevant land or premises, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (g) If **<User>** cancels its request before **<Service Provider>** deregisters, or attempts to deregister, the Delivery Point, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (h) The activities of **<Service Provider>** described in this clause 7 are a Pipeline Service derived from the Reference Service described as Deregistering a Delivery Point in the Access Arrangement.

8. APPLYING A METER LOCK TO A DELIVERY POINT

- (a) **<User>** may request **<Service Provider>**, in writing, to apply a lock to the valve that comprises part of the Standard Delivery Facilities to prevent Gas from being received at the relevant Delivery Point.

- (b) **<Service Provider>** will use reasonable endeavours to apply a lock to the valve that comprises part of the Standard Delivery Facilities in a manner that will prevent the valve from being turned on, in the manner **<Service Provider>** considers appropriate, within 3 Business Days of receiving **<User>**'s request.
- (c) **<User>** acknowledges and agrees that:
 - (i) **<Service Provider>** is not liable for a failure to comply with **<User>**'s request, or if Gas continues to flow at the Delivery Point;
 - (ii) it may not be physically possible for **<Service Provider>** to apply a lock to certain types of valves and in those circumstances **<User>** will still be liable to pay the Charge referred to at clause 8(d) of this Schedule .
- (d) If **<Service Provider>** applies, or attempts to apply, a lock to the valve that comprises part of the Standard Delivery Facilities, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (e) If **<Service Provider>** attempts to apply a lock to the valve that comprises part of the Standard Delivery Facilities, but is unable to do so because it cannot gain access to the relevant land or premises, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (f) If **<User>** cancels its request before **<Service Provider>** applies or attempts to apply a lock to the valve that comprises part of the Standard Delivery Facilities, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (g) The activities of **<Service Provider>** described in this clause 8 are a Pipeline Service derived from the Reference Service described as Applying a Meter Lock in the Access Arrangement.

9. REMOVING A METER LOCK FROM A DELIVERY POINT

- (a) **<User>** may request **<Service Provider>**, in writing, to remove a lock that **<Service Provider>** applied to a valve that comprises part of the Standard Delivery Facilities.
- (b) **<Service Provider>** will use reasonable endeavours to physically remove the lock, in the manner **<Service Provider>** considers appropriate, within 3 Business Days of receiving **<User>**'s request.
- (c) **<User>** acknowledges and agrees that **<Service Provider>** is not liable for a failure to comply with **<User>**'s request.
- (d) If **<Service Provider>** removes the lock, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (e) If **<Service Provider>** attempts to remove the lock, but is unable to do so because it cannot gain access to the relevant land or premises, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (f) If **<User>** cancels its request before **<Service Provider>** removes, or attempts to remove, the lock, then **<User>** must pay the relevant Reference Tariff specified in

Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.

- (g) The activities of **<Service Provider>** described in this clause 9 are a Pipeline Service derived from the Reference Service described as Removing a Meter Lock in the Access Arrangement.

10. DISCONNECTING A DELIVERY POINT

- (a) **<User>** may request **<Service Provider>**, in writing, to disconnect a Delivery Point by lodging a disconnection notice with **<Service Provider>** under the Retail Market Rules.
- (b) **<Service Provider>** will use reasonable endeavours to physically disconnect the Delivery Point in a manner that will prevent Gas from being delivered to the Delivery Point, in the manner **<Service Provider>** considers appropriate, within 3 Business Days of receiving **<User>**'s request.
- (c) **<User>** acknowledges and agrees that **<Service Provider>** is not liable for a failure to comply with **<User>**'s request, or if Gas continues to flow at the Delivery Point.
- (d) If **<Service Provider>** disconnects the Delivery Point, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (e) If **<Service Provider>** attempts to disconnect the Delivery Point, but is unable to do so because it cannot gain access to the relevant land or premises, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (f) If **<User>** cancels its request before **<Service Provider>** disconnects or attempts to disconnect, the Delivery Point, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (g) The activities of **<Service Provider>** described in this clause 10 are a Pipeline Service derived from the Reference Service described as Disconnecting a Delivery Point in the Access Arrangement.

11. RECONNECTING A DELIVERY POINT

- (a) **<User>** may request **<Service Provider>**, in writing, to reconnect a Delivery Point that was disconnected by **<Service Provider>** under this Haulage Contract by lodging a disconnection notice with **<Service Provider>** under the Retail Market Rules.
- (b) **<Service Provider>** will use reasonable endeavours to physically reconnect the Delivery Point in a manner that will allow Gas to be delivered to the Delivery Point, in the manner it considers appropriate, within 2 Business Days of receiving **<User>**'s request.
- (c) **<User>** acknowledges and agrees that **<Service Provider>** is not liable for a failure to comply with **<User>**'s request.
- (d) If **<Service Provider>** reconnects the Delivery Point, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.

- (e) If **<Service Provider>** attempts to reconnect the Delivery Point, but is unable to do so because it cannot gain access to the relevant land or premises, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (f) If **<User>** cancels its request before **<Service Provider>** reconnects, or attempts to reconnect, the Delivery Point, then **<User>** must pay the relevant Reference Tariff specified in Annexure C of the Access Arrangement as varied by the Reference Tariff Variation Mechanism.
- (g) The activities of **<Service Provider>** described in this clause 11 are a Pipeline Service derived from the Reference Service described as Reconnecting a Delivery Point in the Access Arrangement.

EXECUTED as an agreement.

Annexure A

GAS QUALITY SPECIFICATIONS

1. Subject to clause 2 of this Annexure, "Gas Quality Specifications" in this Haulage Contract means the specifications, standards and requirements described at (a) and (b) of this clause 1 and where there are conflicting specifications, standards or requirements the most stringent specification, standard or requirement applies:
 - (h) Regulations 5 and 6 of the Gas Standards Regulations; and
 - (i) the Western Australian standard specification as defined in the *Gas Supply (Gas Quality Specifications) Regulations 2010*.
2. The specifications, standards and requirements for maximum water content, maximum hydrogen sulphide and hydrocarbon dewpoint in the Gas Quality Specifications referred to in clauses 1(a) and 1(b) of this Annexure are replaced with the following requirements:

Component	Unit of Measurement	Specification Limit
Maximum water content	mg/m ³	100
Maximum hydrogen sulphide	mg/m ³	4.6
Hydrocarbon dewpoint over the pressure range 2.5 to 8.72 MPa absolute	°C	Below the Minimum Receipt Temperature applying for the Physical Gate Point

Annexure F

INFORMATION REQUIRED FOR AN APPLICATION FOR A HAULAGE SERVICE

1. Service B3

- 1.1 the address where the Delivery Point will be located;
- 1.2 load details per hour expressed in MJ/h;
- 1.3 Meter pressure expressed in kPa;
- 1.4 the gas fitter's registration number (if known) that is undertaking the works downstream of the Delivery Point;
- 1.5 the gas fitter's name (if known) that is undertaking the works downstream of the Delivery Point;
- 1.6 the proposed commencement date and contract term for the Haulage Service in years;
- 1.7 the End User's name (if known); and
- 1.8 the Receipt Point.

