Access Arrangement for the Dampier to Bunbury Natural Gas Pipeline

INDEPENDENT GAS PIPELINES ACCESS REGULATOR
WESTERN AUSTRALIA

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CONTENTS

1. INTRODUCTION

This document comprises the Access Arrangement for the Dampier to Bunbury Natural Gas Pipeline ("**DBNGP**") pursuant to the requirements of the *Gas Pipelines Access (Western Australia) Act 1998*, which incorporates the *National Third Party Access Code for Natural Gas Pipeline Systems* ("**Code**"). The DBNGP is operated by Epic Energy (WA) Gas Transmission Pty Ltd ("**Epic Energy**").

2. BACKGROUND

2.1 On 23 May 2003 the Independent Gas Pipelines Access Regulator in Western Australia ("Regulator") issued a Final Decision on the proposed Access Arrangement for the DBNGP. This Final Decision was to not approve the Access Arrangement.

2.2 Epic Energy submitted a revised Access Arrangement to the Regulator on 8 August 2003. After considering the Revised Proposed Access Arrangement, the Regulator was not satisfied that it incorporated, substantially incorporated or otherwise addressed all the amendments specified in the Final Decision. On this basis, the Regulator did not approve the revised Access Arrangement. As a consequence, this Access Arrangement has been drafted and approved by the Regulator in accordance with the requirements of section 2.20 of the Code.

3. THE DBNGP (DESCRIPTION OF THE PIPELINE SYSTEM)

3.1 The DBNGP is as described in the following pipeline licences:

(a) PL 40 (as amended or varied); and

(b) PL 47 (as amended or varied).

3.2 A detailed description of the DBGNP is contained in the Access Arrangement Information.

4. COMMENCEMENT

The Access Arrangement commences on 13 January 2004.

5. APPLICATIONS FOR ACCESS

5.1 The Application Form

(a) Prospective Shippers must apply for access in the form specified by Epic Energy from time to time in the Access Guide (as amended) ("**Access Guide**") the current version of which forms part of the Information Package required by Section 5.1 of the Code.

(b) The procedures applying to applications are detailed in the Access Guide.

(c) An Access Request must be accompanied by the Prescribed Fee.

(d) If an Access Contract is entered into, the applicable tariff will be adjusted over the first year of the Access Contract by an amount equal to the Prescribed Fee.

5.2 Criteria for Assessment of Applications

(a) Epic Energy will assess an Access Request as a reasonable and prudent pipeline operator based on the information provided to Epic Energy with the Access Request in the form specified in the Access Guide.

(b) In addition to the matters set out in the Access Guide, Epic Energy may request such further detail and information from a Prospective Shipper as Epic Energy reasonably considers necessary to assess the Prospective Shipper's Access Request.

(c) If a Prospective Shipper fails to comply with a reasonable request by Epic Energy for further information within 20 Days of receipt of such request, then the Prospective Shipper's Access Request is (subject to any extension of time granted by Epic Energy) rejected. A new Access Request by that Prospective Shipper will rank behind all other current Access Requests.

(d) If a Prospective Shipper has submitted an Access Request and that Access Request is accepted by Epic Energy in the manner set out in the Access Guide, then an Access Contract between Epic Energy and the Prospective Shipper is formed which is binding on both parties.

5.3 Queuing Policy

(a) Epic Energy will create a single queue for all Access Requests.

(b) For the avoidance of doubt, there will be no separate queue for Access Requests for a Firm Service.

(c) Subject to sub-clauses 5.3(d), 5.3(e) and 5.3(i), Access Requests are to have priority determined by the order in which they are received by Epic Energy. However, Epic Energy may deal with Access Requests out of order provided that:

(i) the Access Request that is being dealt with out of order is materially different to the Access Requests which are first in time; and

(ii) the Prospective Shippers with the Access Requests which are first in time do not suffer any material prejudice as a result.

(d) Any Access Request for a Service that was made prior to this Access Arrangement coming into effect ("**prior AA Access Requests**") will have priority over Access Requests made after this Access Arrangement comes into effect. The priority amongst prior AA Access Requests is to be determined in accordance with the order in which they are received by Epic Energy.

(e) An Access Request will not be placed in the queue if it does not comply with the requirements for a complying Access Request, as set out in the Access Guide.

(f) An Access Request that is entered into the queue may be rejected at any stage prior to its acceptance by Epic Energy (in the form of an Access Contract) if:

(i) the Access Request requires expansion of the DBNGP system for it to be met and the expansion is inconsistent with Epic Energy's extensions and expansions policy as set out in the Access Arrangement; or

(ii) the Prospective Shipper is, to Epic Energy's satisfaction as a reasonable and prudent pipeline operator, not in a position to meet its obligations under the Access Contract; or

(iii) the requested Capacity can not be provided having regard to the load characteristics set out in the Access Request and the load characteristics of Other Shippers; or

(iv) where the Access Request is for a Non-Reference Service, Epic Energy and the Prospective Shipper have not reached agreement concerning the terms and conditions for the Non-Reference Service by 24 months prior to the proposed commencement date under the Access Request, except where the terms and conditions for the Non-Reference Service are being arbitrated pursuant to section 6 of the Code.

(g) If an Access Request is rejected, that Access Request's priority in the queue is lost.

(h) A Prospective Shipper may at any time before Epic Energy accepts an Access Request withdraw its Access Request by notice in writing. In this case, any refund of the Prescribed Fee is entirely within the discretion of Epic Energy.

