

Further Final Decision and Final Approval of Revisions to the Access Arrangement for the Dampier to Bunbury Natural Gas Pipeline

Economic Regulation Authority



WESTERN AUSTRALIA

15 December 2005

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Appendix 1 - Documents Submitted by DBP

Appendix 2 - Reference Tariff Financial Model

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DECISION

1. On 21 January 2005, DBNGP (WA) Transmission Pty Ltd ("**DBP**") submitted proposed revisions to the Access Arrangement ("**Proposed Access Arrangement**") for the Dampier to Bunbury Natural Gas Pipeline ("**DBNGP**") to the Economic Regulation Authority ("**Authority**") for approval under the *National Third Party Access Code for Natural Gas Pipeline Systems* ("**Code**").
2. On 11 May 2005, the Authority issued its Draft Decision on the Proposed Access Arrangement. The Draft Decision was to not approve the Proposed Access Arrangement and the Authority indicated 22 amendments to the Proposed Access Arrangement that would have to be made before it would be approved.
3. On 2 November 2005, the Authority issued its Final Decision on the Proposed Access Arrangement. The Final Decision was to not approve the Proposed Access Arrangement and the Authority indicated 21 Amendments to the Proposed Access Arrangement that would have to be made before it would be approved. The Authority required DBP to submit revised proposed revisions to the Access Arrangement ("**Proposed Revised Access Arrangement**") to it by 4.00pm on Wednesday 30 November 2005.
4. DBP submitted a Proposed Revised Access Arrangement on 30 November 2005 together with two submissions relating to the Final Decision. The Authority has considered these submissions only to the extent that they are relevant to the Authority's deliberations under section 2.41 of the Code.
5. The documents submitted by DBP and relevant to this Further Final Decision are listed in Appendix 1. Non-confidential documents submitted by DBP are available from the Authority or may be downloaded from the Authority's web site (www.era.wa.gov.au).
6. Section 2.41 of the Code sets out the requirements for the Authority's consideration of the Proposed Revised Access Arrangement:
 - 2.41 If the Service Provider submits amended revisions to the Access Arrangement by the date specified by the Relevant Regulator under section 2.38(a)(ii) or (b)(ii) then the Relevant Regulator must issue a further final decision that:
 - (a) if the Relevant Regulator is satisfied that the amended revisions to the Access Arrangement incorporate the amendments specified by the Relevant Regulator in its final decision under section 2.38(a)(ii) or (b)(ii), approves the amended revisions to the Access Arrangement; or
 - (b) if the Relevant Regulator is satisfied that the amended revisions to the Access Arrangement either substantially incorporate the amendments specified by the Relevant Regulator or otherwise address to the Relevant Regulator's satisfaction the matters the Relevant Regulator identified in its final decision as being the reasons for requiring the amendments specified in its final decision under section 2.38(a)(ii) or (b)(ii), either approves or does not approve the amended revisions to the Access Arrangement (in the Relevant Regulator's discretion); or
 - (c) in any other case, does not approve the amended revisions to the Access Arrangement.

7. The Authority's Further Final Decision pursuant to section 2.41 of the Code is to not approve the Proposed Revised Access Arrangement. The detailed reasons for this decision are set out in this document.
8. Section 2.42 of the Code requires that, if the Authority does not approve the Proposed Revised Access Arrangement under section 2.41, the Authority must draft and approve its own Access Arrangement:
9. Pursuant to section 2.42 of the Code, the Authority has drafted its own Access Arrangement for the DBNGP. The Authority hereby approves this Access Arrangement, which becomes effective on 30 December 2005. A copy of this Access Arrangement and an associated Access Arrangement Information is available from the Authority or may be downloaded from the Authority's web site (www.era.wa.gov.au).

REASONS

Services Policy

Proposed Access Arrangement and Final Decision

10. A Services Policy was provided in section 6 of the Proposed Access Arrangement.
11. The Services Policy of the Proposed Access Arrangement described a single Reference Service, the "**Tf Service**". The Services Policy of the Proposed Access Arrangement made provision for a range of Non-Reference Services, including a Part Haul Service and Back Haul Service, which would not be provided as part of the Tf Service.
12. In its Final Decision, the Authority required the following amendments to the Services Policy of the Proposed Access Arrangement.

Final Decision Amendment 1

The Services Policy of the Proposed Access Arrangement should be amended to remove the Tf Service and to include a Reference Service that is of the nature of the "T1 Service" on the terms and conditions as set out in Appendix 1 of this Final Decision. The minimum contract term for this Service should be two years when it is made available to a Prospective User through the utilisation of Spare Capacity and 15 years when it is made available to a Prospective User through the utilisation of Developable Capacity.

Final Decision Amendment 2

The Proposed Access Arrangement should be amended so that the definition of the term "Spot Transaction Terms and Conditions" explicitly provides for these terms and conditions, other than the key principles and rules for operation of the market, to be negotiated with Users and Prospective Users, with resort to arbitration in the event of a dispute over terms and conditions.

Final Decision Amendment 3

The Services Policy of the Proposed Access Arrangement should be amended to indicate that Non-Reference Services that are in the nature of gas transmission Services will be made available subject to availability of Capacity, and other Non-Reference Services will be made available subject to operational availability, an appropriate definition of which should be included in the Access Arrangement.

Final Decision Amendment 4

The Services Policy of the Proposed Access Arrangement should be amended to include descriptions of all Non-Reference Services.

Final Decision Amendment 5

The Services Policy and Reference Tariff Policy of the Proposed Access Arrangement should be amended as necessary to include a Part Haul Service as a Reference Service. The Part Haul Service should be in the nature of the T1 Service on the terms and conditions set out in Appendix 1 of this Final Decision and should have a minimum contract term of two years when it is made available to a Prospective User through the utilisation of Spare Capacity and 15 years when it is made available to a Prospective User through the utilisation of Developable Capacity.

Final Decision Amendment 6

The Services Policy and Reference Tariff Policy of the Proposed Access Arrangement should be amended as necessary to include a Back Haul Service as a Reference Service. The Back Haul Service should be in the nature of the T1 Service on the terms and conditions set out in Appendix 1 of this Final Decision and should have a minimum contract term of two years when it is made available to a Prospective User through the utilisation of Spare Capacity and 15 years when it is made available to a Prospective User through the utilisation of Developable Capacity.

Proposed Revised Access Arrangement and Further Final Decision

13. DBP has made the following revisions to the Services Policy of the Proposed Access Arrangement.

6. SERVICES POLICY

6.1 Services

Operator offers the following Services on the DBNGP:

(a) Reference Service

The Reference Service offered by Operator is Tf Service.

(b) Non-Reference Services

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

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

(A) Part Haul Service;

- (B) Back Haul Service;
- (C) Spot Capacity Service;
- (D) Park and Loan Service; and
- (E) Seasonal Service; ;

(iii) Operator will, subject to Operational Availability (as determined by Operator as a reasonable and prudent pipeline operator), make available to a Prospective Shipper the following Service or Services:

- (A)~~F~~ Peaking Service;
- (B)~~G~~ metering information service;
- (C)~~H~~ pressure and temperature control service;
- (D)~~I~~ odourisation service; and
- (E)~~J~~ co-mingling service.

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

(v)~~iv~~ Operator is prepared to negotiate to provide a Prospective Shipper with any other service that is not a Reference Service.

6.2 Tf Service

- (a) Tf Service is a Full Haul Service in which Operator (subject to availability of Capacity):
 - (i) takes receipt, at one or more Receipt Points on a Day, of a quantity of the Shipper's gas not exceeding:
 - (A) the sum of the Shipper's MDQ;
 - (B) plus or minus the quantity of gas required to correct any Imbalance on the preceding Day; and
 - (ii) 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.
- (b) Prospective Shippers 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 5 years when lodging an Access Request for Tf Service, unless Operator in its absolute discretion agrees otherwise.
- (c) Prospective Shippers seeking access for Developable Capacity must nominate a minimum term of 20 years when lodging an Access Request for Tf Service, unless Operator in its absolute discretion agrees otherwise.

6.3 Non-Reference Services

(a) Part Haul

Part Haul is a Gas transportation Service in the DBNGP where the Delivery and Receipt Points are upstream of Compressor Station 9 on the DBNGP, but does not include Back Haul.

(b) Back Haul

Back Haul is a Gas transportation Service in the DBNGP, where the Receipt Point is downstream of the Delivery Point.

(c) Spot Capacity Service

Spot Capacity Service means a Service for Spot Capacity by way of one or more Spot Transactions. Until otherwise agreed, the following principles shall apply to Spot Capacity and Spot Transactions (as the case may be) (which principles form the basis of the Spot Market Rules):

- (i) If the Shipper seeks to bid for Spot Capacity for a Day it must, by notice to Operator at any time no later than 15:00 hours on the Day before that Day, notify Operator of the amount of Spot Capacity it requires for that Day ("Daily Bid") and the price it offers to pay for that Spot Capacity for that Day (the "Daily Spot Bid Price").
- (ii) Operator must by no later than 16:00 hours on each Day before the relevant Day allocate Spot Capacity for a Day between Daily Bids on the basis (subject to section 6.3(c)(iv)) of the Shipper bidding the highest Daily Spot Bid Price for that Day being allocated the Spot Capacity it bid for, the shipper bidding the second highest Daily Spot Bid Price for that Day being allocated the Spot Capacity it bid for, and so on until all Daily Bids are satisfied or until all available Spot Capacity is allocated to Daily Bids. If two or more shippers bid the same Daily Spot Bid Price and there is not sufficient available Capacity to allocate to each of them the amount of Spot Capacity bid for by each of them, the Spot Capacity available to be allocated between them shall be allocated in proportion to the amount of Spot Capacity bid for by each of them respectively at the said Daily Spot Bid Price for that Day.
- (iii) Subject to section 6.3(c)(v), if the Shipper is allocated Spot Capacity for a Day in response to a Daily Bid the Shipper must pay the Daily Spot Bid Price bid by it for that Spot Capacity for that Day whether or not it uses the Spot Capacity.
- (iv) Operator may set a minimum bid price ("Minimum Bid Price") for Daily Bids and is not obliged to allocate Spot Capacity to any shipper bidding a Daily Spot Bid Price which is less than the Minimum Bid Price. The Minimum Bid Price for Daily Bids may not be set by Operator at a price greater than 115% of the Base T1 Tariff as defined in the Standard Shipper Contract published by Operator on its nominated website from time to time applying on the relevant Day.
- (v) The Shipper is relieved from paying the Daily Spot Bid Price in relation to Spot Capacity allocated to it for a Day only where:
 - (A) Operator interrupts or curtails the Spot Capacity which has been allocated to the Shipper, and then only to the extent of that interruption or curtailment; or
 - (B) The Shipper does not use the Spot Capacity which has been allocated to it in circumstances where there were no other shippers bidding for Spot Capacity for that Day to which the Spot Capacity allocated to the Shipper could otherwise have been allocated.
- (vi) Operator must provide the following information to the Shipper in respect of each Day as soon as practicable after that Day:
 - (A) the quantities the subject of Daily Bids which relate to that Day;
 - (B) the quantities of Spot Capacity allocated for that Day; and
 - (C) the Daily Spot Bid Prices for all bids allocated Spot Capacity for that Day.

- (vii) Operator will not bid for Spot Capacity and if an Operator Entity, Alcoa, Alinta Limited (ABN 40 087 857 001) or a Related Body Corporate of either Alcoa or Alinta Limited bids and is allocated Spot Capacity, Operator must indicate on its electronic customer reporting system that the relevant Spot Capacity has been allocated to an Operator Entity without disclosing the identity of the Operator Entity.
- (viii) Operator may unilaterally determine (and, if applicable, vary) over time rules governing the market for Spot Capacity in addition to the principles in this section 6.3(c), provided that those rules are designed with a view to achieving a market with the following objectives:

 - (A) non-discriminatory in respect of the terms and conditions upon which, and the circumstances in which, Spot Capacity is granted to shippers;
 - (B) hindering market manipulation and gaming by Operator or other shippers; and
 - (C) consistent with this section 6.3.
- (d) Park and Loan Service

Shippers or prospective shippers serving end users with gas demands that are difficult to predict from day to day, or when faced with an outage from their gas supplier, may find the maintenance of their imbalances within the tolerance specified in the Access Arrangement difficult. To assist these shippers and prospective shippers, Operator will offer a Park and Loan Service, permitting limited gas storage in the DBNGP, and/or taking of additional gas from the DBNGP when required. Operator's ability to offer a Park and Loan Service is restricted by the operating characteristics of the DBNGP.
- (e) Seasonal Service

Capacity in the DBNGP varies inversely with ambient temperature. A higher pipeline capacity is available during winter months when ambient temperatures are low. A lower capacity is available during summer months, with the lowest capacity usually available in January. Seasonal Service will only be made available subject to Operational Availability (as determined by Operator as a reasonable and prudent pipeline operator) and Operator meeting its obligations under gas transportation contracts entered into prior to the commencement of the Access Arrangement Period.
- (f) Peaking Service

This Service will enable an increase in the MHQ at a Delivery Point for a specified period.
- (g) Metering information service

This Service will entail the provision of metering and operational data directly to a shipper in addition to the data the Operator agrees to provide under an Access Contract for the Reference Service.
- (h) Pressure and temperature control service

This Service will entail the provision of a Service by the Operator to vary the temperature and/or pressure at which the Operator shall deliver gas at a Delivery Point.
- (i) Odourisation service

This Service will entail the provision of a Service by the Operator to odourise the gas being delivered at a Delivery Point.