2. Service B2

- 2.1 the address where the Delivery Point will be located;
- 2.2 load details per hour expressed in MJ/h;
- 2.3 Meter pressure expressed in kPa;
- 2.4 the gas fitter's registration number (if known) that is undertaking the works downstream of the Delivery Point;
- 2.5 the gas fitter's name (if known) that is undertaking the works downstream of the Delivery Point;
- 2.6 the proposed commencement date and contract term for the Haulage Service in years;
- 2.7 the End User's name (if known); and
- 2.8 the Receipt Point.

3. Service B1

- 3.1 the address where the Delivery Point will be located;
- 3.2 load details per hour expressed in MJ/h;
- 3.3 Meter pressure expressed in kPa;

- 3.4 the gas fitter's registration number (if known) that is undertaking the works downstream of the Delivery Point;
- 3.5 the gas fitter's name (if known) that is undertaking the works downstream of the Delivery Point;
- 3.6 the proposed commencement date and contract term for the Haulage Service in years;
- 3.7 the End User's name (if known);
- 3.8 the Receipt Point;
- 3.9 annual consumption quantity in MJ;
- 3.10 emergency contact details of the End User (if known); and
- 3.11 the operating profile of the load expressed as 5, 6 or 7 days a week.

4. Service A2

- 4.1 the address where the Delivery Point will be located;
- 4.2 load details per hour expressed in MJ/h;
- 4.3 Meter pressure expressed in kPa;
- 4.4 the gas fitter's registration number (if known) that is undertaking the works downstream of the Delivery Point;
- 4.5 the gas fitter's name (if known) that is undertaking the works downstream of the Delivery Point;
- 4.6 the proposed commencement date and contract term for the Haulage Service in years;
- 4.7 the End User's name (if known);
- 4.8 the Receipt Point;
- 4.9 annual consumption quantity in MJ;
- 4.10 emergency contact details of the End User (if known); and
- 4.11 the operating profile of the load expressed as 5, 6 or 7 days a week.

5. Service A1

- 5.1 the address where the Delivery Point will be located;
- 5.2 load details per hour expressed in MJ/h;
- 5.3 Meter pressure expressed in kPa;
- 5.4 the gas fitter's registration number (if known) that is undertaking the works downstream of the Delivery Point;
- 5.5 the gas fitter's name (if known) that is undertaking the works downstream of the Delivery Point;

- 5.6 the proposed commencement date and contract term for the Haulage Service in years;
- 5.7 the End User's name (if known);
- 5.8 the Receipt Point;
- 5.9 annual consumption quantity in MJ; and
- 5.10 emergency contact details of the End User (if known).

Appendix 2 – Required revisions to the access arrangement information



**Access Arrangement Information
for the
WA Gas Networks Gas Distribution Systems
(Amended as per requirements of the Economic Regulation
Authority published 28 April 2011)**

WA Gas Networks Pty Ltd

ABN 90 089531 975

12 May 2011

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1 ACCESS ARRANGEMENT INFORMATION FOR THE WAGN GDS

This document is the Access Arrangement Information for the WA Gas Networks Gas Distribution Systems (WAGN GDS) prepared pursuant to the National Gas Access Law.

WA Gas Networks submitted its proposed revised access arrangement for the Mid-West and South-West Gas Distribution Systems to the Economic Regulation Authority (ERA) on 29 January 2010 under the National Gas Access (Western Australia) Act 2009 which came into effect on 1 January 2010. On 28 February 2011 the ERA issued its Final Decision on the proposed revised Access Arrangement (Final Decision), as required by Rule 62, in which it did not approve the Access Arrangement revisions proposed by WAGN. Under the National Gas Rules, the ERA must itself propose an access arrangement or revisions to the access arrangement (as the case requires) for the relevant pipeline within two months of the release of the final decision. The ERA has revised the WAGN Access Arrangement for the WAGN GDS in accordance with the proposals in its Final Decision.

This document is the Access Arrangement Information for the WA Gas Networks Gas Distribution Systems (WAGN GDS) prepared pursuant to the National Gas Access Law.

This Access Arrangement Information (AAI) contains the information that enables users and prospective users to understand the derivation of elements of the access arrangement. Where necessary this AAI refers to the relevant sections of the ERA Final Decision.

1.1 Description of WA Gas Networks Gas Distribution Systems

The WAGN GDS is a system of non-contiguous Gas Distribution Pipelines and associated facilities located in the Perth metropolitan area (including Ellenbrook, Rockingham and Mandurah), and in a number of regional centres in the south west of Western Australia.

The regional centres in which the WAGN GDS is located are:

- Geraldton;
- Eneabba;
- Pinjarra;
- Harvey;
- Kemerton;
- Bunbury;
- Capel; and
- Busselton.

Discrete Distribution Pipeline segments, or Sub-networks, make up the WAGN GDS. At the date of this Access Arrangement Information, these comprise in excess of 12,000 kilometres of high pressure, medium pressure, medium pressure/low pressure Systems,

and low pressure Gas Distribution Pipelines. Gas is delivered into each of these Sub-networks from 15 receipt points immediately downstream of meter stations on the Dampier to Bunbury Natural Gas Pipeline, and from one receipt point on the Parmelia Pipeline.

1.2 Interpretation

Unless the contrary intention is expressed, words or phrases in this document have the same meaning as those defined in section 12 (Definitions and Interpretation) of the Access Arrangement for the WAGN GDS.

A reference in this document to:

Earlier Access Arrangement Period means the Access Arrangement Period which preceded the Current Access Arrangement Period; and

Initial Access Arrangement Period means the Access Arrangement period which preceded the earlier Access Arrangement Period.

Where a word or phrase has not been defined in this document then, unless the contrary intention is expressed, the word or phrase is to be given the meaning prescribed in the National Gas Access Law, the National Gas Rules or the National Gas Regulations (as relevant).

1.3 Compliance

Rule 72 sets out specific requirements for Access Arrangement Information relevant to revenue and price regulation. The specific requirements for Access Arrangement Information for an Access Arrangement Period which commences at the end of the earlier Access Arrangement Period, are summarised in Table 1 of this Access Arrangement Information.

Information in respect of each of the specific requirements shown in Table 1 is provided in sections 3 to 15 of this document. Section 2 sets out, in accordance with the requirement of Rule 73, the basis on which financial information is presented in the document.