(i) A Prospective Shipper may amend an Access Request at any time prior to its acceptance by Epic Energy by submitting a further Access Request form which form expressly states that it amends the previous Access Request ("**Original Access Request**") and is marked up to show the changes from the Original Access Request. The amended Access Request supersedes the Prospective Shipper's Original Access Request and the following shall apply:

(i) If the amendment is limited to a reduction in a change in requested Commencement Date, or is not in Epic Energy's opinion a material change to the Original Access Request, the amended Access Request will be deemed to have been lodged on the date of the Original Access Request.

(ii) In all other cases, if Epic Energy determines the amended Access Request is materially different from the Original Access Request to the extent that another Prospective Shipper whose Access Request has a position in the queue after the Original Access Request is materially prejudiced, the amended Access Request will be deemed to have been lodged on the date on which it is received by Epic Energy.

(j) This queuing policy is subject to any Capacity Expansion Options which may be granted by Epic Energy from time to time.

(k) Capacity Expansion Options will be processed independently of and stand apart from any other Access Requests which have been received, and will receive priority to Prospective Shippers in the queue as follows:

(i) In relation to Developable Capacity – ahead of any Access Request already in the queue at the time of exercise of the Capacity Expansion Option; and

(ii) In relation to Spare Capacity – as if it were an Access Request lodged in the queue as at the date of its exercise. However, it will still be open for Epic Energy to deal with it in accordance with sub-clause 5.3(c).

(l) Subject to Epic Energy complying with any confidentiality obligations to other Prospective Shippers, following receipt of an Access Request, Epic Energy will notify Prospective Shippers, in accordance with section 5 of the Code, of:

(i) the time when that Access Request may be met; and

(ii) details of the position in the queue of that Access Request.

(m) Within a reasonable time of Epic Energy becoming aware of any material change (in the context a Prospective Shipper's Access Request) in the expected timing of when the Prospective Shipper's Access Request in the relevant queue will be satisfied, Epic Energy will notify the Prospective Shipper of the change.

6. SERVICES POLICY

6.1 Services

Epic Energy offers the following Services on the DBNGP:

(a) Reference Service

The Reference Service offered by Epic Energy is Firm Service which can be either forward haul or backhaul.

(b) Non-Reference Services

(i) The Services referred to in this sub-clause are Non Reference Services.

(ii) Epic Energy will, subject to operational availability (as determined by Epic Energy as a reasonable and prudent pipeline operator), make available to a Prospective Shipper the following Service or Services:

(A) Secondary Market Service;

(B) Park and Loan Service;

(C) Seasonal Service;

(D) Peaking Service;

(E) metering information service;

(F) pressure and temperature control service;

(G) odorisation service; and

(H) co-mingling service.

(iii) Non-Reference Services also include Services provided by Epic Energy under contracts entered into prior to commencement of the Access Arrangement Period.

(iv) Revenue obtained from certain Non-Reference Services is Rebatable Revenue in accordance with clause 9.

6.2 Firm Service

Firm Service is a Service in which Epic Energy (subject to availability of Capacity):

(a) takes receipt, at one or more Receipt Points on a Day, of a quantity of the Shipper's gas not exceeding:

(i) the sum of the Shipper's MDQ;

(ii) plus or minus the quantity of gas required to correct any Imbalance on the preceding Day;

(b) delivers to the Shipper at one or more Delivery Points on that Day a quantity of gas not exceeding the Shipper's MDQ,

without interruption or curtailment except as permitted by the Access Contract.

Prospective Shipper's seeking access to Spare Capacity of the DBNGP as it is configured at the time of approval of this Access Arrangement must nominate a minimum term of 2 years when lodging an Access Request for Firm Service, unless Epic Energy in its absolute discretion agrees otherwise.

Prospective Shippers seeking access for Developable Capacity must nominate a minimum term of 20 years when lodging an Access Request for Firm Service, unless Epic Energy in its absolute direction agrees otherwise.

6.3 Limitation on Upstream Delivery Points

If the Shipper's Delivery Point is upstream of the Shipper's Receipt Point ("Upstream Deliveries") and on a Day, the total quantity of gas transported for all shippers with a Delivery Point downstream of their Receipt Point is insufficient to maintain Upstream Deliveries without the need to change the normal direction of gas flow in the DBNGP, Epic Energy may restrict Upstream Deliveries in its absolute discretion without liability to the Shipper.

7. REFERENCE TARIFF POLICY

7.1 General Principles

(a) Epic Energy's Reference Tariff has been designed to recover from Shippers using the Reference Service, that portion of the Total Revenue that reflects:

(i) those costs (including capital costs) which are directly attributable to the provision of the Reference Service; and

(ii) a share of those costs (including capital costs) which are attributable to provision of the Reference Service jointly with Services provided to Other Shippers with contractual rights existing prior to the date on which this Access Arrangement commences.

(b) The Reference Tariff has been determined on the basis of the gas specifications prescribed in the Access Contract Terms and Conditions at the commencement of the Access Arrangement.

7.2 Calculation of Total Revenue

(a) The Total Revenue has been calculated using the 'cost of service' ("COS") method described in section 8.4 of the Code. This basis for calculation of the Total Revenue under the COS method is outlined in clauses 7.3 to 7.9 of the Access Arrangement.