(j) Co-mingling service

This Service entails the agreement by the Operator with a Shipper to blend Out-of-Specification gas with the main gas stream such that the aggregate of the main gas stream is within specification.

14. Associated with the revisions to clause 6.1(b)(ii), DBP has revised the Proposed Access Arrangement to include a definition of operational availability:

Operational Availability means operationally available in Operator's opinion (acting as a reasonable and prudent pipeline operator) in the circumstances prevailing or anticipated at the relevant time, including, as appropriate and without limitation, those circumstances relating to:

- (a) the configuration and status of the DBNGP, including without limitation any physical constraints, scheduled or unscheduled maintenance, equipment unavailability or emergencies;
- (b) the individual and collective Contracted Capacities and load characteristics of all shippers;
- (c) the Capacity generally;
- (d) Operator's relevant entitlements and obligations under any contract or Law; and
- (e) the availability of equipment generally to enable Operator to provide the service;

15. Associated with the description of the Spot Capacity Service, DBP has made the following changes to definitions of terms in section 14 of the Proposed Access Arrangement.

Spot Market Rules means the rules published by Operator from time to time to apply to Spot Capacity Service and the market for Spot Capacity, which Operator will make available on its website;

...

Spot Transaction means a transaction for a Spot Capacity Service between Operator and Shipper in accordance with the Spot Transaction Terms and Conditions;

Spot Transaction Terms and Conditions means the terms and conditions for the Spot Capacity Service ~~as varied by Operator from time to time and~~ made available on Operator's website, which terms and conditions are consistent with the principles and objectives in section 6.3(c);

Operator Entity means Operator, all of Operator's Related Bodies Corporate and all entities controlled (as that word is defined in the Corporations Act as at the Commencement Date) by any of the foregoing;

16. DBP has not made revisions to the Proposed Access Arrangement to remove the Tf Service and to include a Reference Service that is of the nature of the T1 Service. Nor has DBP made revisions to the proposed Access Arrangement to include a Part Haul Service and a Back Haul Service as Reference Services. As such, the Authority is not satisfied that DBP has incorporated or substantially incorporated Amendments 1, 5 and 6 of the Final Decision in the Proposed Access Arrangement or otherwise addressed the reasons for these required amendments.

17. DBP has revised the definitions of Spot Market Rules and Spot Transaction Terms and Conditions, and introduced a definition of Spot Transaction. The Authority notes that the definition of Spot Transaction Terms and Conditions indicates that the terms and conditions for the Spot Capacity Service shall be consistent with the principles and objectives set out in the new section 6.3 of the Proposed Access Arrangement. However, the definition of Spot Transaction Terms and Conditions still indicates that these terms and conditions are as “made available on Operator’s website”. This is contrary to the requirement of Amendment 2 of the Final Decision, which requires that explicit provision be made for these terms and conditions, other than the key principles and rules for operation of the market, to be negotiated with Users and Prospective Users. As such, the Authority is not satisfied that DBP has incorporated or substantially incorporated Amendment 2 of the Final Decision in the Proposed Access Arrangement or otherwise addressed the reasons for Amendment 2.
18. DBP has made revisions to the Proposed Access Arrangement to indicate that Non-Reference Services that are in the nature of gas transmission Services will be made available subject to availability of Capacity, and other Non-Reference Services will be made available subject to operational availability. DBP has included a definition of operational availability in the Proposed Revised Access Arrangement, consistent with that contemplated by the Authority in the Final Decision. The Authority is therefore satisfied that DBP has incorporated Amendment 3 of the Final Decision in the Proposed Revised Access Arrangement.
19. DBP has revised the Services Policy of the Proposed Access Arrangement to incorporate a new section 6.3 that provides descriptions of Non-Reference Services and, for the Spot Capacity Service, sets out a number of principles that shall apply to Spot Capacity and Spot Transactions unless otherwise agreed. The Authority has reviewed these descriptions and is satisfied that these descriptions are appropriate for the listed Non-Reference Services and meet the requirements of section 3.2 of the Code. The Authority is therefore satisfied that the Proposed Revised Access Arrangement incorporates Amendment 4 of the Final Decision.

Reference Tariff and Reference Tariff Policy

Proposed Access Arrangement and Final Decision

20. DBP provided a Reference Tariff Policy as section 7 of the Proposed Access Arrangement. The Reference Tariff Policy addressed the following matters:
 - general principles for determination of the Reference Tariff (clause 7.1);
 - the methodology for determination of Total Revenue (clause 7.2);
 - calculation of the Capital Base (clause 7.3);
 - forecast New Facilities Investment (clause 7.4);
 - the Rate of Return and calculation of the return on the Capital Base (clauses 7.5 and 7.6);
 - the Depreciation Schedule (clause 7.7);
 - forecast Non Capital Costs (clause 7.8);

- allocation of costs between Services and between Users (clauses 7.9 and 7.10);
- variation of the Reference Tariff during the Access Arrangement Period (clause 7.11);
- Incentive Mechanisms (clause 7.12);
- Fixed Principles (clause 7.13); and
- rebate of charges (clause 7.14).

21. In its Final Decision, the Authority required the following amendments to the Reference Tariff Policy and Reference Tariffs of the Proposed Access Arrangement.

Final Decision Amendment 7

The Proposed Access Arrangement should be amended to include a Reference Tariff for the Reference Service that is of the nature of the "T1 Service" on the terms and conditions set out in Appendix 1 of this Final Decision. This Reference Tariff should comprise a Capacity Reservation Charge and a Commodity Charge as follows for the calendar year 2005:

Capacity Reservation Charge: \$0.899748/GJ MDQ

Commodity Charge: \$0.103106/GJ

For the years 2006 to 2011, values of the Capacity Reservation Tariff and Commodity Tariff should be determined in accordance with clause 7.11 of the Proposed Access Arrangement.

The Reference Tariff should reflect the following cost parameters (in dollar values of 1 January 2005).

Capital Base \$1,618.37 million
(at 31 December 2004)

New Facilities Investment	2005	2006	2007	2008	2009	2010
	13.33	78.94	373.28	319.84	90.50	151.25

Rate of Return 7.24% real pre-tax

Depreciation	2005	2006	2007	2008	2009	2010
	44.19	44.48	46.99	54.58	60.03	61.45

Non Capital Costs	2005	2006	2007	2008	2009	2010
	59.45	57.22	77.46	76.31	73.87	74.57

Final Decision Amendment 8

The Proposed Access Arrangement should be amended to include a Reference Tariff for Part Haul and Back Haul Services. The charges of this Reference Tariff should be determined as a proportion of the charges of Reference Tariff for the Full Haul Reference Service as follows:

$$F \times \frac{D}{1399}$$

where

F is the value of the charge that would apply if the Service were the Full Haul Reference Service

D is the distance in kilometres of pipeline between the relevant Receipt Point and the relevant Delivery Point.

Final Decision Amendment 9

Clause 7.12(c) of the Proposed Access Arrangement should be amended so that the share of returns to DBP is calculated as follows.

Year	Share of returns
2011	$S_{2011} = E_{2006} + E_{2007} + E_{2008} + E_{2009}$
2012	$S_{2012} = E_{2007} + E_{2008} + E_{2009}$
2013	$S_{2013} = E_{2008} + E_{2009}$
2014	$S_{2014} = E_{2009}$
2015	$S_{2015} = 0$

Final Decision Amendment 10

Clause 7.3 of the Proposed Access Arrangement should be amended so as to distinguish between the *ex ante* determination of the Capital Base for the purposes of determining the Reference Tariff (involving consideration of forecast New Facilities Investment considered likely to meet the requirements of section 8.16 of the Code) and the *ex post* determination of the Capital Base at the commencement of the next Access Arrangement Period (involving consideration of actual New Facilities Investment that meets the requirements of section 8.16 of the Code). Clause 7.3 should also be amended to indicate that the values of Depreciation applied in determination of the Capital Base for each year after 2000, and until 1 January 2005, are the values of Depreciation applied in the determination of Reference Tariffs for the period 2000 to 2005.

Final Decision Amendment 11

The Proposed Access Arrangement should be amended so as to delete sub-clauses 7.6(d) and paragraph 7.13(a)(ii), both relating to the establishment of the methodology for determination of the Rate of Return, and some parameter values in the determination, as Fixed Principles.

Proposed Revised Access Arrangement and Further Final Decision

22. DBP has not revised the Proposed Access Arrangement to include Reference Tariffs for Full Haul, Part Haul and Back Haul Services as required by Amendments 7 and 8 of the Final Decision.
23. In a submission to the Authority, DBP has also indicated to the Authority that it has revised the Reference Tariff for the Tf Service to reflect the cost parameters of the cost of service calculation as required by the Authority under Amendment 7 of the Final Decision.¹ DBP has, however, submitted that:
 - the Authority should have included the full amount of New Facilities Investment related to the Stage 3A expansion of the DBNGP in the roll forward of the Capital Base;² and
 - the Authority should have allowed the value of Depreciation applied in the roll forward of the Capital Base from 1 January 2000 to 1 January 2004 to be re-calculated on the basis of actual New Facilities Investment for that period;³
24. DBP has also submitted that the determination of the Authority to not accept a cost allocation proposed by DBP for the purposes of determining Reference Tariffs for Part Haul and Back Haul Services was flawed and without foundation.⁴
25. The Authority has considered DBP's submissions on these matters but, for the reasons expressed in the Final Decision, remains of the view that its determinations in the Final Decision are correct.
26. As DBP has not revised the Proposed Access Arrangement to include Reference Tariffs for the Full Haul, Part Haul and Back Haul Reference Services required by the Authority under the Final Decision, the Authority is not satisfied that DBP has incorporated or substantially incorporated Amendments 7 and 8 of the Final Decision in the Proposed Access Arrangement or otherwise addressed the reasons for these required amendments.

¹ DBP Submission #78.

² Refer to Final Decision paragraphs 162 to 177.

³ Refer to Final Decision paragraphs 183 to 189.

⁴ DBP Submission #78.