Table 1
Specific requirements for access arrangement information

NGR	Requirement
Rule 72(1)(a)	Expenditure and pipeline usage over the earlier Access Arrangement Period: (i) Capital Expenditure (by asset class) over the earlier Access Arrangement Period; (ii) Operating Expenditure (by category) over the earlier Access Arrangement Period; and (iii) pipeline usage over the earlier Access Arrangement Period, in terms of minimum, maximum and average demand, and customer numbers in total and by tariff class.
Rule 72(1)(b)	Explanation of how the capital base is arrived at, and demonstration of how the capital base increased or diminished over the earlier Access Arrangement Period.
Rule 72(1)(c)	Projected capital base over the access arrangement period, and: (i) the basis for the forecast of conforming Capital Expenditure used in making the projection; and (ii) a demonstration of how the depreciation used in making the projection has been derived by applying the depreciation method set out in the access arrangement.
Rule 72(1)(d)	To the extent practicable, forecasts of pipeline capacity and of the utilisation of pipeline capacity over the access arrangement period, and the bases on which those forecasts have been derived.
Rule 72(1)(e)	A forecast of Operating Expenditure over the access arrangement period, and the basis on which the forecast has been derived.
Rule 72(1)(f)	Key performance indicators used to support expenditure to be incurred over the access arrangement period.
Rule 72(1)(g)	The rate of return, the assumptions on which the rate has been calculated, and a demonstration of how it has been calculated.
Rule 72(1)(h)	The method for dealing with taxation, and a demonstration of how tax has been calculated.
Rule 72(1)(i)	Efficiency gains or losses carried over as a result of the operation of an incentive mechanism in the earlier Access Arrangement Period.
Rule 72(1)(j)	The approach to the setting of tariffs, including: (i) the basis for the setting of Reference Tariffs, the method used to allocate costs, and a demonstration of the relationship between costs and tariffs; and (ii) a description of other pricing principles employed.
Rule 72(1)(k)	The rationale for the reference tariff variation mechanism.
Rule 72(1)(l)	The rationale for any incentive mechanism.
Rule 72(1)(m)	The total revenue to be derived from pipeline services for each year of the access arrangement period.

2 BASIS ON WHICH FINANCIAL INFORMATION IS PROVIDED [Rule 73]

Financial information in this document is provided on a real basis. All financial information is expressed in constant prices at December 2009 by escalating, where necessary, at the rate of inflation as measured by the Consumer Price Index All Groups, Weighted Average Eight Capital Cities.

The values and forecasts of the Consumer Price Index shown in Table 2 have been used in expressing the financial information in this document in constant prices at December 2009.

**Table 2
Consumer Price Index (All Groups, Weighted Average Eight Capital Cities) 2005-2009**

	2004	2005	2006	2007	2008	2009
December quarter	146.5	150.6	155.5	160.1	166.0	169.5
June Quarter	144.8	148.4	154.3	157.5	164.6	167.0

For the period 2005 to 2009, financial data have been reported on a calendar basis. Escalation has been based on the December Consumer Price Index as this represents the end of the year. For the period 1 January 2010 onwards, financial data is reported on a financial year basis. In this case, escalation has been based on the June Consumer Price Index as this represents the end of the financial year.

3 EXPENDITURE AND PIPELINE USAGE OVER THE SECOND ACCESS ARRANGEMENT PERIOD [Rule 72(1)(a)]

3.1 Capital expenditure over earlier Access Arrangement Period [Rule 72(1)(a)(i)]

Capital Expenditure, by asset class, during the earlier Access Arrangement Period, is shown in Table 3.

**Table 3
Capital expenditure by asset class 2005-2009
(\$ million, December 2009)**

	2005	2006	2007	2008	2009
High pressure mains	0.520	1.547	1.608	3.310	10.367
Medium pressure mains	-	-	-	-	-
Medium/low pressure mains	7.891	8.932	13.164	11.612	8.623
Low pressure mains	-	-	-	-	-
Regulators	0.112	0.798	0.653	0.185	0.726
Secondary gate stations	-	-	-	0.013	1.657
Buildings	-	-	0.042	0.117	0.150
Meters and service pipes	18.589	21.890	19.392	17.669	19.026
Equipment and vehicles	-	-	-	-	-
Information technology	0.417	0.001		2.602	1.883
Full retail contestability	-	-	-	-	-
Land	-	-	-	-	-
Total	27.528	33.168	34.859	35.508	42.434

3.2 Operating expenditure over the earlier Access Arrangement Period [Rule 72(1)(a)(ii)]

Operating Expenditure, by category, during the earlier Access Arrangement Period, is shown in Table 4.

Table 4
Operating expenditure by category 2005-2009
 (\$ million, December 2009)

	2005	2006	2007	2008	2009
Network	24.815	26.130	24.007	23.322	24.301
Marketing	0.322	0.361	0.346	0.237	0.395
Corporate	5.764	5.810	6.668	4.522	6.277
Information technology	4.879	4.890	5.258	3.088	3.755
Full retail contestability	1.237	1.246	1.290	1.321	1.948
Regulatory cost	1.078	1.177	1.322	3.082	3.987
Unaccounted for gas	3.519	3.600	4.432	6.440	6.105
Ancillary services	0.597	0.572	0.580	0.724	0.706
Total	42.212	43.786	43.903	42.734	47.475

3.3 Pipeline usage over the earlier Access Arrangement Period [Rule 72(1)(a)(iii)]

Usage of the WAGN GDS during the earlier Access Arrangement Period is shown in Table 5 and Table 6. Table 5 shows minimum, maximum and average demand.

Table 5
Minimum, maximum and average demand 2005-2009 (TJ)

	2005	2006	2007	2008	2009
Minimum daily quantity	48	47	53	44	42
Maximum daily quantity	136	132	119	112	122
Average daily quantity	86	84	84	76	76

Customer numbers (including customers in receipt of prudent discounts), in total and by Tariff Class, are shown in Table 6. (WAGN GDS customers and Tariff Classes are explained in section 10.1 of this document.)

Table 6
Customer numbers by tariff class 2005-2009 (average for year)

	2005	2006	2007	2008	2009
Tariff Class A1	71	73	72	73	76
Tariff Class A2	93	96	97	98	99
Tariff Class B1	1,074	1,085	1,107	1,137	1,185
Tariff Class B2	5,988	5,810	6,218	6,677	7,249
Tariff Class B3	515,678	536,108	556,116	573,809	589,564
Total	522,903	543,171	563,609	581,793	598,171

4 OPENING CAPITAL BASE FOR CURRENT ACCESS ARRANGEMENT PERIOD [Rule 72(1)(b)]

In accordance with Rule 77(2), the Opening Capital Base for the Current Access Arrangement Period (the capital base at 1 January 2010) has been determined as:

- the Opening Capital Base for the earlier Access Arrangement Period;

plus:

- Conforming Capital Expenditure made, during the earlier Access Arrangement Period; and
- amounts determined in accordance with Rule 82 (Capital Contributions by Users to new Capital Expenditure), Rule 84 (amount rolled in from speculative Capital Expenditure account), and Rule 86 (re-use of redundant assets);

less:

- depreciation over the earlier Access Arrangement Period; and
- redundant assets identified during the earlier Access Arrangement Period; and
- the value of pipeline assets disposed of during the earlier Access Arrangement Period.