(b) The COS method has been applied in accordance with section 8.5A(b) of the Code, on a pre-tax real basis.

7.3 Calculation of Capital Base - COS Method

(a) The Capital Base for the DBNGP at the beginning of each year of the Access Arrangement is the physical asset account balance at the beginning of that year.

(b) The physical asset account balance at the end of each year of the Access Arrangement Period is the physical asset account balance at the beginning of each year of the Access Arrangement Period, plus new facilities investment during the year, less the accumulated depreciation of physical assets at the end of the year.

7.4 Return on Assets - COS Method

The return on assets has been determined by multiplying the capital base at the beginning of each year of the Access Arrangement Period by the rate of return.

7.5 Calculation of Rate of Return - COS Method

(a) The rate of return has been set as a weighted average of the returns applicable to debt and equity.

(b) The return on equity referred to in sub-clause 7.5(a) has been determined using the capital asset pricing model.

(c) The return on debt referred to in sub-clause 7.5(a) has been determined as the sum of a risk free rate of return and the estimated corporate debt margin.

7.6 Depreciation Schedule - COS Method

(a) Depreciation of the physical asset account balance has been determined using the straight line method.

(b) A separate depreciation schedule has been determined for each of the groups of physical assets that form the DBNGP.

7.7 Non-Capital Costs - COS Method

The Reference Tariff provides for the recovery of all forecast non-capital costs to the extent permitted under section 8.37 of the Code.

7.8 Forecast Capital Expenditure - COS Method

(a) New facilities investment during the Access Arrangement Period is reasonably expected to pass the requirements of section 8.16 of the Code when the new facilities investment is forecast to occur.

(b) For the purposes of calculating the capital base at the commencement of the next Access Arrangement Period in accordance with section 8.9 of the Code, the new facilities investment will consist only of actual new facilities investment that has occurred during this Access Arrangement Period.

7.9 Allocation of Costs between Services – COS Method

(a) The Initial Capital Base for the DBNGP is $1,550.00.

(b) No costs have been allocated to the provision of Rebatable Services.

(c) The Total Revenue has been calculated as the sum over the Access Arrangement Period of the costs in each year of the Access Arrangement Period that comprise the sum in each year of:

(ii) non-capital costs;

(iii) return on assets; and

(iv) depreciation.

7.10 Allocation of Costs between Services

(a) In determining the Reference Tariff for Firm Service, costs have been allocated to Services provided to shippers with gas transportation contracts entered into prior to the commencement of the Access Arrangement, as if those shippers had been provided with Firm Service.

(b) No costs have been allocated to the provision of Rebatable Services.

7.11 Allocation of Costs between Shippers

(a) Costs have been allocated to Firm Service shippers on the basis of their use of the assets comprising the DBNGP.

(b) Four groups of assets have been used in determining the Reference Tariff for Firm Service. These are:

(i) pipeline assets;

(ii) compressor station assets;

(iii) metering assets;

(iv) other assets.

(c) For the purpose of determining the Reference Tariff for Firm Service, the DBNGP has been divided into 12 Zones.

(d) There are four components to the Reference Tariff for Firm Service:

(i) Pipeline Capacity Charge;

(ii) Compression Capacity Charge;

(iii) Compressor Fuel Charge; and

(iv) Delivery Point Charge.

(e) The Pipeline Capacity Charge recovers from each Firm Service shipper a proportion of the return and depreciation on, and a proportion of the non-capital costs incurred in operating and maintaining:

(i) the pipeline assets in the Zone in which the Shipper's Receipt Point is located;

(ii) the pipeline assets in the Zone in which the Shipper's Delivery Point/s is located;

(iii) the pipeline assets in the Zones located between the Zone in which the Shipper's Receipt Point is located and the Zone in which the Shipper's Delivery Point is located;

(iv) facilities associated with the Delivery Points (but only in respect of non-capital costs incurred in operating and maintaining such facilities); and

(v) other assets, plus other costs associated with providing Firm Service not otherwise recovered by the charges referred to in sub-clauses 7.11(d)(ii) to (iv).

The return on pipeline assets and depreciation in a Zone, and the costs of operating and maintaining assets in that Zone, are recovered on the basis of the Shipper's MDQ as a proportion of the sum of the MDQ's of all Firm Service Shippers (or Shippers deemed to be Firm Service Shippers under sub-clause 7.10(a)) in the Zone.

Other assets return and depreciation, and the costs of operating and maintaining other assets are also recovered on the basis of the Shipper's MDQ as a proportion of the sum of the MDQ's of all Firm Service Shippers (or Shippers deemed to be Firm Service Shippers under sub-clause 7.10(a)) in the Zone.

(f) The Compression Capacity Charge recovers from each Firm Service Shipper a proportion of the return and depreciation on, and a proportion of the non-capital costs incurred in, maintaining, Compressor Stations located between the Shipper's Receipt Point and the Shipper's Delivery Point.

Compressor Station asset return and depreciation, and the costs of operating and maintaining a Compressor Station are recovered on the basis of the Shipper's MDQ as a proportion of the sum of the MDQ's of all Firm Service Shippers (or Shippers deemed to be Firm Service Shippers under sub-clause 7.10(a)) using the Compressor Station.

(g) The Compressor Fuel Charge recovers from each Firm Service Shipper a proportion of the cost of the compressor fuel used at Compressor Stations located between the Shipper's Receipt Point and the Shipper's Delivery Point.