27. DBP has revised clause 7.12(c) of the Proposed Access Arrangement as follows.

(c) The share of returns to Operator referred to in section 7.12(b) of this Access Arrangement is to be calculated, for each year, as shown below:

Year	Share of returns
2011	$S_{2011} = \cancel{E_{2005}} + E_{2006} + E_{2007} + E_{2008} + E_{2009}$
2012	$S_{2012} = \cancel{E_{2005}} + \cancel{E_{2006}} + E_{2007} + E_{2008} + E_{2009}$
2013	$S_{2013} = \cancel{E_{2005}} + \cancel{E_{2006}} + \cancel{E_{2007}} + E_{2008} + E_{2009}$
2014	$S_{2014} = \cancel{E_{2005}} + \cancel{E_{2006}} + \cancel{E_{2007}} + \cancel{E_{2008}} + E_{2009}$
2015	$S_{2015} = \cancel{E_{2006}} + \cancel{E_{2007}} + \cancel{E_{2008}} + \cancel{E_{2009}} + 0$

where:

$$\cancel{E_{2005}} = \cancel{(F_{2005} - A_{2005}) \times I_s};$$

$$E_t = \begin{cases} 0, & \text{if } [(D_t - D_{t-1}) \times (CPI_t / CPI_{t-1}) \times R_t] \times I_s \leq 0, \text{ and} \\ [(D_t - D_{t-1}) \times (CPI_t / CPI_{t-1}) \times R_t] \times I_s, & \text{if} \\ [(D_t - D_{t-1}) \times (CPI_t / CPI_{t-1}) \times R_t] \times I_s > 0 \end{cases}$$

for year t, where t = 2006, 2007, 2008, and 2009;

$$D_t = \begin{cases} 0, & \text{if } (F_t - A_t) \leq 0, \text{ and } (F_t - A_t) \text{ if } (F_t - A_t) > 0 \end{cases}$$

$$R_t = \begin{cases} 0, & \text{if } [(F_t - A_t) - (F_{t-1} - A_{t-1}) \times (CPI_t / CPI_{t-1}) \times R_t] \times I_s < 0, \text{ and} \\ [(F_t - A_t) - (F_{t-1} - A_{t-1}) \times (CPI_t / CPI_{t-1}) \times R_t] \times I_s, & \text{if } [(F_t - A_t) - (F_{t-1} - A_{t-1}) \times (CPI_t / CPI_{t-1}) \times R_t] \times I_s > 0, \end{cases}$$

R_t = adjustment required for real escalation applied to labour costs in year t, as shown in the following table:

t	2006	2007	2008	2009
R_t	1.0044	1.0039	1.0041	1.0042

I_s = inflation factor for year s, where s = 2011, 2012, 2013, 2014, 2015, which adjusts $[(F_t - A_t) - (F_{t-1} - A_{t-1}) \times (CPI_t / CPI_{t-1}) \times R_t]$ for inflation from year t to year s;

F_t = the forecast of non-capital costs for year t made for the purpose of determining the Reference Tariff for the current Access Arrangement Period;

A_t = actual non-capital costs for year t;

F_{t-1} = the forecast of non-capital costs for year t - 1 made for the purpose of determining the Reference Tariff for the current Access Arrangement Period;

A_{t-1} = actual non-capital costs for year t - 1;

CPI_t = CPI for the quarter ending on 30 September of year t; and

CPI_{t-1} = CPI for the quarter ending on 30 September of year t - 1.

28. DBP has also inserted a new clause 7.12(e) as follows.

- (e) For the purposes of this section 7.12, non-capital costs for any year of the Access Arrangement Period do not include the costs associated with:
- (i) Gas used as compressor fuel during the year;
 - (ii) Gas used as fuel in gas engine alternators and heaters;
 - (iii) Gas which is vented during maintenance activities;
 - (iv) Gas which is lost from the DBNGP;
 - (v) Charges levied on Operator pursuant to the Economic Regulation Authority (Gas Pipelines Access Funding) Regulations 2003.

29. The revisions made by DBP to clause 7.12(c) of the Proposed Access Arrangement have two effects:

- the calculation of the share of returns carried over to the next Access Arrangement Period has been changed in accordance with Amendment 9 of the Final Decision; and
- the calculation of carry-over amounts has been changed so that any amounts by which actual non capital costs exceed forecast non capital costs are not carried over to the next Access Arrangement Period, to the detriment of DBP.

30. While the latter of these two changes is not a requirement of Amendment 9, DBP had indicated to the Authority a desire to modify the Access Arrangement in this manner prior to the Authority's Final Decision. The Authority indicated in its Final Decision that it considered that such a change would be consistent with the Authority's reasons for requiring Amendment 9. Taking this into account, the Authority is satisfied that DBP has incorporated Amendment 9 into the Proposed Revised Access Arrangement.

31. The new clause 7.12(e) indicates that certain non capital costs items are not taken into account in calculation of carryover amounts: costs of system use gas and charges levied by the Authority. The Authority considers that, as the ability of DBP to achieve efficiency gains in respect of these costs items is limited, the exclusion of these costs from consideration in the efficiency carryover mechanism is appropriate.

32. Amendment 10 of the Final Decision required changes to clause 7.3 of the Proposed Access Arrangement, which provides a description of the manner in which the value of the Capital Base is determined in each year. DBP has made the following revisions to clause 7.3:

7.3 Calculation of Capital Base

- (a) The Initial Capital Base at 1 January 2000 was \$1,550.00 million.
- (b) For each year after 2000, and until 1 January 2005, the Capital Base for the DBNGP at the beginning of the year ~~is~~was:
 - (i) the Capital Base at the beginning of the immediately preceding year; plus
 - ~~(ii) an adjustment to the Capital Base at the beginning of that immediately preceding year for the effect of inflation; plus~~
 - ~~(iii) New Facilities Investment during the preceding year; less~~

- ~~(iv) — depreciation for the preceding year.~~
 - ~~(d) — New Facilities Investment after 1 January 2005 is New Facilities Investment that is forecast to occur during the Access Arrangement Period.~~
 - (ii) actual New Facilities Investment during the preceding year that meets the requirements of section 8.16 of the Code; less
 - (iii) the estimate of depreciation for the preceding year made for the purpose of determining the Reference Tariff for that year.
 - (c) The calculation of the Capital Base was undertaken in real terms with all values expressed at 31 December 2004 prices.
 - (d) Consistent with the Cost of Service methodology of section 8.4 of the Code, the Reference Tariff for the Access Arrangement Period is determined on the basis of New Facilities Investment that is forecast to occur within the Access Arrangement Period, and which is expected to pass the requirements of section 8.16(a) when the investment is forecast to occur.
 - (e) The Capital Base at the commencement of the next Access Arrangement Period is to be determined as:
 - (i) the capital base at the start of the Access Arrangement Period; plus
 - (ii) the amount of New Facilities Investment which was forecast to occur within the Access Arrangement Period determined in accordance with sections 8.20 and 8.21, and subject to adjustment in accordance with section 8.22; less
 - (iii) the sum of the estimates of depreciation made for the purpose of determining the Reference Tariff for the Access Arrangement Period,
 - subject to adjustment for inflation so that the Cost of Service methodology can be applied on a real basis (under which the Capital Base, Depreciation and all costs and revenues are expressed in constant prices and a real Rate of Return is allowed).
33. In clauses 7.3(b)(iii) and 7.3(e)(iii) of the Proposed Revised Access Arrangement, DBP refers to “estimates” of Depreciation. The Authority notes that values of Depreciation determined under sections 8.32 to 8.35 of the Code are not estimates, but rather are values of Depreciation determined according to a Depreciation Schedule and determined as an amount to be recovered through the Reference Tariff. The Authority therefore considers that DBP’s proposed use of the terms “estimate” and “estimates” in clauses 7.3(b)(iii) and 7.3(e)(iii) are inconsistent with the relevant provisions of the Code. For this reason, the Authority is not satisfied that DBP has incorporated or substantially incorporated Amendment 10 of the Final Decision in the Proposed Access Arrangement or otherwise addressed the reasons for Amendment 10.
34. Amendment 11 of the Final Decision required amendments to clauses 7.6(d) and 7.13 of the Access Arrangement, which indicate a number of matters to be Fixed Principles. DBP has revised the Proposed Access Arrangement so as to delete clauses 7.6(d) and 7.13(a)(ii). Accordingly, the Authority is satisfied that the Proposed Revised Access Arrangement incorporates Amendment 11.
35. In drafting its own Access Arrangement, the Authority has made a correction to the determination of Reference Tariffs to reflect a correction made by DBP to information previously supplied to the Authority on the location of Delivery Points for Part Haul Services. A revised version of the Authority’s financial model used to calculate Total

Revenue and Reference Tariffs is provided in Appendix 2 of this Final Decision. The corrected Reference Tariffs are as follows.

Tariffs Determined by the Authority for 2005 with Reference Tariffs for Part Haul and Back Haul Services determined by a pro rata distance-based calculation from Full Haul Tariff

Service and Charge	Tariff Charges Determined by the Authority
Full Haul	
Capacity reservation charge (\$/GJ MDQ)	0.899899
Commodity charge (\$/GJ)	0.103122
Indicative total at 100% load factor (\$/GJ)	1.003021
Part Haul and Back Haul	
Capacity reservation charge (\$/GJ MDQ/km)	0.000643
Commodity charge (\$/GJ/km)	0.000074
Indicative total at 100% load factor (\$/GJ/km)	0.000717

Terms and Conditions

Proposed Access Arrangement and Final Decision

36. DBP provided terms and conditions for the single proposed Reference Service (the Tf Service) as Annexure A of the Proposed Access Arrangement: the Access Contract Terms and Conditions.
37. The Authority required in its Final Decision that the Proposed Access Arrangement should be amended to remove the Tf Service and to include three other Services as Reference Services:
 - a Full Haul T1 Service in the nature of the T1 Service to which the Standard Shipper Contract relates;
 - a Part Haul Service that is in the nature of the T1 Service to which the Standard Shipper Contract relates; and
 - a Back Haul Service that is in the nature of the T1 Service to which the Standard Shipper Contract relates.
38. In its Final Decision, the Authority determined that the Access Arrangement should include terms and conditions for these Reference Services that are substantially the same as the terms and conditions set out in the Standard Shipper Contract, with certain exceptions including in relation to the terms and conditions that relate to a gas quality specification. The Authority derived terms and conditions for the three Reference Services and published these as Appendix 1 of the Final Decision.
39. In regard to the gas quality specification set out in the terms and conditions for Reference Services, the Authority determined that the operating specification set out in the Access Contract Terms and Conditions should be a broader specification than that proposed by DBP for the Tf Service.

40. The Authority accordingly required the following amendments to the Proposed Access Arrangement in respect of the terms and conditions for Reference Services.

Final Decision Amendment 12

The Proposed Access Arrangement should be amended to include terms and conditions for the T1 Service (as a Reference Service) as set out in Appendix 1 of this Final Decision.

Final Decision Amendment 13

The Proposed Access Arrangement should be amended to include terms and conditions for the Part Haul Service and Back Haul Service (as Reference Services) as set out in Appendix 1 of this Final Decision.

Final Decision Amendment 14

The Proposed Access Arrangement should be amended so that the terms and conditions for Reference Services include an Operating Specification for gas quality as follows and to apply from the time that the Proposed Access Arrangement comes into effect.

Component		Receipt Points and Delivery Points
Maximum carbon dioxide (mol %)		4.0
Maximum inert gases (mol %)		7.0
Minimum higher heating value (MJ/m ³)		37.0
Maximum higher heating value (MJ/m ³)		42.3
Minimum Wobbe Index		46.5
Maximum Wobbe Index		51.0
Maximum total sulphur (mg/m ³)	Unodorised	10
	Odorised	20
Maximum Hydrogen Sulphide (mg/m ³)		2
Maximum Oxygen (mol %)		0.2
Maximum Water (mg/m ³)		48
Hydrocarbon dewpoint over the pressure range 2.5 to 8.72 MPa absolute		Below 0 °C
Maximum radioactive components (Bq/m ³)		600
Minimum extractable LPGs (t/TJ)		0

Proposed Revised Access Arrangement and Further Final Decision

41. DBP has not revised the Proposed Access Arrangement to incorporate the three Reference Services required by the Authority under Amendments 1, 5 and 6 of the Final Decision. Accordingly, DBP has not revised the Proposed Access Arrangement to incorporate terms and conditions for these Reference Services as required by Amendments 12 and 13 of the Final Decision. DBP has indicated in submissions that it is unable to comply with these required Amendments.⁵

⁵ DBP Submission #79.

42. DBP has also indicated that it is unable to comply with the requirement of Amendment 14 to include a broader gas quality specification to be included as the operating specification under the terms and conditions for Reference Services.⁶
43. Accordingly, the Authority is not satisfied that DBP has incorporated or substantially incorporated Amendments 12, 13 and 14 of the Final Decision in the Proposed Access Arrangement or otherwise addressed the reasons for these required amendments.
44. During the course of drafting its own Access Arrangement, the Authority became aware of a number of drafting errors and inconsistencies in the terms and conditions for Reference Services that were published as part of the Authority's Final Decision. The Authority has corrected the relevant clauses of the terms and conditions and these corrections are indicated in Appendix 3 of this Further Final Decision. The Authority does not consider that these corrections result in any material change to the intent of the relevant provisions of the terms and conditions that were appended to the Authority's Final Decision.

Capacity Management Policy

Proposed Access Arrangement and Final Decision

45. In the Final Decision, the Authority noted that the Current Access Arrangement does not contain a Capacity Management Policy. This was an error of omission in the drafting and approval of the Current Access Arrangement.
46. DBP did not provide a Capacity Management Policy as part of the proposed Access Arrangement, possibly reflecting its omission in the Current Access Arrangement.
47. In its Final Decision, the Authority stated a requirement that the Proposed Access Arrangement be amended to this effect before it will be approved.