In the determination of the Opening Capital Base for the Current Access Arrangement Period, the following have been escalated, at the rate of inflation as measured by the Consumer Price Index and expressed in constant prices at December 2009:

- the Opening Capital Base for the earlier Access Arrangement Period;
- Conforming Capital Expenditure made, or to be made, during the earlier Access Arrangement Period; and
- depreciation over the earlier Access Arrangement Period.

The Opening Capital Base, by asset class, for the earlier Access Arrangement Period, expressed in constant prices at December 2009, is shown in Table 7.

Table 7
Capital base at 1 January 2005
(\$ million, December 2009)

Asset Category	
High pressure mains	197.136
Medium pressure mains	251.387
Medium/low pressure mains	118.814
Low pressure mains	31.981
Regulators	11.187
Secondary gate stations	2.125
Buildings	1.883
Meters and service pipes	124.248
Equipment and vehicles	2.886
Information technology	6.880
Full retail contestability	13.816
Land	6.645
Total	768.989

User contributions to Capital Expenditures during the earlier Access Arrangement Period are shown in Table 8. These contributions have been deducted from the appropriate Conforming Capital Expenditures for the purpose of determining the Opening Capital Base for the Current Access Arrangement Period.

Table 8
User Capital Contributions 2005-2009
(\$ million, December 2009)

	2005	2006	2007	2008	2009
Allocated to specific projects	-	0.049	1.310	0.036	1.135
Not allocated to specific projects	0.235	2.670	1.329	1.273	0.095
Total	0.235	2.719	2.639	1.308	1.230

No Capital Expenditure during the earlier Access Arrangement Period, in respect of which a Capital Contribution has been made by a User, has been added into the Opening Capital Base for the Current Access Arrangement Period.

During the earlier Access Arrangement Period:

- no amount has been withdrawn from a speculative Capital Expenditure account which should be added to the Capital Base in accordance with Rule 84; and
- there has been no re-use of redundant assets requiring an amount to be added to the Capital Base in accordance with Rule 86.

For the purpose of determining the Opening Capital Base for the Current Access Arrangement Period, depreciation of the Conforming Capital Expenditure made, or to be made, during the earlier Access Arrangement Period, is the forecast of depreciation made for the purpose of determining the Total Revenue and Reference Tariffs for the earlier Access Arrangement Period. This forecast of depreciation has been expressed in constant prices at December 2009 and is shown in Table 9.

Table 9
Depreciation 2005-2009
 (\$ million, December 2009)

	2005	2006	2007	2008	2009
High pressure mains	1.972	1.979	1.987	1.995	2.002
Medium pressure mains	5.432	5.540	5.640	5.725	5.820
Medium/low pressure mains	3.346	3.380	3.416	3.450	3.490
Low pressure mains	1.159	1.159	1.159	1.159	1.159
Regulators	0.512	0.514	0.517	0.519	0.521
Secondary gate stations	0.109	0.110	0.110	0.110	0.0110
Buildings	0.105	0.105	0.106	0.106	0.106
Meters and service pipes	11.885	12.797	13.676	14.361	15.166
Equipment and vehicles	-	0.000	-	-	-
Information technology	1.376	2.139	2.799	3.353	4.153
Full retail contestability	2.763	2.763	2.763	2.763	2.763
Land	-	-	-	-	-
Total	28.661	30.486	32.171	33.540	35.291

No redundant assets were identified during the earlier Access Arrangement Period.

Asset disposals recognised during the earlier Access Arrangement Period are detailed in Table 10.

Table 10
Asset Disposals (\$million, December 2009)

	2005	2006	2007	2008	2009
Land					3.382
Buildings					1.028
Total					4.409

The Opening Capital Base for the Current Access Arrangement Period is, in these circumstances, \$781.859 million.

The way in which the Opening Capital Base for the Current Access Arrangement Period has been determined is demonstrated in Table 11.

Table 11
Opening capital base for Current Access Arrangement Period
(\$ million, December 2009)

	2005	2006	2007	2008	2009
Opening Asset Base	762.027	760.894	763.575	766.263	768.231
Conforming Capital Expenditure	27.528	33.168	34.859	35.508	42.434
The Vines					0.580
Adjustment for over-depreciation					10.315
Depreciation	-28.661	-30.486	-32.171	-33.540	-35.291
Asset Adjustment, Redundant Assets & Asset Disposal		-	-	-	-4.409
Closing Asset Base	760.894	763.575	766.263	768.231	781.859

5 PROJECTED CAPITAL BASE [Rule 72(1)(c)]

The projected Capital Base for the Current Access Arrangement Period is, in accordance with Rule 78, to be determined as:

- the Opening Capital Base for the Current Access Arrangement Period; plus
- forecast Conforming Capital Expenditure for the Current Access Arrangement Period; less
- forecast depreciation for the Current Access Arrangement Period; less
- the forecast value of Pipeline assets to be disposed of in the course of the Current Access Arrangement Period.

No Pipeline assets of material value are expected to be disposed of during the Current Access Arrangement Period.

5.1 Forecast Conforming Capital Expenditure [Rule 72(1)(c)(i)]

Table 12 shows forecast Conforming Capital Expenditure during the Current Access Arrangement Period.

Table 12
Forecast Conforming Capital Expenditure
(\$ million, December 2009)

	2010 ¹	2010/11	2011/12	2012/13	2013/14
High pressure mains	9.577	4.168	7.008	10.663	10.289
Medium pressure mains	-	-	-	-	-
Medium/low pressure mains	5.426	11.544	12.114	12.058	12.665
Low pressure mains	-	-	-	-	-
Regulators	0.668	0.261	0.229	0.267	0.203
Secondary gate stations	2.006	0.424	-	-	-
Buildings	0.454	2.057	6.691	-	-
Meters and service pipes	9.115	21.524	24.440	24.321	25.140
Equipment and vehicles	-	0.649	-	-	0.637
Information technology	3.061	4.581	3.456	5.003	1.617
Full retail contestability	-	-	-	-	-
Land	-	-	-	-	-
Total	30.307	45.208	53.939	52.311	50.551

¹ 1 January 2010 to 30 June 2010 only.

5.2 Forecast of depreciation [Rule 72(1)(c)(ii)]

For each of the classes of assets which comprise the WAGN GDS, forecast depreciation for the Current Access Arrangement Period has been derived using the straight line method.

The straight line method has been applied using the economic lives and, for the assets of the initial capital base, the remaining economic lives which are set out in Table 13.

Table 13
Asset lives for the derivation of forecast depreciation

	Economic life (years)	Remaining economic life of assets of initial capital base (years at 31 December 2009)
High pressure mains	120.0	95.0
Medium pressure mains	60.0	40.0
Medium/low pressure mains	60.0	30.0
Low pressure mains	60.0	22.0
Regulators	40.0	17.0
Secondary gate stations	40.0	14.0
Buildings	40.0	13.0
Meters and service pipes	25.0	0.0
Equipment and vehicles	10.0	-
Information technology	5.0	-
Full retail contestability	5.0	-

The forecast of depreciation for the Current Access Arrangement Period is shown in Table 14.