The cost of compressor fuel forecast to be used at a Compressor Station is recovered on the basis of taking the forecast cost of compressor fuel forecast to be used by the Compressor Station during 2000 and dividing that by the forecast aggregate quantity of gas delivered through the Compressor Station during 2000. The forecast aggregate quantity of gas delivered is for Firm Service and for Services provided to Other Shippers with contractual rights existing prior to the date on which this Access Arrangement commences.

Firm Service shippers making Upstream Deliveries will not incur the Compressor Fuel Charge unless those Upstream Deliveries cause a change in the normal direction of gas flow in the DBNGP.

(h) The Delivery Point Charge recovers from shippers using a particular Delivery Point the return on the metering assets at the Delivery Point and the depreciation on those assets.

7.12 Form of Regulation

A 'price path' approach as described in section 8.3 of the Code is the manner in which the Reference Tariff will vary within the Access Arrangement Period. Each of the Reference Tariff components listed in sub-clause 7.11(d) will be increased at 1 January in each of the second and subsequent years of the Access Arrangement Period in accordance with the following formula.

$$TC_t = TC_{t-1} \times \left(1 + \left(0.67 \times \left(\frac{CPI_{t-1}}{CPI_{t-2}} - 1 - X\right)\right)\right)$$

where:

TC_t = Reference Tariff component in year t, where year t is each of the years 2001, 2002, 2003, 2004;

TC_{t-1} = Reference Tariff component in the year preceding year t;

CPI_{t-1} = the Consumer Price Index (All Groups, Eight Capital City), published by the Australian Bureau of Statistics for the September quarter of the year preceding year t;

CPI_{t-2} = the Consumer Price Index (All Groups, Eight Capital City), published by the Australian Bureau of Statistics for the September quarter of the year previous to the year preceding year t;

X = 0.0275 when year t is the year 2001 and is zero otherwise.

7.13 Use of Incentive Mechanisms

(a) The adoption of the ‘price path’ approach is intended to provide an incentive to develop the market and reduce costs.

(b) The method described in clause 9.2 by which Epic Energy will distribute Rebatable Revenue is intended to provide an incentive to Epic Energy to develop a market for that part of the DBNGP capacity which cannot otherwise be made available as Firm Service.

7.14 New Facilities Investment

Epic Energy will observe and comply with the Code requirements regarding new facilities investment.

7.15 Adjustment of Tariff

The Reference Tariff may also be varied pursuant to Clause 16 of the Access Contract Terms and Conditions.

7.16 Reference Tariff Principles Not Subject to Review

The methodology for determination of the Capital Base at the commencement of each year of the Access Arrangement Period as set out in clause 7.3 is a Fixed Principle in accordance with section 8.47 of the Code.

7.17 Rebate of Delivery Point Charges

(a) In relation to a Delivery Point for which some or all of the capital costs were provided by a Shipper (‘Funding Shipper’), any revenue received by Epic Energy from other Shippers (“Paying Shippers”) for the Delivery Point Charge relating to the relevant Delivery Point will be rebated to the Funding Shipper in accordance with the rebate formula contained in the agreement between Epic Energy and the Funding Shipper relating to the funding of that Delivery Point. If there is no rebate mechanism contained in the agreement between Epic Energy and the Funding Shipper, Epic Energy must rebate to the Funding Shipper 95% of the Delivery Point Charge payable by the Paying Shipper.

(b) A Funding Shipper will not be required to pay the Delivery Point Charge in respect of any Delivery Point it funded.

7.18 Levelised Tariff Path Commitment

If the conditions in clause 12.1 are satisfied and the Total Revenue is calculated on a COS method, the Reference Tariff to be paid by Shippers will never exceed the tariff derived by applying the price path referred to in clause 7.12 to the initial Reference Tariff.

7.19 Goods and Services Tax

From 1 July 2000, the component charges of the Reference Tariff are specified inclusive of Goods and Services Tax ("GST"). The GST-inclusive charges are calculated by multiplying each charge exclusive of GST by a factor of 1.0997752.

8. REFERENCE TARIFF STRUCTURE AND CHARGES

8.1 Structure

The Reference Tariff for Firm Service comprises several components which apply depending on the location of the Shipper's Receipt Point and Delivery Point. The components are:

(a) A Pipeline Capacity Charge;

(b) A Compression Capacity Charge;

(c) A Compressor Fuel Charge (for compressor stations other than CS1 and CS2); and

(d) A Delivery Point Charge.

8.2 Charges

The charges for Firm Service are as set out in and calculated in accordance with the Tariff Schedule.

8.3 Application of Charges

(a) The Pipeline Capacity Charge is the aggregate of the Shipper's Delivery Point MDQ or Delivery Point MDQ's multiplied by the sum of the relevant rates set out in the Tariff Schedule for the pipeline zones between the Receipt Point and Delivery Point for the Shipper's Access Contract.

(b) The Compression Capacity Charge is the aggregate of the Shipper's Delivery Point MDQ or Delivery Point MDQ's multiplied by the sum of the relevant rates set out in the Tariff Schedule for each Compressor Station located between the Shipper's Receipt Point and Delivery Point.

(c) The Compressor Fuel Charge is the aggregate of the quantity of gas delivered to Shipper at a Delivery Point or Delivery Points multiplied by the sum of the relevant rates set out in the Tariff Schedule for each Compressor Station located between the Shipper's Receipt Point and Delivery Point.