Final Decision Amendment 15

The Proposed Access Arrangement should be amended to include a Capacity Management Policy that indicates that the DBNGP is to be managed as a Contract Carriage Pipeline.

Proposed Revised Access Arrangement and Further Final Decision

48. DBP has revised the Proposed Access Arrangement to include a Capacity Management Policy as a new clause 12, as follows.

12. CAPACITY MANAGEMENT POLICY

The DBNGP is to be managed as a Contract Carriage Pipeline as defined in section 10.8 of the Code.

49. The Authority is satisfied that, by inclusion of this clause, the Proposed Revised Access Arrangement incorporates Amendment 15 of the Final Decision.

⁶ DBP Submission #79.

Trading Policy

Proposed Access Arrangement and Final Decision

50. The Trading Policy of the Proposed Access Arrangement provides for the following.

- Bare Transfers of contracted Capacity for the Tf Service or Non-Reference Services in accordance with section 3.10 of the Code.
- Conditional Transfers of contracted Capacity for the Tf Service or Non-Reference Services in accordance with the Access Contract Terms and Conditions. The relevant provision of the Access Contract Terms and Conditions appears to be paragraph 19.2(b):

19.2 Assignment by Shipper

...

- (b) Subject to Shipper's rights to trade capacity in accordance with the Access Contract, Shipper must not otherwise assign or encumber its right and interest under the Access Contract without obtaining the prior written consent of Operator, which consent shall not be unreasonably withheld.
- Trading of imbalances in accordance with clause 6 of the Access Contract Terms and Conditions. The relevant provision of the Access Contract Terms and Conditions appears to be sub-clause 6.6:

6.6 Trading Imbalances

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 Operator prior to the exchange occurring. On receipt of such written notice Operator shall calculate adjustments in Shipper's accumulated Imbalances to reflect the exchange and notify both shippers of the adjustments by the beginning of the next Day.

- Relocation of Delivery Point MDQ in accordance with clause 3 of the Access Contract Terms and Conditions. The relevant provision of the Access Contract Terms and Conditions appears to be sub-clause 3.10:

3.10 Relocation of Delivery Point MDQ

- (a) Shipper may by notice in writing to Operator request a relocation of all or any part of its MDQ from an existing Delivery Point to a new delivery point ("Requested Relocation").
- (b) After receiving the request under clause 3.10(a), Operator must assess whether the Requested Relocation is commercially and technically feasible (as reasonably determined by Operator).
- (c) As soon as practicable after completing its assessment under clause 3.10(b), Operator must give notice in writing to Shipper advising whether the Requested Relocation is approved or not. Operator may make its approval subject to conditions if they are reasonable on commercial and technical grounds (including but not limited to Operational Grounds).
- (d) Without limiting clause 3.10(b), 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) Without limiting clause 3.10(b), in the event Shipper wishes to relocate any part of its Delivery Point MDQ to a delivery point downstream of Shipper's contracted Delivery Point, Shipper acknowledges that the equivalent downstream quantity may be less than the Delivery Point MDQ Shipper seeks to relocate.

51. The Authority noted in its Final Decision that the Proposed Access Arrangement specifies the Trading Policy for the DBNGP by reference to the Access Contract Terms and Conditions for the proposed Reference Service, the Tf Service. The Authority determined that there are two difficulties with this approach to the specification of the Trading Policy.

- The Code does not limit the application of the Trading Policy to Users with contracts for a Reference Service, but rather the Trading Policy should apply to the pipeline and to Services generally. While this may be achieved by cross-references in the Trading Policy to relevant terms and conditions of a Reference Service (thus indicating that the relevant terms and conditions apply as part of the policy to the pipeline and Services generally), this is not clear.
- The Authority required amendment of the Proposed Access Arrangement to remove the Tf Service as a Reference Service, and include as Reference Services a T1 Service that is of the nature of the full haul Service provided to Users under the Standard Shipper Contract, a Part Haul Service and a Back Haul Service. The Authority also required amendment of the Proposed Access Arrangement to include terms and conditions for these Reference Services that, to the extent relevant and, except for the provisions relating to gas quality specification, are substantially the same as terms and conditions set out in the Standard Shipper Contract.

52. The Authority gave consideration to the provisions for the trading of Capacity under the Standard Shipper Contract and noted the existence of the following provisions:

- provision under sub-clause 25.3(a) of the Standard Shipper Contract for Users to trade rights and interests in a manner analogous to a Bare Transfer as required to be permitted under section 3.10(a) of the Code;
- provision under sub-clauses 25.3(b) – (d) and clause 25.4 of the Standard Shipper Contract for Users to trade rights and interests in a manner as required to be permitted under section 3.10(b) of the Code;
- provision under clauses 14.1 to 14.9 of the Standard Shipper Contract for Users to change a Receipt Point and/or Delivery Point in a manner as required to be permitted under section 3.10(c) of the Code.

53. In the Final Decision, the Authority indicated that, for the Trading Policy of the Access Arrangement to meet the requirements of the Code, the Proposed Access Arrangement needs to be amended to include provisions that are substantially the same as provisions set out in clauses 14.1 – 14.9, 25.3 and 25.4 of the Standard Shipper Contract and that these provisions should apply as a policy for the pipeline and for Services generally and not be limited in application to Reference Services. The following amendment of the Proposed Access Arrangement was indicated to be required.

Final Decision Amendment 16

The Proposed Access Arrangement should be amended to include, as part of the Trading Policy, provisions that are substantially the same as provisions of clauses 14.1 – 14.9, 25.3 and 25.4 of the Standard Shipper Contract and these provisions should apply as a policy for the pipeline and for Services generally and not be limited in application to Reference Services.

Proposed Revised Access Arrangement and Further Final Decision

54. DBP has made revisions to the Trading Policy of the Proposed Access Arrangement as follows.

10. TRADING POLICY

10.1 Application of Trading Policy

The application of this section 10 is not limited to the Reference Service and extends to all Services provided by Operator on the DBNGP.

10.12 Bare Transfer

Operator will permit a Bare Transfer of all or any part of a Shipper's Contracted Capacity the subject of an Access Contract in accordance with section 3.10 of the Code and clause 19 of the Access Contract Terms and Conditions.

10.23 Conditional Transfer

Operator will permit a conditional transfer of an Access Contract in accordance with clause 19 of the Access Contract Terms and Conditions.

10.34 Trading Imbalances

A Shipper may exchange all or part of its accumulated Imbalances in accordance with clause 6 of the Access Contract Terms and Conditions.

10.45 Relocation of Delivery Point ~~MDQ~~Contracted Capacity

A Shipper may relocate all or any part of its ~~MDQ~~Contracted Capacity from an existing Delivery Point to a new ~~Delivery Point~~delivery point or from an existing Receipt Point to a new ~~Receipt Point~~receipt point in accordance with clause 3A of the Access Contract Terms and Conditions.

55. DBP has responded to the requirements of Amendment 16 of the Final Decision by:

- including a new clause 10.1 in the Proposed Revised Access Arrangement, indicating that the Trading Policy is to apply generally to all Services provided by the DBNGP;
- revisions to clause 19 of the Access Contract Terms and Conditions (for the Tf Service) to include similar provisions for assignment of rights as clauses 25.3 and 25.4 of the Standard Shipper Contract; and
- revisions to clauses 10.2 and 10.3 to cross-reference clauses 19 and 3A of the Access Contract Terms and Conditions for the Tf Service that relate to rights of Users to assign interests in a service agreement (clause 19) and to relocate Receipt Points and Delivery Points trade capacity (clause 3A).

56. The Authority is satisfied that the first of these revisions incorporates part of the requirements of Amendment 16 in the Proposed Revised Access Arrangement.

57. The Authority is satisfied that, by inclusion of additional provisions in the Access Contract Terms and Conditions that are effectively the same as clauses 14.1 – 14.9, 25.3 and 25.4 of the Standard Shipper Contract and by cross-referencing these provisions in the Standard Shipper Contract, DBP has addressed the particular requirements of Amendment 16 of the Final Decision to incorporate the relevant provisions into the Trading Policy.
58. However, the Authority notes that, under the Final Decision, the Access Contract Terms and Conditions proposed by DBP for the Tf Service must be replaced in the Access Arrangement by terms and conditions for the Full Haul, Part Haul and Back Haul Reference Services. As such, the Authority is not satisfied that DBP has incorporated or substantially incorporated Amendment 16 of the Final Decision in the Proposed Access Arrangement or otherwise addressed the reasons for Amendment 16.

Queuing Policy

Proposed Access Arrangement and Final Decision

59. DBP provided a Queuing Policy as clause 5.4 of the Proposed Access Arrangement.
60. The Queuing Policy of the Proposed Access Arrangement is largely the same as that of the Current Access Arrangement, providing for a single queue for all Services (both Reference and Non-Reference Services) and a priority of access in accordance with the time that an “Access Request” is received or deemed to be received by DBP.
61. DBP has made two substantive revisions to the Queuing Policy:
- provisions have been included that make the holding of a position in the queue of an Access Request for a Non-Reference Service contingent upon the completion of negotiation of terms and conditions for the Service, or satisfaction of conditions relating to costs of investigations, within a specified time period (sub-clause 5.4(f) of the Proposed Access Arrangement); and
 - the Spot Capacity Service is explicitly excluded from the Queuing Policy (sub-clause 5.4(n) of the Proposed Access Arrangement).
62. In the Draft Decision, the Authority determined that the time limits on negotiation of terms and conditions for the Service, or satisfaction of conditions relating to costs of investigations, were unreasonable in the absence of the time limits being suspended in the event of a dispute over terms and conditions. In its Final Decision, the Authority confirmed this requirement in the following required amendment to the Queuing Policy.

Final Decision Amendment 17

Sub-clause 5.4(f) of the Proposed Access Arrangement should be amended so that the time limits for negotiation of terms or satisfaction of conditions set out in sub-clause 5.4(f) of the Proposed Access Arrangement are suspended in the event that a dispute over terms and conditions of access is referred for arbitration under section 6 of the Code.

Proposed Revised Access Arrangement and Further Final Decision

63. DBP has changed clause 5.4(f) of the Proposed Access Arrangement as follows.

- (f) If an Access Request requires the terms and conditions of the Access Contract to be negotiated between Operator and the Prospective Shipper or is subject to conditions, the Access Request will be entered in the queue with a priority date being the date of receipt of the Access Request by Operator. However, unless:
- (i) where Operator notifies Shipper in accordance with section 5.4 of the Code that there is Spare Capacity sufficient to satisfy the Access Request, within 40 Business Days after the date Operator responds to the Prospective Shipper in accordance with section 5.4 of the Code in respect of the Access Request; or
 - (ii) where Operator notifies Shipper in accordance with section 5.4 of the Code that there is not Spare Capacity sufficient to satisfy the Access Request, within 60 Business Days after the date Shipper consents to a plan and allocation of costs for investigations proposed by Operator and referred to in section 5.4 of the Code in respect of the Access Request,
- either:
- (iii) the negotiations are completed and/or the conditions are satisfied; or
 - (iv) the Prospective Shipper has agreed to amend the Access Request such that it becomes an Access Request for a Reference Service made on the basis of the Access Contract Terms and Conditions,

the Access Request will be removed from the queue and will subsequently be re-entered in the queue with a priority date being the date that negotiations are completed and/or the conditions are, in Operator's opinion, satisfied. However, where a dispute between Operator and the Prospective Shipper arises in respect of the terms and conditions of access and that dispute is referred to arbitration under section 6 of the Code, the period of time remaining pursuant to paragraphs (i) and (ii) (as applicable) will be suspended from the date the dispute is referred to arbitration ("Referral Date") until 44 days after the Referral Date.

64. In a submission to the Authority, DBP has indicated that the time limit of 44 days on the suspension of timing under clause 5.4(f) is necessary to prevent a situation in which DBP is unable to deal with queued Access Requests because of a prolonged dispute in regard to an Access Request that is at the head of the queue. DBP also submits that a time limit such as that proposed is consistent with provisions of clause 5.3(f) of the Current Access Arrangement.