Table 14
Forecast of depreciation
(\$ million, December 2009)

	2010 ¹	2010/11	2011/12	2012/13	2013/14
High pressure mains	1.057	2.193	2.228	2.286	2.375
Medium pressure mains	2.426	4.851	4.851	4.851	4.851
Medium/low pressure mains	2.391	4.873	5.066	5.268	5.469
Low pressure mains	0.580	1.159	1.159	1.159	1.159
Regulators	0.285	0.587	0.593	0.599	0.606
Secondary gate stations	0.076	0.201	0.212	0.212	1.212
Buildings	0.017	0.052	0.103	0.270	0.270
Meters and service pipes	3.703	7.771	8.632	9.610	10.583
Equipment and vehicles	-	0.585	0.650	0.650	0.650
Information technology	0.414	1.450	2.366	3.057	3.833
Full retail contestability	0.000	-	-	-	-
Land	-	-	-	-	-
Total	10.948	23.723	25.861	27.963	30.007

¹ 1 January 2010 to 30 June 2010 only.

5.3 Projected Capital Base [Rule 72(1)(c)]

The determination of the projected Capital Base for the Current Access Arrangement Period is set out in Table 15.

Table 15

Projected Capital Base for Current Access Arrangement Period
(\$ million, December 2009)

	2010 ¹	2010/11	2011/12	2012/13	2013/14
Capital base	781.859	805.332	826.817	854.894	879.243
PLUS:					
Conforming Capital Expenditure	30.307	45.208	53.939	52.311	50.551
WestNet Energy	4.113				
LESS:					
Depreciation	10.948	23.723	25.861	27.963	30.007
Forecast asset disposals	-	-	-	-	-
Capital value of pipeline assets at end of year	805.332	826.817	854.894	879.243	899.786

¹ 1 January 2010 to 30 June 2010 only.

6 FORECAST DEMAND [Rule 72(1)(d)]

The forecasts of volumes of Gas to be delivered by Tariff Class, including volumes to be delivered to customers in receipt of prudent discounts, during the Current Access Arrangement Period, are detailed in Table 16.

Table 16
Forecast volumes of Gas delivered (TJ)

	2010 ¹	2010/11	2011/12	2012/13	2013/14
Tariff Class A1	6,029	11,947	12,165	12,680	12,900
Tariff Class A2	939	2,046	2,058	2,103	2,147
Tariff Class B1	747	1,694	1,748	1,802	1,856
Tariff Class B2	554	1,237	1,302	1,392	1,465
Tariff Class B3	4,589	10,437	10,830	11,154	11,486
Total	12,857	27,361	28,103	29,131	29,854

¹ 1 January 2010 to 30 June 2010 only.

Forecast customer numbers by Tariff Class (including customers in receipt of prudent discounts) are shown in Table 17.

Table 17
Forecast customer numbers by Tariff Class
(Average for year)

	2010 ¹	2010/11	2011/12	2012/13	2013/14
Tariff Class A1	76	76	75	74	74
Tariff Class A2	101	102	105	108	111
Tariff Class B1	1,225	1,255	1,295	1,335	1,375
Tariff Class B2	7,683	7,998	8,398	8,798	9,199
Tariff Class B3	601,025	613,354	631,063	649,973	669,332
Total	610,109	622,785	640,936	660,288	680,091

¹ 1 January 2010 to 30 June 2010 only.

7 FORECAST OPERATING EXPENDITURE [Rule 72(1)(e)]

Forecast Operating Expenditure over the Current Access Arrangement Period is shown in Table 18.

Table 18
Forecast Operating Expenditure
(\$ million, December 2009)

	2010 ¹	2010/11	2011/12	2012/13	2013/14
Network	12.55320. 716	27.471	28.229	28.402	27.852
Marketing	0.177	2.598	1.086	1.091	1.097
Corporate	3.983	7.966	7.966	7.966	7.966
Information Technology	2.791	5.956	6.167	5.839	6.210
Regulatory Cost	4.092	5.768	6.760	6.529	6.974
Unaccounted for Gas	4.869	10.362	10.643	11.032	11.306
Ancillary Reference Services	0.368	0.755	0.739	0.739	0.739
Total	28.83436. 997	60.875	61.589	61.599	62.144

¹ 1 January 2010 to 30 June 2010 only.

8 RATE OF RETURN [Rule 72(1)(g)]

Parameter values for the determination of a real, pre-tax Weighted Average Cost of Capital (WACC) as the rate of return for the Current Access Arrangement Period are shown in Table 19.

The details of how the WACC parameters have been estimated by the ERA are set out in the Return on Capital section of the Final Decision (pages 50–107) and in the Financial Model at Appendix 2 of the Final Decision (page 257). These documents are available on the ERA's website www.erawa.com.au.

Table 19
Parameter estimates for calculation of a real, pre-tax WACC

Parameter	Estimate value
Nominal Risk Free Rate	5.61%
Real Risk Free Rate	2.93%
Inflation Rate	2.60%
Debt Proportion	60%
Equity Proportion	40%
Cost of Debt: Debt Risk Premium	3.1792.893%
Cost of Debt: Debt Issuing Cost	0.125%
Cost of Debt: Risk Margin	3.3043.018%
Australian Market Risk Premium	6.00%
Equity Beta	0.80
Corporate Tax Rate	30%
Franking Credit	5325%
Nominal Cost of Debt	8.91%
Real Cost of Debt	6.15%
Nominal Pre Tax Cost of Equity	12.1213.43%
Real Pre Tax Cost of Equity	9.2810.56%
Nominal After Tax Cost of Equity	10.41%

Real After Tax Cost of Equity	7.61%
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The real, pre-tax Weighted Average Cost of Capital (WACC) rate of return determined by the ERA in its final decision using the parameters in Table 19 is 7.40%.

9 EFFICIENCY GAINS AND LOSSES [Rule 72(1)(i)]

Incentive mechanisms in respect of User Initiated Capital Expenditure and Non Capital Costs operated during the Earlier Access Arrangement Period.

User Initiated Capital Expenditure

An efficiency gain (or loss) in respect of User Initiated Capital Expenditure reflects the reduction (increase) in financing costs resulting from the difference between the actual and benchmark assumption for User Initiated Capital Expenditure in each calendar year. The financing cost is calculated by multiplying the Capital Expenditure saving by the WACC for the Earlier Access Arrangement Period.

Non-Capital Costs

An efficiency gain (or loss) in respect of Non Capital Costs is calculated for each calendar year by comparing the difference between the actual Non Capital Costs and benchmark Non Capital Costs. It is assumed that no further productivity gain is achieved between the penultimate and last years of the Earlier Access Arrangement Period.

The expenditure benchmarks have been adjusted to take into account the difference between forecast and actual growth by adjusting the original benchmarks on the basis of the difference between the actual number of connections in any year and the assumed number of connections for that year.

The efficiency gains achieved are detailed in Table 20. The carry-over of increments into Total Revenue for the Current Access Arrangement Period are shown in Table 24.