(d) The Delivery Point Charge is an annual fixed charge which recovers the cost of the delivery point facilities used by the Shipper. Where gas is delivered to more than one shipper at a delivery point, the Delivery Point Charge is shared between shippers on the basis of the total Shippers' MDQs at the Delivery Point.

9. REBATABLE REVENUE

9.1 Description

(a) Revenue obtained from the following Services is Rebatable Revenue:

(i) Seasonal Service;

(ii) Park and Loan Service;

(iii) Secondary Market Service; and

(iv) any other Service nominated by Epic Energy

(b) Additionally, revenue (less the Compressor Fuel Charge) obtained by Epic Energy from Overrun to the extent provided under clause 5.2 (a) of the Access Arrangement Terms and Conditions is Rebatable Revenue.

(c) Revenue obtained by Epic Energy in the circumstances referred to in clause 7.17 of the Access Arrangement will be rebated in accordance with that clause 7.17 but is not included as part of the Rebatable Revenue for the purposes of this clause.

9.2 Method of Rebate

(a) Interpretation

"Rebatable Revenue" or "RR" for a year is the sum of the revenue from rebatable services in the year.

"Prior Revenue" or "PR" for the year is the total revenue from capacity reservation charges and commodity charges, and the like, in the year from Prior Contracts.

"Prior Contracts" means contracts (other than for T3 capacity, as defined in the Dampier to Bunbury Regulations 1998) which were entered into before commencement of the Access Arrangement.

"Forecast Prior Revenue" or "FPR" means the revenue from capacity reservation charges and commodity charges and the like, that shippers under Prior Contracts would be obligated to pay in the year if they took their entire contracted capacity in the year.

"Threshold Revenue" or "TR" means:

$TR = a_1 \times (FSC – PAC) \times C1 + a_2 \times (FSV – PAV) \times C2 – RFS + r \times Q$;

"a_1" and "a_2" are to be obtained from the following table:

Parameter	Value
a_1	0.895661
a_2	0.880731

"FSC" and "FSV" for each year of the Access Arrangement are to be obtained from the following table:

Year	FSC (GJ)	FSV (GJ)
2000	217,105,650	194,482,950
2001	216,437,700	197,187,600
2002	217,112,950	197,815,400
2003	219,832,200	201,563,950
2004	221,894,450	203,702,850

"PAC" is the capacity contracted to shippers under Prior Contracts (other than Exempt Contract) for the year plus the use of capacity in the Year made by the Exempt Contract.

"PAV" is the volume of gas delivered in the year to shippers under Prior Contracts.

"C_1" is the sum of the Zone 10 pipeline capacity and compression capacity charge rates applying in the year.

"C_2" is the compressor fuel charge rate for a delivery point located between CS 10 and MLV 157A.

"RFS" is the actual revenue from the sale of the Firm Service and any other Services in the nature of a Firm Service to the extent that this does not include Services under Prior Contracts and any other Non-Reference Service which Epic Energy advised is a Rebatable Service pursuant to sub-clause 9.1(a)(iv).

"r" is $0.40/GJ in the first year of the Access Arrangement. In subsequent years, until the Revisions Commencement Date, r shall be adjusted in accordance with clause 16.2 of the Access Arrangement Terms and Conditions.

"Q" is the amount by which the total volume of gas delivered in the year exceeds FSV for the year.

"Distributable Revenue" or "DR" means:

DR = (RR +PR) – (TR + FPR)

(b) Distribution of Rebate – COS Method

Where the Total Revenue is determined by the COS Method and where DR is greater than zero, then the amount of Rebatable Revenue equal to DR shall be distributed as follows:

(i) 45% is to be distributed to Rebate Sharing Shippers during the year;

(ii) 55% is to be retained by Epic Energy,

and where DR is less than or equal to zero, the Rebatable Revenue shall be retained by Epic.

9.3 Apportionment of Rebatable Revenue between Shippers of Firm Service

(a) The amount rebated to Rebate Sharing Shipper's pursuant to sub-clause 9.2(b) is to be the ratio that the Rebate Sharing Revenue received from that Shipper for a Year bears to the total Rebate Sharing Revenue received during that Year.

Example:

Rebate Sharing Revenue from all Rebate Sharing Shippers during the Year = $500

Rebate Sharing Revenue from Rebate Sharing Shipper "X" during the Year = $50

Rebate Sharing Shipper "X's" share of Rebate Sharing Revenue (under sub-clause 9.2(a)) is 10%

(b) In calculating the Rebate Sharing Revenue received from Rebate Sharing Shippers that is referred to in sub-clause 9.3(a), no account is to be had of revenue other than Pipeline Capacity Charges, Compression Capacity Charges and Overrun Charges referred to in clause 5.2(a) of the Access Contract Terms and Conditions.

9.4 Rebate to Rebate Sharing Shippers is by Way of Discount

(a) Any amounts due to a Rebate Sharing Shipper pursuant to sub-clause 9.2(b)(ii)(A) will be deducted from the amount which would otherwise be payable under Shipper's next invoice following calculation of the Rebatable Revenue at the end of a Year.

(b) If the Rebate Sharing Shipper is no longer a Shipper of a Service, then the Rebate Sharing Shipper may elect to either take the amount as a cash payment or leave the amount with Epic Energy to hold and credit against an Invoice for Services used by Shipper in the future.