65. The Authority accepts the submission from DBP that a time limit on the suspension of timing under clause 5.4(f) is appropriate. However, the Authority considers that the time limit should reflect the timing for an arbitration decision contemplated by section 6 of the Code:

- a minimum period of 14 days for parties to make submissions to the Arbitrator regarding the dispute (sections 6.4 and 6.11 of the Code);
- a period of three months after the last day for parties to make submissions to the Arbitrator for the Arbitrator to make a final decision (section 6.11 of the Code); and
- a period of 14 days after a final decision by the Arbitrator for a Prospective User to notify the arbitrator that it does not intend to be bound by the decision (section 6.24 of the Code).

66. Taking into account the timing for a decision by the Arbitrator contemplated by the Code, the Authority considers that an appropriate time limit on the suspension of timing under clause 5.4(f) of the Access Arrangement is four months from the date of notification of a dispute under section 6.1 of the Code.
67. The Authority is therefore not satisfied that DBP has incorporated or substantially incorporated Amendment 17 of the Final Decision in the Proposed Access Arrangement or otherwise addressed the reasons for Amendment 17.

Extensions/Expansions Policy

Proposed Access Arrangement and Final Decision

68. DBP has provided an Extensions/Expansions Policy as clause 5.4 of the Proposed Access Arrangement.
69. The Extensions/Expansions Policy of the Proposed Access Arrangement is largely the same as that of the Current Access Arrangement with the exceptions that:
- provisions of the Current Access Arrangement (clause 12.1) that set out conditions under which the Service Provider would expand the pipeline have been removed; and
 - a new provision has been included in the Extensions/Expansions Policy that sets out a number of factors that the Service Provider may have regard to in considering whether to treat an extension or expansion as part of the Covered Pipeline (clause 11.4 of the Proposed Access Arrangement).
70. The Authority determined in its Final Decision that the Extensions/Expansions Policy Proposed by DBP meets the requirements of the Code.

Review and Expiry of the Access Arrangement

Proposed Access Arrangement and Final Decision

71. Section 12 of the Proposed Access Arrangement made provision for a Revisions Submission Date of 1 July 2010 and a Revisions Commencement Date of 1 January 2011. These dates imply an Access Arrangement Period of about five years in length.
72. In its Draft Decision, the Authority noted that practical experience to date in the assessment of proposed revisions to Access Arrangements indicates that a minimum nine month period is often necessary to undertake an assessment, making sufficient provision for public consultation. Accordingly, in its Final Decision the Authority determined that the Proposed Access Arrangement should be revised so that the Revisions Submission Date should be nine months prior to the Revisions Commencement Date.

Final Decision Amendment 18

Clause 12.1 of the Proposed Access Arrangement should be amended so that the Revisions Submission Date is 1 April 2010.

Proposed Revised Access Arrangement and Further Final Decision

73. DBP has revised clause 12 of the Proposed Access Arrangement (clause 13 of the Proposed Revised Access Arrangement) as follows.
13. REVIEW DATE
- 13.1 The Revisions Submission Date is ~~1 July 2010~~ [1 April 2010](#).
- 13.2 The Revisions Commencement Date is 1 January 2011.
74. The Authority is satisfied that this revision incorporates Amendment 18 of the Final Decision.

Matters Unrelated to Sections 3.1 to 3.20 of the Code

Proposed Access Arrangement and Final Decision

75. The Proposed Access Arrangement contained information on a number of matters additional to the elements of an Access Arrangement required by sections 3.1 to 3.20 of the Code. These additional matters included:
- introductory and background information (sections 1, 2 and 3 of the Proposed Access Arrangement);
 - specification of the commencement date of the revisions to the Access Arrangement (section 4); and
 - the process of making an “Access Request” and of an Access Request being considered and assessed by DBP (section 5).
76. In its Final Decision, the Authority required amendments to these provisions, as follows.

Final Decision Amendment 19

Section 2.7 of the Proposed Access Arrangement, relating to revision of the Proposed Access Arrangement pursuant to a decision by the Gas Review Board, should be deleted.

Final Decision Amendment 20

Clauses 4.1 and 4.2 of the Proposed Access Arrangement should be amended to make it clear that the revisions to the Access Arrangement will have effect on the date of approval of the revisions by the Authority.

Final Decision Amendment 21

The Proposed Access Arrangement should be amended to remove those aspects of clauses 5.1 to 5.3 relating to the imposition of costs that may be recovered in relation to an Access Request.

Proposed Revised Access Arrangement and Further Final Decision

77. DBP has revised the Proposed Access Arrangement to delete clause 2.7. The Authority is satisfied that, by this revision, the Proposed Revised Access Arrangement incorporates Amendment 19.
78. DBP has revised clauses 4.1 and 4.2 of the Proposed Access Arrangement such that section 4 of the Proposed Revised Access Arrangement includes a single clause, as follows.

4. COMMENCEMENT

The revisions to the Access Arrangement are to have effect on the date the approval under sections 2.41 or 2.42 of the Code (as the case may be) becomes effective (under section 2.48).

79. The Authority is satisfied that, by this revision, the Proposed Revised Access Arrangement incorporates Amendment 20.
80. DBP has revised section 5 of the Proposed Access Arrangement to delete clauses 5.1 to 5.3 that related to Access Requests. Revisions have also been made to other clauses of section 5 of the Proposed Access Arrangement to remove references to clauses 5.1 to 5.3, and to include additional definitions as follows.

Access Request means a request for access to a service provided by means of the DBNGP as described in ~~section 5.2~~ the Information Package;

Access Request Form means the Access Request forms for lodging Access Requests for Reference Service and Non-Reference Service in accordance with the Access Arrangement as specified from time to time by Operator and made available on Operator's nominated website as part of the Information Package, or as the context requires, the Access Request Form forming part of an Access Contract;

Information Package means the package of information a Service Provider is required to establish and maintain under section 5.1 of the Code and any other information that Operator considers is required to enable a Prospective Shipper to apply for access to a service on the DBNGP;

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

81. The Authority notes that, while in its Draft Decision on the Proposed Access Arrangement it required an amendment to remove clauses 5.1 to 5.3, the Final Decision required specifically the removal only of those aspects of clauses 5.1 to 5.3 relating to the imposition of costs that may be recovered in relation to an Access Request. In the Final Decision, the Authority expressed concern that, by removing the whole of clauses 5.1 to 5.3 so that the provisions relating to Access Requests are addressed in the Information Package, this would mean that aspects of the Access Arrangement would be subject to amendment by DBP without the approval of the Authority. Accordingly, the revisions made by DBP to the Proposed Access Arrangement in response to Amendment 21 go beyond the requirements under the Final Decision and the full removal of clauses 5.1 to 5.3 is inconsistent with the reasons for Amendment 21. Accordingly, the Authority is not satisfied that DBP has incorporated or substantially incorporated Amendment 21 of the Final Decision in the Proposed Access Arrangement or otherwise addressed the reasons for Amendment 21.

Revisions Unrelated to Requirements of the Final Decision

82. The Proposed Revised Access Arrangement submitted by DBP includes a number of revisions of the Proposed Access Arrangement that are unrelated to requirements for amendments under the Authority's Final Decision. The Authority has considered these revisions and whether the revisions may be incorporated into the Access Arrangement.

Amendment of an Access Request

83. DBP has made revisions to clause 5.4(k) of the Access Arrangement, relating to amendment of an Access Request and the effect of amending an Access Request on its position in a queue:
- (k) If a Prospective Shipper ~~amends~~is allowed to amend an Access Request and the Access Request is amended by the Prospective Shipper in accordance with ~~section 5.2(f)~~those requirements, the following shall apply:
 - (i) if the amendment is made in accordance with section 5.41(f), is limited to a reduction in the amount of the Service requested or a change in the requested Commencement Date, or is not in Operator's opinion a material change to the Original Access Request, the amended Access Request will have the same priority date as the Original Access Request; and
 - (ii) in all other cases, the amended Access Request will be removed from the queue and will subsequently be re-entered in the queue with a priority date being the date the amended Access Request is received by Operator.
84. The revisions to clause 5.4(k) appear to be made in the context of DBP's proposed deletion of clauses 5.1 to 5.3 of the Access Arrangement that deal with Access Requests, hence, removal of the cross-reference to clause 5.2(f) and the reference generally to whether a shipper may be allowed to amend an access request. The Authority has noted above (paragraph 81) that the proposed deletion of clauses 5.1 to 5.3 of the Proposed Access Arrangement goes beyond the requirements of the Final Decision and is inconsistent with the requirements for Amendment 21 under the Final Decision. As such, the Authority does not consider that the proposed revision to clause 5.4(k) is necessary or appropriate and it should be deleted.

Reference Tariff Policy and Gas Quality

85. DBP has made revisions to clause 7.1(b) of the Proposed Access Arrangement, as follows:
- (b) The Reference Tariff has been determined on the basis of the gas specifications prescribed in Items 1 and 2 of Schedule 2 to the Access Contract Terms and Conditions ~~that apply at the commencement of this Access Arrangement Period~~and, in particular, on the basis of the following profiles during the Access Arrangement Period for each of certain elements of the gas specifications prescribed in Item 1 of Schedule 2 to the Access Contract Terms and Conditions:
86. DBP includes in the revised clause 7.1(b) a number of charts indicating forecasts of gas quality (for several gas-quality parameters) in each year of the period 2005 to 2010.⁷

⁷ These charts are included in the confidential version of the Proposed Revised Access Arrangement submitted to the Authority on 30 November 2005.

87. DBP has also made revisions to clause 7.13(a) of the Proposed Access Arrangement to indicate that the gas quality specification established under the Access Contract Terms and Conditions is a Fixed Principle within the meaning of section 8.47 and 8.48 of the Code:

7.13 Reference Tariff Principles Not Subject to Review

- (a) The following are Fixed Principles in accordance with section 8.47 of the Code:

...

- (iii) [the gas specifications prescribed in Items 1 and 2 of Schedule 2 to the Access Contract Terms and Conditions.](#)

88. DBP has indicated in a submission to the Authority that the revision of clause 7.1(b) of the Proposed Access Arrangement was undertaken for the purpose of expressly recognising the dependence of the Access Arrangement on the gas quality assumed by DBP.⁸
89. DBP also indicates in its submission that the revision of clause 7.13 of the Proposed Access Arrangement to include the gas quality specification as a Fixed Principle was undertaken “to provide certainty for future pipeline expansion, and to avoid the risk that review of the access arrangement has for investment decisions”.
90. Neither the revision made to the clauses 7.1(b) nor DBP’s submission indicate the benefit that DBP seeks to capture from the explicit recognition of the dependence of the Access Arrangement on the gas quality assumed by DBP. In its Final Decision, the Authority recognised that the gas quality specification potentially affects the costs of providing Services and the Capacity of the DBNGP and, therefore, potentially affects the determination of Reference Tariffs. The reasons that the Authority did not take these matters into account in the determination of Reference Tariffs for the purposes of the Final Decision were that DBP made no submission as to the effect of the Authority’s proposed amendment to the operating specification (under Amendment 15 of the Draft Decision and 14 of the Final Decision) on forecasts of costs and DBP has not demonstrated to the Authority’s satisfaction that the change in the gas quality specification would have a material effect on the Capacity of the DBNGP. Under sections 8.37 and 8.9 of the Code, reasonable and commercially justifiable Non Capital Costs and New Facilities Investment that may be required as a result of a change in gas quality specification are able to be recovered through Reference Tariffs.
91. In relation to the revision to the Proposed Access Arrangement that seeks to establish the gas quality specification as a Fixed Principle, the Authority considers that a gas quality specification does not meet the definition of a Structural Element under the Code and, hence, may not be a Fixed Principle. Further, while it may be that a Fixed Principle is wider than a Structural Element, and the gas quality specification may affect the determination of Reference Tariffs through effects on costs and demand for Services, the Authority does not consider that the gas quality specification can be regarded as “a principle or methodology that is used in the calculation of a Reference Tariff”.
92. Taking into account these matters, the Authority considers that the revisions made to clauses 7.1(b) and 7.14 of the Proposed Access Arrangement and relating to the gas

⁸ DBP Submission #78.

quality specification are not related to either the amendments to the Proposed Access Arrangement required under the Final Decision or the reasons for the required amendments. As such, the Authority considers that these revisions can not be included in the Access Arrangement.