Table 20
Efficiency gains

(\$ million, December 2009)

	2005	2006	2007	2008
Non capital costs incentive				
Adjusted benchmark OPEX	43.867	43.394	42.615	41.806
Actual OPEX	39.300	40.791	40.712	37.608
Underspending	4.567	2.603	1.904	4.198
Efficiency gain/loss (-ve)	4.567	-1.964	-0.699	2.294
User initiated Capital Expenditure incentive				
Adjusted user initiated CAPEX benchmark	25.207	27.824	25.399	22.824
Adjusted user initiated CAPEX	26.331	31.286	28.252	22.978
Incremental gain	-1.124	-3.462	-2.853	-0.154

Financing gain/loss (-ve)	-0.076	-0.235	-0.193	-0.010
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10 APPROACH TO SETTING REFERENCE TARIFFS [Rule 72(1)(j)]

10.1 Tariff Classes

Rule 94(1) requires that, for Tariff determination, customers for Reference Services be divided into Tariff Classes. “Tariff Class” is a new concept. It is defined, in Rule 69, as the customers for a Reference Service who constitute a Tariff Class under a Full Access Arrangement.

A Reference Service is provided to a User at each Delivery Point on the WAGN GDS. WAGN has, therefore, taken WAGN GDS Delivery Points as representing customers. By treating Delivery Points as customers, each customer is a customer in relation to only one Reference Service because only one Reference Service is provided at each Delivery Point.

About 609,000 customers are supplied with Gas from the WAGN GDS.

WAGN offers Reference Haulage Services, Reference Ancillary Services and Non-Reference Services.

The Reference Haulage Services are divided into five services with associated Tariff Classes. These are reference services A1, A2, B1, B2 and B3.

The first group of large use customers is provided with Service A1, and is a single Tariff Class – Tariff Class A1.

Reference Service A1 is supplied to customers (approximately 70) who require relatively large volumes of Gas (in excess of 35 TJ/year) supplied at high or medium pressures (above 300 kPa) and require Haulage Service through the high pressure and medium pressure parts of the WAGN GDS . These customers require User Specific Delivery Facilities – Service Pipes, regulators, and metering equipment – designed and constructed to deliver Gas into their customer specific plant and equipment. The User Specific Delivery Facilities must also be designed and constructed to accommodate the peak flows of 10 GJ/hour or more required by these customers, and to allow remote monitoring using Telemetry as required by the *Retail Market Rules*.

The second group of larger use customers (approximately 100) is provided with Service A2, and are a single Tariff Class – Tariff Class A2.

These customers require volumes of Gas in excess of 10 TJ/year but less than 35 TJ/year. These customers require Haulage Service through the high pressure and medium pressure parts of the WAGN GDS which is essentially the same as the Haulage Service required by other customers. However, they require Gas delivery into plant and equipment which is customer specific and, they must be provided with User Specific Delivery Facilities designed and constructed to deliver Gas into their customer specific plant and equipment. The User Specific Delivery Facilities must be designed and constructed to accommodate the peak flows of at most 10 GJ/hour which are required

by these customers, and to allow remote monitoring using Telemetry as required by the *Retail Market Rules*.

The third group of customers (approximately 1,200) is provided with Service B1, and is a single Tariff Class – Tariff Class B1.

These customers require Haulage Service through the high pressure and medium pressure parts of the WAGN GDS which is essentially the same as the Haulage Service required by Tariff Class A1 and Tariff Class A2 customers. They also require Gas delivery into plant and equipment which is customer specific and, for this, they must be provided with User Specific Delivery Facilities designed and constructed to deliver Gas into their customer specific plant and equipment. The User Specific Delivery Facilities must be designed and constructed to accommodate the peak flows of at most 10 GJ/hour which are required by these customers. However, because their annual requirements do not exceed 10 TJ/year, these customers do not require remote monitoring, using Telemetry, of metering at Delivery Points.

The remainder of the customers (some 608,000) require relatively small volumes of Gas for commercial and residential use. They can be supplied from the high pressure, the medium pressure and the low pressure parts of the WAGN GDS, and require Haulage Service essentially the same as the Haulage Service required by Tariff Class A1, Tariff Class A2 and Tariff Class B1 customers. Their requirements for relatively small volumes at low pressures allow these customers to be supplied using Standard Delivery Facilities.

Around 7,500 of these 608,000 customers require larger volumes and gas deliveries at higher peak rates and are provided with Service B2, and are grouped together as a single Tariff Class – Tariff Class B2.

All of these customers can be supplied using up to 20 metres of Service Pipe, a Standard Pressure Regulator and a Standard 12 m³/hour meter.

The remainder of the small use customers (approximately 600,000 customers) are provided with Service B3, and can be grouped together as a single Tariff Class – Tariff Class B3. These customers can be supplied using up to 20 metres of Service Pipe, a Standard Pressure Regulator and a standard small use Meter rated at 6 to 8 m³/hour.

The grouping of customers into Tariff Classes which correspond to the existing structure of Reference Services can be carried out, as required by Rule 94(2), on an economically efficient basis and in a way which avoids unnecessary transaction costs.

10.2 Charging parameters for each Tariff Class

The Reference Tariff payable by the customers in each Tariff Class is to be determined in accordance with Rule 94(4). Each of the Reference Services provided using the WAGN GDS can be divided into a number of elements, and a charging parameter can be assigned to each of these elements. The Reference Services offered by WAGN, and

the Tariff Classes, Reference Tariffs, service elements and charging parameters associated with each of these Reference Services, are set out in Table 21.

Table 21
WAGN GDS Reference Services, Tariff Classes, Reference Tariffs, service elements and charging parameters

Reference service Tariff Class Reference tariff	Service element	Charging parameter
A1	Use of distribution system capacity Haulage Haulage Provision of Service Pipe, regulators, metering and Telemetry	Standing Charge Demand Charge Usage Charge User specific Charge
A2	Use of distribution system capacity Haulage Provision of Service Pipe, regulators, metering and Telemetry	Standing Charge Usage Charge User specific Charge
B1	Use of distribution system capacity Haulage Provision of Service Pipe, regulators, and metering	Standing Charge Usage Charge User specific Charge
B2	Use of distribution system capacity Haulage	Standing Charge Usage Charge
B3	Use of distribution system capacity Haulage	Standing Charge Usage Charge

The structure of the Reference Tariff for each Reference Service applying in the Earlier Access Arrangement Period has been largely retained. The Reference Tariff for each Tariff Class has a standing Charge and a usage Charge. In each case, the usage charge has two blocks. In addition, Tariffs A1, A2 and B1 has a further charging parameter – a User specific Charge – which varies between customers in accordance with individual requirements for User Specific Delivery Facilities. Reference tariff A1 has a third charging parameter – a demand Charge – which is related to the distance from the nearest transmission pipeline, and is designed to avoid inefficient bypass of the WAGN GDS.

10.3 Change required by Rule 94

Rule 94 requires that Reference Tariffs be constructed in such a way that they provide proper signals for efficient investment in, and for efficient operation and use of, Distribution Pipelines.