9.5 Rebate of Certain Charges

(a) If a Shipper is required to pay any of the following Charges to Epic Energy, Epic Energy shall provide a rebate to all other Shippers for Firm Service and Services in the nature of Firm Service (but excluding services under Prior Contracts) ('Charge Revenue Rebate Shippers') an amount calculated in accordance with the formula contained in sub-clause 9.5(b):

(i) Out of Specification Gas Charge ('OSGC');

(ii) Nomination Surcharge ('NS');

(iii) Excess Imbalance Charge ('EIC')

(iv) Peaking Surcharge ('PS'); and

(v) Unavailability Charge ('UC').

(b) CRR = 0.95 x (OSGG + NS + EIC + PS + UC)

Where:

"CRR" means the Charge Revenue Rebate.

(c) Any amounts due to a Charge Revenue Rebate Shipper pursuant to sub-clause 9.5(a) will be deducted from the amount which would otherwise be payable under the Shipper's next Invoice following calculation of the CRR at the end of a Year.

(d) If the Charge Revenue Rebate Shipper is no longer a Shipper of a Service, then the Charge Revenue Rebate Shipper may elect to either take the amount as a cash payment or leave the amount with Epic Energy to hold and credit against an Invoice for Services used by the Shipper in the future.

(e) The amount of CRR rebated to each Charge Revenue Rebate Shipper is to be the ratio that the Charge Revenue Rebate Shipper's daily average total capacity (expressed in GJ per Day) contracted by that Charge Revenue Rebate Shipper on the DBNGP pursuant to its Access Contract in the year to which the CRR calculation relates, to the daily average total of all contracted capacity (expressed in GJ/day) on the DBNGP under the Access Arrangement (except for Prior Contracts) in that year.

10. TERMS AND CONDITIONS

10.1 The terms and conditions upon which Epic Energy will grant parties access to Firm Service in the DBNGP are those terms and conditions contained in the Access Contract Terms and Conditions as amended or varied from time to time in accordance with clause 10.3. Any term used in this Access Arrangement that is defined in the Access Contract Terms and Conditions has the same meaning.

10.2 At the date of this Access Arrangement, the Access Contract Terms and Conditions are set out in Annexure B.

10.3 Epic Energy may vary the Access Contract Terms and Conditions in accordance with section 2 of the Code.

11. TRADING POLICY

11.1 Bare Transfer

Epic Energy will permit a Bare Transfer of an Access Contract in accordance with section 3.10 of the Code.

11.2 Conditional Transfer

Epic Energy will permit a conditional transfer of an Access Contract in accordance with the Access Contract Terms and Conditions.

11.3 Secondary Market

(a) Epic Energy will establish a Secondary Market based on the Secondary Market Rules as amended or varied by Epic Energy from time to time.

(b) Secondary Market Service will be available on the Secondary Market and may be provided by either Epic Energy or a Shipper of Firm Service. Shippers with unutilised Firm Service capacity will be able to "post" all or any part of that unutilised capacity for a day in the Secondary Market, and sell it to Approved Third Parties on a firm basis. Epic Energy will also offer spare capacity it may have available in the DBNGP for sale on a Day, in the Secondary Market.

(c) The terms and conditions of Secondary Market Service will be the same as the Access Contract Terms and Conditions except as expressly modified by the Secondary Market Rules.

(d) The establishment of the Secondary Market will provide an opportunity for all holders of Firm Service, large and small, to post their willingness to sell anticipated unutilised Capacity for a Day. Epic Energy will also post uncontracted capacity for a Day in the Secondary Market.

(e) The price for Secondary Market Service will be the prevailing market price.

(f) The objective of the Secondary Market is to encourage Firm Service Shippers to make unutilised capacity available to third parties. There will not be an interruptible service or an authorised overrun service available to Shippers. A Shipper's requirements over and above its contracted capacity will need to be met (subject to availability) from the Secondary Market, but that capacity can be acquired at any time during the relevant Day.

(g) Parties wishing to purchase capacity in the Secondary Market must either be existing Shippers or must be Approved Third Parties. The prudential requirements and criteria applicable to Prospective Shippers will also apply to parties seeking to be registered as Approved Third Parties.

11.4 Trading Imbalances

A Shipper may exchange all or part of its accumulated Imbalances with another shipper, at any time and on terms they may agree, and must give notice in writing of any such exchange to Epic Energy prior to the exchange occurring. On receipt of such written notice Epic Energy shall calculate adjustments in the Shipper's accumulated Imbalances to reflect the exchange.

11.5 Relocation of Delivery Point MDQ

(a) A Shipper may by notice in writing to Epic Energy request a relocation of all or any part of its MDQ from an existing Delivery Point to a new Delivery Point.

(b) Epic Energy will approve a request for relocation made in accordance with 11.5(a) if the relocation is technically feasible and commercially reasonable.

(c) Epic Energy may make its approval subject to conditions if they are reasonable on commercial and technical grounds (including but not limited to Operational Grounds).

(d) A Shipper's ability to relocate its Delivery Point MDQ to another Delivery Point is subject to the rights of Other Shippers with contracted Delivery Point MDQ at that Delivery Point.

(e) In the event that a Shipper wishes to relocate any part of its Delivery Point MDQ to a delivery point downstream of the Shipper's contracted Delivery, the relocation of MDQ may in some circumstances only be technically feasible if the equivalent downstream quantity is less than the Delivery Point MDQ the Shipper seeks to relocate.