93. Notwithstanding the above matters, in the interest of promoting certainty for the future expansion of the pipeline, the Authority is prepared to indicate that it does not currently see any reason for further broadening the gas specification for the next Access Arrangement Period.
94. DBP's revisions to the Proposed Access Arrangement suggest a concern that a future regulatory decision may not recognise the partial dependence of Non Capital Costs on gas quality. The Authority acknowledges that the forecast of Non Capital Costs is based, in part, on the forecast quality of gas being received into the pipeline and that any future forecast of Non Capital Costs made for the purposes of revisions to the Access Arrangement will depend, in part, on the forecast at that time of the quality of gas that will be received into the DBNGP during the relevant period.

Calculation of a Return on the Capital Base

95. DBP has revised clauses 7.2 and 7.5 of the Proposed Access Arrangement, as follows.

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. The application of this method for calculation of the Total Revenue is outlined in sections 7.3 to 7.8 of the Access Arrangement.
- (b) 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:
 - (i) return on the Capital Base;
 - (ii) depreciation; and
 - (iii) non capital costs.
- (c) The COS method has been applied in accordance with section 8.5A(c) of the Code, in accordance with which a pre-tax real rate of return is applied to a ~~nominal~~real capital base.

...

7.5 Return on the Capital Base

The return on the Capital Base has been determined by multiplying the Capital Base at the beginning of each year of this Access Arrangement Period, ~~plus the annual adjustment for inflation,~~ by the Rate of Return.

96. These revisions reflect a change by DBP in the methodology applied to the determination of Total Revenue and Reference Tariffs from a pseudo-current cost accounting calculation to a calculation in constant dollar values. The Authority is satisfied that the new methodology adopted by DBP is consistent with section 8.5A(b) of the Code and does not result in any difference in the values of Reference Tariffs determined for the DBNGP. As such, the Authority does not oppose these revisions to the Proposed Access Arrangement.

Definitions

97. DBP has made a revision to the definition in the Access Arrangement of the DBNGP:

DBNGP means the Covered Pipeline [as it is configured at the commencement of this Access Arrangement](#) and any extension or expansion of the DBNGP which becomes covered under the Access Arrangement pursuant to section 11;

98. The Authority does not consider this revision to be material.

Appendix 1 - Documents Submitted by DBP

Date of Submission	Document Identification	Confidentiality Status
30 Nov 2005	Submission 78: Response to Final Decision – Reference Tariff Policy	Public
30 Nov 2005	Submission 79: Further Amended Proposed Access Arrangement	Public
	Annexure 1: Further Amended Proposed Revised Access Arrangement – Clear Confidential Version	Confidential
	Annexure 2: Further Amended Proposed Revised Access Arrangement – Clear Public Version	Public
	Annexure 3: Further Amended Proposed Revised Access Arrangement – Mark Up Confidential Version	Confidential
	Amended Proposed Revised Access Arrangement 30 November 2005 Annexure A: Access Contract Terms and Conditions	Public

Appendix 2 – Reference Tariff Financial Model

DBNGP Financial Model December 2005

Total Revenue

WAAC

7.24%

Price Index - December Quarter

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
CPI	124.10	131.30	135.40	139.50	142.80	146.50	150.52	154.65	158.89	163.25	167.73	172.33
Escalate/descalate to 31/12/2004	1.18	1.12	1.08	1.05	1.03	1.000	0.973	0.947	0.922	0.897	0.873	0.850

Cost of Service

Opening RAB values

1618.37 1587.51 1621.97 1948.26 2213.52 2243.99

Total revenue requirement

Return on assets

117.13 114.90 117.39 141.01 160.21 162.41

Depreciation

44.19 44.48 46.99 54.58 60.03 61.45

Opex

59.45 57.22 77.46 76.31 73.87 74.57

Total

220.78 216.60 241.84 271.90 294.10 298.43

Present values

Total revenue requirement

1199.53

Fuel gas only

118.72

Fuel/Total

9.9%

Capacity Reservation Charge

Revenue requirements (2005-2009)

Total cost of services (\$mNPV) 1199.53

Fuel gas (all services) (\$mNPV) 118.72

Fixed costs (\$mNPV) 1080.81

Capacity Reservation tariff

Tariff (\$/GJ) 0.875869

Expected revenue (\$mNPV) 1080.81

Revenue expected less required -

Forward Inflation Forecast

2005

2.74%

Nominal tariff

2005

0.899899

Commodity Charge

Revenue requirements (2005-2010)

Total cost of services (\$mNPV) 1,199.53

Fuel gas (all services) (\$mNPV) 118.72

Forward Inflation Forecast

2005

2.74%

Commodity tariff

Nominal tariff

Tariff (\$/GJ) 0.100368

2005

Expected revenue (\$mNPV) 118.72

0.103122

Revenue expected less required -

Demand Forecast and Revenue - Capacity Reservation Charge

		2005	2006	2007	2008	2009	2010
Days of service		365.00	365.00	365.00	366.00	365.00	365.00
Customer	Dist. (km)	Contracted capacity (TJ/d)					
Full haul	1,399.00	593.22	613.22	688.96	743.87	761.11	798.74
Part haul							
Total part haul		73.88	73.80	73.45	62.70	62.70	62.70
Full Haul Equivalent of Part Haul MDQ		15.27	14.47	13.53	12.97	12.97	12.97
Part Haul Notional Distance		289.21	274.25	257.67	289.37	289.37	289.37
Back haul							
Total back haul		66.08	109.20	112.20	112.20	112.20	112.20
Full Haul Equivalent of Back Haul MDQ		5.97	10.05	10.30	10.30	10.30	10.30
Back Haul Notional Distance		126.37	128.77	128.40	128.40	128.40	128.40
Reservation tariff revenue (\$m 2005)		2005	2006	2007	2008	2009	2010
Full haul service		189.65	196.04	220.25	238.46	243.32	255.35
Part haul		4.88	4.63	4.32	4.16	4.15	4.15
Back haul		1.91	3.21	3.29	3.30	3.29	3.29
Total all customers		196.44	203.88	227.87	245.92	250.76	262.79

Demand Forecast and Revenue - Commodity Charge

Days of service		2005	2006	2007	2008	2009	2010
Customer	Dist. (km)	365.00	365.00	365.00	366.00	365.00	365.00
<i>Full haul</i>	1,399.00	Daily throughput (TJ/d)					
		571.97	590.68	658.52	712.45	729.02	763.56
<i>Part haul</i>							
Total Part Haul		54.57	54.47	54.09	43.84	43.84	43.84
Full Haul Equivalent of Part Haul Q		13.98	13.16	12.20	11.65	11.65	11.65
Part Haul Notional Distance		358.44	338.02	315.66	371.72	371.72	371.72
<i>Back haul</i>							
Total back haul		62.65	109.20	112.20	112.20	112.20	112.20
Full Haul Equivalent of Back Haul Q		5.69	10.05	10.30	10.30	10.30	10.30
Back Haul Notional Distance		126.99	128.77	128.40	128.40	128.40	128.40
Commodity tariff revenue (\$m 2005)		2005	2006	2007	2008	2009	2010
Full haul service		20.95	21.64	24.12	26.17	26.71	27.97
Part haul		0.51	0.48	0.45	0.43	0.43	0.43
Back haul		0.21	0.37	0.38	0.38	0.38	0.38
Total all customers		21.67	22.49	24.95	26.98	27.51	28.78

2000 to 2004 Depreciation Allowance

Price Index - December Quarter

	1999	2000	2001	2002	2003	2004
CPI	124.10	131.30	135.40	139.50	142.80	146.50
Inflate to 31/12/2004	1.18	1.12	1.08	1.05	1.03	1.00
Inflation rate		5.80%	3.12%	3.03%	2.37%	2.59%

Capex Depreciation (\$ 31/12/99)

Pipelines	0.000	0.006	0.010	0.012	0.018
Compression	0.000	0.032	0.177	0.325	0.386
Metering	0.000	0.000	0.001	0.002	0.003
Other	0.000	0.169	0.337	0.527	0.685
Total	0.000	0.207	0.525	0.867	1.091

Capital Base Depreciation (\$ 31/12/99)

Pipelines	23.18	23.18	23.18	23.18	23.18
Compression	11.30	11.30	11.30	11.30	11.30
Metering	0.46	0.46	0.46	0.46	0.46
Other	2.83	2.83	2.83	2.83	2.83
Total	37.76	37.76	37.76	37.76	37.76

Total Depreciation (\$ 31/12/99)

Pipelines	23.18	23.18	23.19	23.19	23.19
Compression	11.30	11.33	11.48	11.63	11.69
Metering	0.46	0.46	0.46	0.46	0.46
Other	2.83	3.00	3.16	3.36	3.51
Total	37.76	37.97	38.29	38.63	38.85

Capex Depreciation (\$ 31/12/04)

Pipelines	0.00	0.01	0.01	0.01	0.02
Compression	0.00	0.04	0.21	0.38	0.46
Metering	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.20	0.40	0.62	0.81
Total	0.00	0.24	0.62	1.02	1.29

Capital Base Depreciation (\$ 31/12/04)

Pipelines	27.36	27.36	27.36	27.36	27.36
Compression	13.34	13.34	13.34	13.34	13.34
Metering	0.54	0.54	0.54	0.54	0.54
Other	3.34	3.34	3.34	3.34	3.34
Total	44.58	44.58	44.58	44.58	44.58

Total Depreciation (\$ 31/12/04)

Pipelines	27.36	27.37	27.37	27.38	27.38
Compression	13.34	13.38	13.55	13.72	13.80
Metering	0.54	0.54	0.54	0.54	0.54
Other	3.34	3.54	3.74	3.96	4.15
Total	44.58	44.82	45.20	45.60	45.87

Updating the Capital Base

Capital Base Summary	2000 Open'g Capital Base \$ 31/12/99	2000 Open'g Capital Base \$ 31/12/04	2004 Closing Capital Base \$ 31/12/04									
Pipelines	1,263.15	1,491.14	1,356.56									
Compressors	211.60	249.80	181.37									
Meters	17.35	20.49	21.02									
Other depreciable	47.66	56.26	47.34									
Non depreciable	10.24	12.09	12.09									
Total	1,550.00	1,829.77	1,618.37									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
CPI	124.10	131.30	135.40	139.50	142.80	146.50						
Inflate to 31/12/2004	1.18	1.12	1.08	1.05	1.03	1.00						
Inflation rate		5.80%	3.12%	3.03%	2.37%	2.59%						
Actual Capex (\$ 31/12/04)												
Pipelines	1.55	0.03	0.07	0.00	0.62							
Compressors	20.78	1.44	0.09	-0.12	0.18							
Meters	0.64	0.58	0.38	-0.03	1.67							
Other depreciable	5.69	1.48	0.79	0.94	0.90							
Non depreciable	0.00	0.00	0.00	0.00	0.00							
Total	28.65	3.54	1.32	0.79	3.38							
Actual Capex Stage 3A (\$ nominal at end of year)												
Pipelines	1.28	0.00	0.00	0.00	0.00							
Compressors	18.54	0.72	0.13	0.00	0.00							
Meters	0.11	0.00	0.00	0.00	0.00							
Other depreciable	0.59	0.00	0.00	0.00	0.00							
Non depreciable	0.00	0.00	0.00	0.00	0.00							
Total	20.51	0.72	0.13	0.00	0.00							
Actual Capex Stage 3A (\$ 31/12/04)												
Pipelines	1.42	0.00	0.00	0.00	0.00							
Compressors	20.69	0.78	0.14	0.00	0.00							
Meters	0.12	0.00	0.00	0.00	0.00							
Other depreciable	0.65	0.00	0.00	0.00	0.00							
Non depreciable	0.00	0.00	0.00	0.00	0.00							
Total	22.89	0.78	0.14	0.00	0.00							
Stage 3A Correction (\$ nominal at end of year)												
Pipelines	0.00	0.00	0.00	0.00	0.00							
Compressors	20.62	0.00	0.00	0.00	0.00							
Meters	0.00	0.00	0.00	0.00	0.00							
Other depreciable	0.00	0.00	0.00	0.00	0.00							
Non depreciable	0.00	0.00	0.00	0.00	0.00							
Total	20.62	0.00	0.00	0.00	0.00							