Distribution Pipeline costs and, in particular, the costs of developing, operating and maintaining the WAGN GDS, are not closely related to the volume of Gas transported. Those costs vary with the capacity which is provided in the various parts of a Distribution Pipeline, and with the (very large) number of points at which end-users can connect to the system and take delivery of the Gas transported. Future requirements for capacity and connectivity, and not for additional volumes delivered, are the primary

determinants of the distribution pipeline system long run marginal costs which are to be the basis of Reference Tariffs determined in accordance with Rule 94.

Accordingly, WAGN has determined, for each of the Reference Services provided using the WAGN GDS during the Current Access Arrangement Period, the incremental cost of connecting the forecast increase in the number of customers requiring the service. This incremental cost comprises the incremental capital costs (return and depreciation), and the incremental operating costs. The ratio of the incremental cost to the increase in service requirement (the product of the number of new connections and the system capacity required to support each connection), has been taken as the long run marginal cost of providing the Reference Service in question using the WAGN GDS.

This long run marginal cost is not directly related to volume. It is related to the change in number of connections to the WAGN GDS. Its economic focus is not the end-user of Gas, but a Prospective User of the Distribution Pipeline: it provides the correct signal to the Prospective User in terms of the efficient cost of an additional connection to the WAGN GDS.

WAGN has, therefore, sought to determine the standing Charge component of each Reference Tariff from the long run marginal cost of providing the corresponding Reference Service. The usage Charge has then been determined as the volume-related Charge which allows WAGN the opportunity to recover its Total Revenue.

The Reference Tariffs are set out in Table 22.

Table 22
WAGN GDS Reference Tariffs exclusive of GST¹

Tariff	Charging parameter		1 July 2011	1 July 2012	1 July 2013
A1	Standing Charge	\$/year	41,351,483.9 345.24	41,351,483.9 345.24	41,351,483.9 345.24
	Demand Charge				
	First 10 km	\$/GJ km	174,30466.8 5	174,30466.8 5	174,30466.8 5
	Distance > 10 km	\$/GJ km	91,7487.29	91,7487.29	91,7487.29
	Usage Charge				
	First 10 km	\$/GJ km	0,036980.03 518	0,036980.03 518	0,036980.03 518
	Distance > 10 km	\$/GJ km	0,018480.04 758	0,018480.04 758	0,018480.04 758
A2	Standing Charge	\$/year	22,892,242.4 781.57	22,892,242.4 781.57	22,892,242.4 781.57
	First 10TJ	\$/GJ	2,212.10	2,212.10	2,212.10
	Volume > 10TJ	\$/GJ	1,184.13	1,184.13	1,184.13
B1	Standing Charge	\$/year	1,148,654.0 92.92	1,148,654.0 92.92	1,148,654.0 92.92
	First 5TJ	\$/GJ	4,414.20	4,414.20	4,414.20
	Volume > 5TJ	\$/GJ	3,783.60	3,783.60	3,783.60
B2	Standing Charge	\$/year	284,26270.4 6	284,26270.4 6	284,26270.4 6

	First 100GJ	\$/GJ	<u>7.356.99</u>	<u>7.356.99</u>	<u>7.356.99</u>
	Volume > 100GJ	\$/GJ	<u>4.374.16</u>	<u>4.374.16</u>	<u>4.374.16</u>
B3	Standing Charge	\$/year	<u>58.0255.24</u>	<u>58.0255.24</u>	<u>58.0255.24</u>
	First 10GJ	\$/GJ	<u>12.3441.74</u>	<u>12.3441.74</u>	<u>12.3441.74</u>
	Volume > 10GJ	\$/GJ	<u>5.335.07</u>	<u>5.335.07</u>	<u>5.335.07</u>

¹ All Tariffs are real, December 2009 dollars.

The Reference Tariffs in Table 22 satisfy the stand alone and avoidable cost tests of Rule 94(3), as shown in Table 23. They also allow WAGN to recover its Total Revenue over the Current Access Arrangement Period.

Table 23
Stand alone costs, avoidable costs, expected revenue from Reference Tariffs and Total Revenue

Tariff	Cost/Revenue	\$m ¹	Test
A1	Standing alone cost	<u>250.184252.282</u>	Satisfied
	Avoidable cost	<u>5.5975.644</u>	Satisfied
	Expected revenue	<u>21.56921.073</u>	
A2	Standing alone cost	<u>365.971369.025</u>	Satisfied
	Avoidable cost	<u>1.8354.854</u>	Satisfied
	Expected revenue	<u>20.46349.992</u>	
B1	Standing alone cost	<u>438.546442.499</u>	Satisfied
	Avoidable cost	<u>4.0324.067</u>	Satisfied
	Expected revenue	<u>33.03932.264</u>	
B2	Standing alone cost	<u>450.631454.410</u>	Satisfied
	Avoidable cost	<u>4.3044.344</u>	Satisfied
	Expected revenue	<u>33.69332.856</u>	
B3	Standing alone cost	<u>597.199602.266</u>	Satisfied
	Avoidable cost	<u>65.59066.204</u>	Satisfied
	Expected revenue	<u>438.200426.972</u>	
All Tariffs	Total revenue	<u>561.678547.993</u>	Total revenue
	Expected revenue	<u>561.678547.993</u>	recovered

¹ All values are real, December 2009 dollars.

11 REFERENCE TARIFF VARIATION MECHANISM [Rule 72(1)(k)]

Annexure B of the Access Arrangement provides for variation of the Reference Tariffs:

- in accordance with a formula; and
- as a result of a cost pass through for a defined event.

Annexure B is available on the ERA's website, www.erawa.com.au

11.1 Reference Tariff variation in accordance with formula

The Reference Tariffs set out in the preceding section of this Access Arrangement Information are all real, December 2009 dollar values. They must be periodically varied for the effects of inflation during the Current Access Arrangement Period if WAGN is to have the opportunity of recovering its efficiently incurred – nominal - costs of providing Reference Services.

The Access Arrangement for the WAGN GDS therefore includes a Reference Tariff Variation Mechanism which varies the Tariffs set out in Table 22 above for the effects of inflation from December 2009 to each of the dates on which varied Tariffs are to come into effect, being 1 July 2011, 1 July 2012, and 1 July 2013.

The variation of the Reference Tariffs for the effects of inflation is effected through the formulae set out in Annexure B of the Access Arrangement.

In addition, the formulae of the Reference Tariff Variation Mechanism allow WAGN to recover regulatory costs - the direct costs of action by agencies of government - which are beyond its control, and which could not be predicted with any certainty prior to the ERA's Final Decision.