11.6 Relocation of Receipt Point MDQ other than in Zone 1

(a) Shipper may by notice in writing to Epic Energy request a relocation of all or any part of its MDQ from an existing Receipt Point to a new Receipt Point ("Requested Relocation").

(b) Epic Energy will approve a request for relocation made in accordance with 11.6(a) if the relocation is technically feasible and commercially reasonable.

(c) Epic Energy may make its approval subject to conditions if they are reasonable on commercial and technical grounds (including but not limited to Operational Grounds).

(d) A Shipper's ability to relocate its Receipt Point MDQ to another Receipt Point is subject to the rights of Other Shippers with contracted Receipt Point MDQ at that Receipt Point.

12. EXTENSIONS/EXPANSIONS POLICY

12.1 If the following conditions are satisfied, Epic Energy will expand the capacity of the DBNGP and in such circumstances, the provisions of clause 7.18 will apply and no capital contribution or surcharge will be sought:

(a) A Shipper provides Epic Energy with an Access Request that contains the following:

(i) The Access Request is for Firm Service.

(ii) The Access Request is for an Access Contract of at least 20 years in duration.

(iii) The proposed commencement date of the Access Contract is no earlier than 30 months after the date the Access Request is received and entered in the queue.

(iv) The Access Request requests capacity on the DBNGP at a Delivery Point for at least a total MDQ of 10 TJ per Day.

(b) There is insufficient spare capacity on the DBNGP to satisfy all of the capacity being sought under the Access Request.

(c) There is no dispute between the Shipper and Epic Energy in relation to the DBNGP.

(d) Epic Energy has not expanded the DBNGP within 12 months prior to the Access Request being received (whether as a result of an earlier Access Request being received from the Shipper or otherwise).

12.2 If the conditions in clause 12.1 are not satisfied Epic Energy will expand the capacity of the DBNGP to meet the gas transportation needs of Prospective Shippers where Epic Energy believes the tests in section 6.22 of the Code have been satisfied, and Epic Energy may otherwise expand the capacity in the DBNGP to meet the needs of Prospective Shippers.

12.3 Unless Epic Energy states otherwise, an expansion of the DBNGP is to be treated as part of the Covered Pipeline. Epic Energy shall provide written notice to the Regulator of any decision not to include any expansion or extension of the DBNGP in the Covered Pipeline.

12.4 If Epic Energy proposes to extend or expand the DBNGP for a purpose other than meeting its obligations to the holder of a Capacity Expansion Option, the extension or expansion is to become part of the Covered Pipeline unless Epic Energy elects otherwise. Epic Energy will give the Regulator notice of an extension or expansion which Epic Energy elects will not become part of the Covered Pipeline.

12.5 If an extension or expansion of the DBNGP becomes part of the Covered Pipeline, the extension or expansion will not affect the Reference Tariff before the next Revisions Commencement Date.

12.6 If the conditions in clause 12.1 are not satisfied, Epic Energy may from time to time seek surcharges or capital contributions from Prospective Shippers in respect of new facilities investment in accordance with sections 8.23 to 8.26 of the Code. If Epic Energy intends to levy a Surcharge on Shippers, it will provide written notice, including to the Regulator, of its intention to do so.

12.7 Except where Epic Energy imposes a surcharge or seeks a capital contribution, Shipper's using incremental capacity will pay the Reference Tariff.

12.8 To assist Prospective Shippers with their future gas transportation needs, Epic Energy may from time to time offer options for capacity on the DBNGP which require expansions ("Capacity Expansion Options").

12.9 A Capacity Expansion Option gives a Prospective Shipper a right to a specified quantity of capacity on the terms and conditions specified in the Capacity Expansion Option. A Capacity Expansion Option will have a purchase price to be determined by Epic Energy and is able to be traded by the Prospective Shipper to another Prospective Shipper.

13. REVIEW DATE

(a) The Revisions Submission Date is 1 April 2004.

(b) The Revisions Commencement Date is 1 January 2005.

DEFINITIONS

Access Arrangement means Epic Energy's access arrangement for the DBNGP as approved, varied or substituted by the Regulator;

Access Arrangement Period means the date the Regulator approves the Access Arrangement until the start of the Revisions Commencement Date;

Access Contract means a contract between Epic Energy and a Shipper for Firm Service or Non Reference Services;

Access Contract Period means the term of the Access Contract specified in the Access Request;

Access Contract Terms and Conditions means the terms and conditions for the Reference Service contained in Annexure B as may be altered or varied by Epic Energy from time to time;

Access Guide has the meaning given in sub-clause 5.1(a);

Access Request means the request for access as set out in the Access Guide;

Annexure means an annexure to this Access Arrangement;

Approved Third Party means a party approved in accordance with the procedure set out in the Access Guide;

Bare Transfer has the meaning given in the Access Contract Terms and Conditions;

Capacity means the capacity in the DBNGP to transport quantities of gas from a Receipt Point to a Delivery Point;

Capacity Expansion Option has the meaning given in clause 12;

Commencement Date means 08:00 hours on the date for commencement of the Service set out in the Access Request executed by Epic Energy

Code has the meaning given in clause 1;

Compression Capacity Charge means the compression capacity charge calculated in accordance with the Tariff Schedule;