Stage 3A Correction (\$ 31/12/04)					
Pipelines	0.00	0.00	0.00	0.00	0.00
Compressors	23.00	0.00	0.00	0.00	0.00
Meters	0.00	0.00	0.00	0.00	0.00
Other depreciable	0.00	0.00	0.00	0.00	0.00
Non depreciable	0.00	0.00	0.00	0.00	0.00
Total	23.00	0.00	0.00	0.00	0.00
Capex for Roll Forward (\$ 31/12/04)					
Pipelines	1.55	0.03	0.07	0.00	0.62
Compressors	-2.23	1.44	0.09	-0.12	0.18
Meters	0.64	0.58	0.38	-0.03	1.67
Other depreciable	5.69	1.48	0.79	0.94	0.90
Non depreciable	0.00	0.00	0.00	0.00	0.00
Total	5.65	3.54	1.32	0.79	3.38
Depreciation allowance (\$ 31/12/04)					
Pipelines	27.36	27.37	27.37	27.38	27.38
Compressors	13.34	13.38	13.55	13.72	13.80
Meters	0.54	0.54	0.54	0.54	0.54
Other depreciable	3.34	3.54	3.74	3.96	4.15
Total	44.58	44.82	45.20	45.60	45.87
Capital Base Roll forward (\$ 31/12/04)					
Opening values	2000	2001	2002	2003	2004
Pipelines	1,491.14	1,465.33	1,438.00	1,410.69	1,383.32
Compressors	249.80	234.23	222.29	208.82	194.98
Meters	20.49	20.58	20.63	20.46	19.89
Other depreciable	56.26	58.61	56.55	53.60	50.59
Non depreciable	12.09	12.09	12.09	12.09	12.09
Total	1,829.77	1,790.84	1,749.55	1,705.67	1,660.86
New facilities investment					
Pipelines	1.55	0.03	0.07	0.00	0.62
Compressors	-2.23	1.44	0.09	-0.12	0.18
Meters	0.64	0.58	0.38	-0.03	1.67
Other depreciable	5.69	1.48	0.79	0.94	0.90
Non depreciable	0.00	0.00	0.00	0.00	0.00
Total	5.65	3.54	1.32	0.79	3.38
Depreciation					
Pipelines	27.36	27.37	27.37	27.38	27.38
Compressors	13.34	13.38	13.55	13.72	13.80
Meters	0.54	0.54	0.54	0.54	0.54
Other depreciable	3.34	3.54	3.74	3.96	4.15
Non depreciable	0.00	0.00	0.00	0.00	0.00
Total	44.58	44.82	45.20	45.60	45.87
Closing values					
Pipelines	1,465.33	1,438.00	1,410.69	1,383.32	1,356.56
Compressors	234.23	222.29	208.82	194.98	181.37
Meters	20.58	20.63	20.46	19.89	21.02
Other depreciable	58.61	56.55	53.60	50.59	47.34
Non depreciable	12.09	12.09	12.09	12.09	12.09
Total	1,790.84	1,749.55	1,705.67	1,660.86	1,618.37

Projecting forward the Capital Base

Regulatory Asset Base Summary				2000 Open'g Capital Base	2005 Open'g Capital Base	2010 Closing Capital Base							
	Asset life	\$ 31/12/04	\$ 31/12/04	\$ 31/12/04									
Pipelines	54.50	1491.14	1356.56	1938.23									
Compressors	19.60	249.80	181.37	313.41									
Meters	38.50	20.49	21.02	19.74									
Other depreciable	16.85	56.26	47.34	50.32									
Non depreciable	na	12.09	12.09	12.09									
Total		1829.77	1618.37	2333.78									
Price Index - December Quarter													
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Index						146.50	150.52	154.65	158.89	163.25	167.73	172.33	
Deflate to 1/1/2005						1.000	0.973	0.947	0.922	0.897	0.873	0.850	
Inflation rate							2.74%	2.74%	2.74%	2.74%	2.74%	2.74%	
Forecast Capex (\$ 31/12/04)													
Pipelines							4.50	5.74	254.23	273.96	83.57	144.59	766.59
Compressors							3.69	68.79	117.31	40.41	0.41	0.62	231.22
Meters							1.13	1.23	0.15	0.00	0.00	0.00	2.51
Other depreciable							4.01	3.18	1.59	5.48	6.51	6.04	26.81
Non depreciable							0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total							13.33	78.94	373.28	319.84	90.50	151.25	1027.14
Depreciation of Capital Base (\$ 31/12/04)													
Pipelines							27.36	27.36	27.36	27.36	27.36	27.36	164.16
Compressors							12.54	12.54	12.54	12.54	12.54	12.54	75.24
Meters							0.53	0.53	0.53	0.53	0.53	0.53	3.19
Other depreciable							3.34	3.34	3.34	3.34	3.34	3.34	20.03
Non depreciable							0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total							43.77	43.77	43.77	43.77	43.77	43.77	262.62
Depreciation of Capex (\$ 31/12/04)		Life											
Pipelines	70.00						0.03	0.10	0.18	3.81	7.72	8.92	20.76
Compressors	30.00						0.00	0.07	2.36	6.27	7.62	7.63	23.94
Meters	50.00						0.06	0.09	0.11	0.11	0.11	0.11	0.61
Other depreciable	30.00						0.33	0.46	0.57	0.62	0.80	1.02	3.79
Non depreciable	n/a						0	0	0	0	0	0	0.00
Total							0.42	0.71	3.22	10.81	16.26	17.68	49.10
Total depreciation (\$ 31/12/04)							44.19	44.48	46.99	54.58	60.03	61.45	311.72
Forward projections of the RAB (\$ 31/12/04)													
Opening RAB						1618.37	1587.51	1621.97	1948.26	2213.52	2243.99		
Capex						13.33	78.94	373.28	319.84	90.50	151.25		
Depreciation						44.19	44.48	46.99	54.58	60.03	61.45		
Closing RAB						1587.51	1621.97	1948.26	2213.52	2243.99	2333.78		

Non Capital Costs

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
Non Capital Costs (\$ 31/12/04)													
Wages and salaries							5.24	5.34	5.44	5.55	5.66	5.77	32.99
Materials and services							34.90	32.56	44.27	41.76	39.25	39.82	232.57
Corporate overheads							0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fuel gas (full haul)							19.32	19.32	27.74	28.99	28.96	28.98	153.32
Fuel gas (part haul & back haul)							2.54	2.61	3.60	3.05	2.93	2.73	17.46
Total							61.99	59.83	81.06	79.36	76.80	77.30	436.34
Non Capital Costs Correction (\$ 31/12/04)													
Wages and salaries							0.00	0.00	0.00	0.00	0.00	0.00	0.00
Materials and services							0.00	0.00	0.00	0.00	0.00	0.00	0.00
Corporate overheads							0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fuel gas (full haul)							0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fuel gas (part haul & back haul)							-2.54	-2.61	-3.60	-3.05	-2.93	-2.73	-17.46
Total							-2.54	-2.61	-3.60	-3.05	-2.93	-2.73	-17.46
Non Capital Costs Modelled (\$ 31/12/04)													
Wages and salaries							5.24	5.34	5.44	5.55	5.66	5.77	32.99
Materials and services							34.90	32.56	44.27	41.76	39.25	39.82	232.57
Corporate overheads							0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fuel gas (full haul)							19.32	19.32	27.74	28.99	28.96	28.98	153.32
Fuel gas (part haul & back haul)							0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total							59.45	57.22	77.46	76.31	73.87	74.57	418.88

Capital Accounts

Initial Capital Base (\$ 31/12/04)	Life	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Pipelines												
Opening		1,491.14	1463.78	1436.42	1409.06	1381.70	1354.34	1326.98	1299.62	1272.26	1244.90	1217.54
Depreciation		27.36	27.36	27.36	27.36	27.36	27.36	27.36	27.36	27.36	27.36	27.36
Closing		1463.78	1436.42	1409.06	1381.70	1354.34	1326.98	1299.62	1272.26	1244.90	1217.54	1190.18
Compressors												
Opening		249.80	236.46	223.12	209.78	196.43	183.09	170.55	158.01	145.47	132.93	120.39
Depreciation		13.34	13.34	13.34	13.34	13.34	12.54	12.54	12.54	12.54	12.54	12.54
Closing		236.46	223.12	209.78	196.43	183.09	170.55	158.01	145.47	132.93	120.39	107.85
Meters												
Opening		20.49	19.95	19.41	18.87	18.33	17.79	17.26	16.73	16.20	15.67	15.14
Depreciation		0.54	0.54	0.54	0.54	0.54	0.53	0.53	0.53	0.53	0.53	0.53
Closing		19.95	19.41	18.87	18.33	17.79	17.26	16.73	16.20	15.67	15.14	14.60
Other depreciable												
Opening		56.26	52.92	49.58	46.24	42.90	39.57	36.23	32.89	29.55	26.21	22.87
Depreciation		3.34	3.34	3.34	3.34	3.34	3.34	3.34	3.34	3.34	3.34	3.34
Closing		52.92	49.58	46.24	42.90	39.57	36.23	32.89	29.55	26.21	22.87	19.53
Non depreciable		12.09	12.09	12.09	12.09	12.09	12.09	12.09	12.09	12.09	12.09	12.09

								0	1	2	3	4
Capex		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Pipelines	70.00											
PipelinesPre 2005												
Opening value capex account		0	1.55	1.57	1.63	1.61	2.21	2.18	2.15	2.12	2.09	2.05
Depreciation		0.00	0.01	0.01	0.01	0.02	0.03	0.03	0.03	0.03	0.03	0.03
Capex		1.55	0.03	0.07	0.00	0.62	0.00	0.00	0.00	0.00	0.00	0.00
Closing		1.55	1.57	1.63	1.61	2.21	2.18	2.15	2.12	2.09	2.05	2.02
Pipelines 2005												
Opening value capex account							0.00	4.50	4.44	4.37	4.31	4.24
Depreciation							0.00	0.06	0.06	0.06	0.06	0.06
Capex							4.50	0	0	0	0	0
Closing							4.50	4.44	4.37	4.31	4.24	4.18
Pipelines 2006												
Opening value capex account								0	5.74	5.66	5.58	5.50
Depreciation								0	0.08	0.08	0.08	0.08
Capex								5.74	0	0	0	0
Closing								5.74	5.66	5.58	5.50	5.42
Pipelines 2007												
Opening value capex account									0	254.23	250.60	246.96
Depreciation									0	3.63	3.63	3.63
Capex									254.23	0	0	0
Closing									254.23	250.60	246.96	243.33
Pipelines 2008												
Opening value capex account										0	273.96	270.04
Depreciation										0	3.91	3.91
Capex										273.96	0.00	0.00
Closing										273.96	270.04	266.13
Pipelines 2009												
Opening value capex account											0	83.57
Depreciation											0	1.19
Capex											83.57	0
Closing											83.57	82.38
Pipelines 2010												
Opening value capex account												0
Depreciation												0
Capex												144.59
Closing												144.59
Total												
Opening value capex account		0.00	1.55	1.57	1.63	1.61	2.21	6.68	12.33	266.38	536.52	612.37
Depreciation		0.00	0.01	0.01	0.01	0.02	0.03	0.10	0.18	3.81	7.72	8.92
Capex		1.55	0.03	0.07	0.00	0.62	4.50	5.74	254.23	273.96	83.57	144.59
Closing		1.55	1.57	1.63	1.61	2.21	6.68	12.33	266.38	536.52	612.37	748.05