11.2 Reference Tariff variation as a result of cost pass through

The Reference Tariff Variation Mechanism includes a scheme of Tariff variation for certain defined cost pass through events. Specific events which give rise to costs which can be recovered through Tariff variation for cost pass through are:

- WAGN incurs HHV Costs that constitute Conforming Operating Expenditure;
- WAGN incurs Physical Gate Point Costs that constitute Conforming Operating Expenditure;
- WAGN incurs Conforming Operating Expenditure as a result of a tax change or regulatory change;
- WAGN incurs Conforming Operating Expenditure as a result of any law that:
 - establishes, changes or regulates the operation of, an emissions trading scheme or mechanism that has as one of its objectives the management or reduction of greenhouse Gas emissions or concentrations and which includes the scheme set out in, or a scheme similar to, the scheme contemplated in the Carbon Pollution Reduction Scheme Bill 2009 (Cth) and its associated legislation and regulations, as promulgated, supplemented or amended from time to time;
 - imposes a fee, penalty or tax on greenhouse Gas emissions or concentrations;
or

- establishes, changes or regulates the operation of, any renewable energy scheme, including the scheme under the *Renewable Energy (Electricity) Act 2000* (Cth) and its associated legislation and regulations, as promulgated, supplemented or amended from time to time; and
- WAGN incurs conforming Operating Expenditure additional to the amount forecast for the purpose of determining Total Revenue for the Current Access Arrangement Period because there has been an unanticipated change in the price of Gas required to replace unaccounted for Gas.

12 INCENTIVE MECHANISM [Rule 72(1)(l)]

There is no incentive mechanism proposed for the Current Access Arrangement Period.

13 TOTAL REVENUE [Rule 72(1)(m)]

In accordance with Rule 76, the Total Revenue is to be determined using the “building block approach”:

Total revenue is to be determined for each regulatory year of the access arrangement period using the building block approach in which the building blocks are:

- (a) a return on the projected Capital Base for the year (See Divisions 4 and 5); and
- (b) depreciation on the projected Capital Base for the year (See Division 6); and
- (c) if applicable – the estimated cost of corporate income tax for the year; and
- (d) increments or decrements for the year resulting from the operation of an incentive mechanism to encourage gains in efficiency (See Division 9); and
- (e) a forecast of Operating Expenditure for the year (See Division 7).

The building blocks of Total Revenue in each regulatory year of the Current Access Arrangement Period, and the Total Revenue in each year, are shown in Table 24.

Table 24
Total revenue
(\$ million, December 2009)

	2010 ¹	2010/11	2011/12	2012/13	2013/14
Return on Capital Base	29.47628 118	62.39959 622	64.06461 213	66.23963 291	68.12665 094
Depreciation	10.94840 948	23.72323 723	25.86125 861	27.96327 963	30.00730 007
Efficiency gains	1.842184 2	1.438143 8	0.292029 2	1.837183 7	1.142114 2
AA2 Over Depreciation	-10.704 40.687				
Forecast Operating Expenditure	36.99728 834	60.87560 875	61.58961 589	61.59961 599	62.14462 144
Total	68.55859 123	148.43414 5.657	151.80514 8.954	157.63815 4.690	161.41915 8.387

¹ January 2010 to 30 June 2010 only.

No explicit estimate of tax has been made for the purpose of determining Total Revenue.

13.1 Allocation of the Total Revenue to Reference Services

Rule 93 governs the allocation of the Total Revenue to Reference Services. The Total Revenue is to be allocated between reference and other services in the ratio in which costs are allocated between reference and other services (Rule 93(1)).

WAGN does not provide other services using the WAGN GDS, and all Total Revenue during the Current Access Arrangement Period has been attributed to the provision of the Reference Services.

13.2 Meter lock, deregistration, disconnection and reconnection

The following are offered as Reference Services:

- apply Meter Lock – a Meter lock is applied to the Meter at a Delivery Point at which a User is entitled to take delivery of Gas under Service B3;
- remove Meter Lock – a Meter lock is removed from a Meter at a Delivery Point at which a User is entitled to take delivery of Gas under a Service B3;
- deregistration – effects permanent removal of a Meter from a Delivery Point and termination of the association of a User with the Delivery Point;
- disconnection – the supply of Gas at a Delivery Point at which a User is entitled to take delivery of Gas under Service B2 or Service B3 is disconnected; and
- reconnection – recommences the supply of Gas at the Delivery Point at which a User is entitled to take delivery of Gas under Service B2 or Service B3 and at which a Disconnection Service has previously been supplied.

13.3 Prudent discounts

Rule 96(1) allows a Service Provider to provide, in certain circumstances, a Reference Service to a particular User or class of Users at a discounted Reference Tariff, and to recover the cost of providing the discount from the provision of reference or other services in one or more future Access Arrangement Periods.

The Service Provider may only recover the cost of providing the discount if the discount is approved by the ERA. Before approving a discount – a prudent discount – the ERA must be satisfied that:

- the discount is necessary to respond to competition from other providers of Pipeline Services or from suppliers of energy from sources other than Gas, or is necessary to maintain efficient use of a Pipeline System; and

- provision of the discount is likely to lead to Reference Tariffs lower than would otherwise have been the case.

During the Initial Access Arrangement Period, WAGN offered discounts to certain Users of the WAGN GDS but received no compensation for foregone revenue. The discounts were approved by the ERA for the earlier Access Arrangement Period because the regulator was satisfied that the discounts were necessary to respond to competition, and that their provision would lead to lower Reference Tariffs. The cost of providing these discounts during the Earlier Access Arrangement Period was recovered via the Reference Tariffs set for that period.

WAGN is continuing to provide prudent discounts, and will recover the cost of their provision through the revised Reference Tariffs for the Current Access Arrangement Period. The revenue expected to be received from Users in respect of Reference Services provided at discounted Reference Tariffs is shown in Table 25.

Table 25
Revenue from Reference Services provided at discounted Reference Tariffs
(\$ million, December 2009)

	2010 ¹	2010/11	2011/12	2012/13	2013/14
Revenue	1.613	3.272	3.286	3.250	3.161

¹ January 2010 to 30 June 2010 only.

Appendix 3 - Glossary

Term	Definition
Authority	The Economic Regulatory Authority of Western Australia established pursuant to the <i>Economic Regulation Authority Act 2003</i> .
Draft decision	The draft decision dated 17 August 2010 in relation to ATCO's proposed access arrangement.
Final decision	The final decision dated 28 February 2011 in relation to ATCO's amended proposed access arrangement.
National Gas Rules	The National Gas Rules made under the <i>National Gas Access (Western Australia) Act 2009</i> .
Reviewable Regulatory Decision	The decision entitled <i>Economic Regulation Authority's revised access arrangement for the WA Gas Networks Pty Ltd Mid-West and South-West Gas Distribution Systems</i> and published on 28 April 2011

Appendix 4 - Abbreviations

Abbreviation	For
Alinta	Alinta Sales Pty Ltd
ATCO	ATCO Gas Australia Pty Ltd
GDS	Mid-West and South-West Gas Distribution Systems
NGA	<i>National Gas Access (Western Australia) Act 2009 (WA)</i>
NGR	National Gas Rules
WA	Western Australia
WAGN	Western Australian Gas Networks Pty Ltd