Compressor Fuel Charge means the compressor fuel charge calculated in accordance with the Tariff Schedule;

Compressor Station/s means the compressor stations located at various intervals on the DBNGP;

Contracted Capacity means that part of the capacity which has been reserved by a Shipper or Shippers pursuant to a contract entered into with the Service Provider;

Covered Pipeline means the DBNGP and any extension or expansion of the DBNGP which becomes covered under the Access Arrangement;

CPI has the meaning given in the Access Contract Terms and Conditions;

CS# means Compressor Station 1 to 10 as the case may be on the DBNGP;

DBNGP means the Dampier to Bunbury Natural Gas Pipeline as described in clause 3;

Day has the meaning given in the Access Contract Terms and Conditions;

Delivery Point has the meaning given in the Access Contract Terms and Conditions;

Delivery Point Charge means the delivery point charge calculated in accordance with the Tariff Schedule;

Delivery Point MDQ has the meaning given in the Access Contract Terms and Conditions;

Depreciation Reserve means a reserve established by Epic Energy and which will reduce the capital base in the next Access Arrangement Period;

Depreciation Schedule means the schedule described in the Access Arrangement Information;

Developable Capacity means the difference between the Capacity and the Capacity which would be available if additions of plant and/or pipeline were made, but does not include any extension of the geographic range of the DBNGP;

Epic Energy means Epic Energy (WA) Transmission Pty Ltd (ACN 081 609 190);

Exempt Contract has the meaning given in section 96(4) of the Law;

Firm Service means the Service described in clause 6.2;

Gas Review Board means the West Australian Gas Review Board established by section 50 of the Gas Pipelines Access (Western Australia) Act 1998;

GTR's has the meaning given in clause 2.3;

Imbalance has the meaning given in the Access Contract Terms and Conditions;

MDQ has the meaning given in the Access Contract Terms and Conditions;.

Non-Reference Service means any of the Services referred to in sub-clause 6.1(b);

Other Shipper has the meaning given in the Access Contract Terms and Conditions;

Overrun has the meaning given in the Access Contract Terms and Conditions;

Paragraph means a paragraph of this Access Arrangement;

Park and Loan Service is a service where Epic Energy agrees that a Shipper may deliver a quantity of gas into the DBNGP at a Receipt Point on a Day, without the Shipper taking delivery of that gas at a Delivery Point on the same Day ("**Park Service**") OR where Epic Energy agrees that a Shipper may take a quantity of gas at a Delivery Point without supplying an equivalent quantity of gas at a Receipt Point on the same Day and consequently that gas is delivered to Shipper out of Linepack ("**Loan Service**");

Pipeline Capacity Charge means the pipeline capacity charge calculated in accordance with the Tariff Schedule;

Prescribed Fee means the non-refundable amount of $5,000;

Prospective Shipper means a person who seeks or is reasonably likely to seek to enter into a contract for Services and includes a Shipper who seeks or may seek to enter into a contract for an additional Service;

Rebate Sharing Contract means an access contract which states that Rebate Sharing Revenue may be payable to the Shipper;

Rebate Sharing Revenue means revenue for Firm Service received from Shippers whose Access Contract provides that the Access Contract is a Rebate Sharing Contract;

Rebate Sharing Shipper means a Shipper whose Access Contract is a Rebate Sharing Contract;

Rebatable Revenue has the meaning in clause 9.1;

Rebatable Service means the Services described in clause 9.1;

Receipt Point is defined in the Access Arrangement Terms and Conditions;

Reference Service means Firm Service;

Reference Tariff means Epic Energy's reference tariff for Firm Service as set out in the Tariff Schedule;

Regulator means the regulator appointed under the Gas Pipeline Access (Western Australia) Act 1998;

Revisions Commencement Date has the meaning given in the Code;

Revisions Submission Date has the meaning given in the Code;

Seasonal Service means Capacity made available by Epic Energy in relation to a particular Month out of incremental capacity (being Capacity over and above Firm Service Capacity) available due to seasonal factors;

Secondary Market means the system of trading capacity as described in clause 11.3 and conducted by Epic Energy in accordance with the Secondary Market Rules;

Secondary Market Rules means the rules published by Epic Energy from time to time under which the Secondary Market operates;

Secondary Market Service means the Service acquired by a Shipper from the Secondary Market, as described in the Access Arrangement Information and which is subject to the Secondary Market Terms and Conditions;

Secondary Market Terms and Conditions means the terms and conditions published by Epic energy from time to time to apply to Secondary Market Service in accordance with the Secondary Market Rules and sub-clause 11.3(c);

Services means either a Reference Service or a Non-Reference Service;

Shipper means the Shipper specified in the Access Request;

Spare Capacity means:

(i) the difference between the Capacity and the Contracted Capacity; plus

(ii) the difference between the Contracted Capacity and the Contracted Capacity which is being used;

Tariff Schedule means the tariff schedule attached as Annexure A to the Access Arrangement;

Total Revenue means revenue calculated in the manner described in the Access Arrangement Information.

Trading Policy means the policy set out in clause 11;

Transitional Regime has the meaning given in clause 2.4;

Upstream Deliveries has the meaning given in clause 6.3;

Year has the meaning given in the Access Contract Terms and Conditions;

Zone has the meaning given in the Access Contract Terms and Conditions.

Terms used in capitals in this Access Arrangement have the same meaning as exists under the Code unless the context otherwise requires.