								0	1	2	3	4
Capex		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Compressors	30.00											
Compressors Pre 2005												
Opening value capex account		0	-2.23	-0.83	-0.95	-1.45	-1.72	0.00	0.00	0.00	0.00	0.00
Depreciation		0.00	0.04	0.21	0.38	0.46	0.00	0.00	0.00	0.00	0.00	0.00
Capex		-2.23	1.44	0.09	-0.12	0.18	0.00	0.00	0.00	0.00	0.00	0.00
Closing		-2.23	-0.83	-0.95	-1.45	-1.72	-1.72	0.00	0.00	0.00	0.00	0.00
Compressors 2005												
Opening value capex account							0	1.97	1.90	1.84	1.77	1.70
Depreciation							0	0.07	0.07	0.07	0.07	0.07
Capex							3.69	0	0	0	0	0
Closing							3.69	1.90	1.84	1.77	1.70	1.64
Compressors 2006												
Opening value capex account								0	68.79	66.49	64.20	61.91
Depreciation								0	2.29	2.29	2.29	2.29
Capex								68.79	0	0	0	0
Closing								68.79	66.49	64.20	61.91	59.61
Compressors 2007												
Opening value capex account									0	117.31	113.40	109.49
Depreciation									0	3.91	3.91	3.91
Capex									117.31	0	0	0
Closing									117.31	113.40	109.49	105.58
Compressors 2008												
Opening value capex account										0	40.41	39.06
Depreciation										0	1.35	1.35
Capex										40.41	0	0
Closing										40.41	39.06	37.72
Compressors 2009												
Opening value capex account											0	0.41
Depreciation											0	0.01
Capex											0.41	0
Closing											0.41	0.40
Compressors 2010												
Opening value capex account												0
Depreciation												0
Capex												0.62
Closing												0.62
Total												
Opening value capex account		0.00	-2.23	-0.83	-0.95	-1.45	-1.72	1.97	70.69	185.64	219.78	212.57
Depreciation		0.00	0.04	0.21	0.38	0.46	0.00	0.07	2.36	6.27	7.62	7.63
Capex		-2.23	1.44	0.09	-0.12	0.18	3.69	68.79	117.31	40.41	0.41	0.62
Closing		-2.23	-0.83	-0.95	-1.45	-1.72	1.97	70.69	185.64	219.78	212.57	205.56
Capex								0	1	2	3	4
Meters	50.00											
Meters Pre 2005												
Opening value capex account		0	0.64	1.22	1.60	1.56	3.229	4.292	5.435	5.477	5.362	5.247
Depreciation		0.000	0.000	0.001	0.002	0.004	0.06	0.09	0.11	0.11	0.11	0.11
Capex		0.64	0.58	0.38	-0.03	1.67	1.13	1.23	0.15	0.00	0.00	0.00
Closing		0.64	1.22	1.596	1.562	3.229	4.292	5.435	5.477	5.362	5.247	5.132

								0	1	2	3	4
Capex		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Other depreciable	30.00											
Other Depreciable Pre 2005												
Opening value capex account		0	5.69	6.97	7.36	7.68	7.78	7.45	7.12	6.80	6.47	6.14
Depreciation		0.00	0.20	0.40	0.62	0.81	0.33	0.33	0.33	0.33	0.33	0.33
Capex		5.69	1.48	0.79	0.94	0.90	0.00	0.00	0.00	0.00	0.00	0.00
Closing		5.69	6.97	7.36	7.68	7.78	7.45	7.12	6.80	6.47	6.14	5.81
Other depreciable 2005												
Opening value capex account							0	4.01	3.88	3.74	3.61	3.48
Depreciation							0	0.134	0.134	0.134	0.134	0.134
Capex							4.01	0	0	0	0	0
Closing							4.01	3.88	3.74	3.61	3.48	3.34
Other depreciable 2006												
Opening value capex account								0	3.18	3.07	2.97	2.86
Depreciation								0	0.11	0.11	0.11	0.11
Capex								3.18	0	0	0	0
Closing								3.18	3.07	2.97	2.86	2.76
Other depreciable 2007												
Opening value capex account									0	1.59	1.54	1.48
Depreciation									0	0.05	0.05	0.05
Capex									1.59	0	0	0
Closing									1.59	1.54	1.48	1.43
Other depreciable 2008												
Opening value capex account										0	5.48	5.29
Depreciation										0	0.18	0.18
Capex										5.48	0	0
Closing										5.48	5.29	5.11
Other depreciable 2009												
Opening value capex account											0	6.51
Depreciation											0	0.22
Capex											6.51	0
Closing											6.51	6.30
Other depreciable 2010												
Opening value capex account												0
Depreciation												0
Capex												6.04
Closing												6.04
Total												
Opening value capex account		0.00	5.69	6.97	7.36	7.68	7.78	11.46	14.18	15.20	20.06	25.77
Depreciation		0.00	0.20	0.40	0.62	0.81	0.33	0.46	0.57	0.62	0.80	1.02
Capex		5.69	1.48	0.79	0.94	0.90	4.01	3.18	1.59	5.48	6.51	6.04
Closing		5.69	6.97	7.36	7.68	7.78	11.46	14.18	15.20	20.06	25.77	30.79

Total Asset Account

Opening Value											
Pipeline	1,491.14	1,465.33	1,438.00	1,410.69	1,383.32	1,356.56	1,333.66	1,311.95	1,538.64	1,781.42	1,829.91
Compression	249.80	234.23	222.29	208.82	194.98	181.37	172.52	228.70	331.11	352.71	332.97
Metering	20.49	20.58	20.63	20.46	19.89	21.02	21.55	22.16	21.67	21.03	20.38
Other Depreciable	56.26	58.61	56.55	53.60	50.59	47.34	47.69	47.07	44.75	46.27	48.64
Non Depreciable	12.09	12.09	12.09	12.09	12.09	12.09	12.09	12.09	12.09	12.09	12.09
Total	1,829.77	1,790.84	1,749.55	1,705.67	1,660.86	1,618.37	1,587.51	1,621.97	1,948.26	2,213.52	2,243.99
Depreciation											
Pipeline	27.36	27.37	27.37	27.38	27.38	27.39	27.46	27.54	31.17	35.08	36.28
Compression	13.34	13.38	13.55	13.72	13.80	12.54	12.61	14.90	18.81	20.16	20.17
Metering	0.54	0.54	0.54	0.54	0.54	0.60	0.62	0.64	0.65	0.65	0.65
Other Depreciable	3.34	3.54	3.74	3.96	4.15	3.67	3.80	3.91	3.96	4.14	4.36
Non Depreciable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	44.58	44.82	45.20	45.60	45.87	44.19	44.48	46.99	54.58	60.03	61.45
Capex											
Pipeline	1.55	0.03	0.07	0.00	0.62	4.50	5.74	254.23	273.96	83.57	144.59
Compression	-2.23	1.44	0.09	-0.12	0.18	3.69	68.79	117.31	40.41	0.41	0.62
Metering	0.64	0.58	0.38	-0.03	1.67	1.13	1.23	0.15	0.00	0.00	0.00
Other Depreciable	5.69	1.48	0.79	0.94	0.90	4.01	3.18	1.59	5.48	6.51	6.04
Non Depreciable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	5.65	3.54	1.32	0.79	3.38	13.33	78.94	373.28	319.84	90.50	151.25
Closing Value											
Pipeline	1,465.33	1,438.00	1,410.69	1,383.32	1,356.56	1,333.66	1,311.95	1,538.64	1,781.42	1,829.91	1,938.23
Compression	234.23	222.29	208.82	194.98	181.37	172.52	228.70	331.11	352.71	332.97	313.41
Metering	20.58	20.63	20.46	19.89	21.02	21.55	22.16	21.67	21.03	20.38	19.74
Other Depreciable	58.61	56.55	53.60	50.59	47.34	47.69	47.07	44.75	46.27	48.64	50.32
Non Depreciable	12.09	12.09	12.09	12.09	12.09	12.09	12.09	12.09	12.09	12.09	12.09
Total	1,790.84	1,749.55	1,705.67	1,660.86	1,618.37	1,587.51	1,621.97	1,948.26	2,213.52	2,243.99	2,333.78

Appendix 3 - Corrigenda for Terms and Conditions

Full Haul T1 Terms and Conditions (Appendix 1 Part A Final Decision)

1. Clause 8.7(b)(ii) has been amended to correct an inadvertent typographical error. The word “not” has been added to clause 8.7(b)(ii) so that clause 8.7(b)(ii) now states:
 - (ii) subject to clauses 8.7(b)(i) and 8.7(c), may not be less than Shipper's Contracted Capacity at the inlet point across all of Shipper's T1 Contracts; and
2. Clause 9.3 has been amended to remove the sentence “For the avoidance of doubt, the Accumulated Imbalance at the beginning of the Capacity Start Date is zero.” This amendment has been made to avoid confusion in situations where a Shipper has more than one Capacity Service as the Accumulated Imbalances apply across all of Shipper's Capacity Services. Clause 9.3 now reads:

9.3 Shipper's Accumulated Imbalance

At the end of any Gas Day, the Accumulated Imbalance is the Accumulated Imbalance at the end of the previous Gas Day plus Shipper's Daily Imbalance on the Gas Day.
3. Clause 17.9(b)(vi)(B) has been amended to add the following words to the end of the clause:

“However, nothing in this clause 17.9(b)(vi) affects a Stage 2 Curtailment of any incumbent Contracted Capacity remaining after a Stage 1 Curtailment.”
4. The definition of Base T1 Tariff has been removed and tied in with the T1 Reference Tariff to ensure consistency between the terms and conditions and the Access Arrangement. This has involved changes to clause 20.5(b) and consequential amendments to the terms and conditions. The amendments do not affect the Reference Tariff calculations or adjustment.
5. Clause 20.5 has a new sub clause added to deal with situations where the Contract between a Shipper and Operator is longer than the Access Arrangement Period and there is no Reference Service that is materially the same included in the next Access Arrangement. New subclause 20.5(c) states:
 - (c) In the event that the Access Arrangement does not contain a Reference Service which is materially the same as the T1 Service then for the remaining duration of this Contract the T1 Reference Tariff shall be adjusted each year in accordance with clause 20.5(b) as if the words “until the Revisions Commencement Date” did not exist.
6. Clause 20.7 has been amended to replace the reference to the “Revisions Commencement Date” with “the commencement of the Access Arrangement Period”.
7. Clause 32(e) has been amended to replace the reference to the *Workers' Compensation and Rehabilitation Act 1981* to the *Workers' Compensation and Injury Management Act 1981*.
8. The definitions of “Control”, “Controller” and “Total Physical Capacity” have been amended to replace the reference to the “Revisions Commencement Date” with “the commencement of the Access Arrangement Period”.

Part Haul T1 Terms and Conditions (Appendix 1 Part B Final Decision)

9. Clause 8.7(b)(ii) has been amended for the reasons stated under point 1 above.
10. Clause 9.3 has been amended for the reasons stated under point 2 above.
11. Clause 17.9(b)(vi)(B) has been amended for the reasons stated under point 3 above.
12. The definition of Base T1 Tariff has been removed and tied in with the P1 Reference Tariff to ensure consistency between the terms and conditions and the Access Arrangement. This has involved changes to clause 20.5(b) and consequential amendments to the terms and conditions. The amendments do not affect the Reference Tariff calculations or adjustment.
13. Clause 20.5(c) has been added for the reasons stated under point 5 above. Clause 20.5(c) states:
 - (c) In the event that the Access Arrangement does not contain a Reference Service which is materially the same as the P1 Service then for the remaining duration of this Contract the P1 Reference Tariff shall be adjusted each year in accordance with clause 20.5(b) as if the words “until the Revisions Commencement Date” did not exist.
14. Clause 20.7 has been amended for the reasons stated under point 6 above.
15. Clause 32(e) has been amended to replace the reference to the *Workers' Compensation and Rehabilitation Act 1981* to the *Workers' Compensation and Injury Management Act 1981*.
16. The definitions of “Control”, “Controller” and “Total Physical Capacity” have been amended for the reasons stated under point 8 above.
17. The definition of “P1 Service” has been cross-referenced with the Access Arrangement consistent with the definition of “T1 Service” in the T1 terms and conditions.

Back Haul T1 Terms and Conditions (Appendix 1 Part C Final Decision)

18. Clause 8.7(b)(ii) has been amended for the reasons stated under point 1 above.
19. Clause 9.3 has been amended for the reasons stated under point 2 above.
20. Clause 17.9(b)(vi)(B) has been amended for the reasons stated under point 3 above.
21. The definition of Base T1 Tariff has been removed and tied in with the B1 Reference Tariff to ensure consistency between the terms and conditions and the Access Arrangement. This has involved changes to clause 20.5(b) and consequential amendments to the terms and conditions. The amendments do not affect the Reference Tariff calculations or adjustment.
22. Clause 20.5(c) has been added for the reasons stated under point 5 above. Clause 20.5(c) states:
 - (c) In the event that the Access Arrangement does not contain a Reference Service which is materially the same as the B1 Service then for the remaining duration of this Contract the B1 Reference Tariff shall be adjusted each year

in accordance with clause 20.5(b) as if the words “until the Revisions Commencement Date” did not exist.

23. Clause 20.7 has been amended for the reasons stated under point 6 above.
24. Clause 32(e) has been amended to replace the reference to the *Workers' Compensation and Rehabilitation Act 1981* to the *Workers' Compensation and Injury Management Act 1981*.
25. The definitions of “Control”, “Controller” and “Total Physical Capacity” have been amended for the reasons stated under point 8 above.
26. The definition of “B1 Service” has been cross-referenced with the Access Arrangement consistent with the definition of “T1 Service” in the T1 terms and conditions.