

**Proposed Revised Access Arrangement
21 January 2005**

DAMPIER TO BUNBURY NATURAL GAS PIPELINE

DBNGP (WA) Transmission Pty Ltd
ACN 061 609 190
Level 7/ 239 Adelaide Terrace, Perth WA 6000
Contact: Anthony Cribb
Telephone: (08) 9492 3803

TABLE OF CONTENTS

1.	INTRODUCTION.....	1
2.	BACKGROUND	2
3.	THE DBNGP (DESCRIPTION OF THE PIPELINE SYSTEM)	3
4.	COMMENCEMENT.....	4
5.	ACCESS REQUESTS AND QUEUING POLICY	5
6.	SERVICES POLICY	11
7.	REFERENCE TARIFF POLICY	13
8.	REFERENCE TARIFF STRUCTURE AND CHARGES	19
9.	TERMS AND CONDITIONS	20
10.	TRADING POLICY	21
11.	EXTENSIONS/EXPANSIONS POLICY	22
12.	REVIEW DATE.....	24
13.	DEFINITIONS.....	25

1. INTRODUCTION

- 1.1 This document comprises the proposed revised Access Arrangement ("Access Arrangement") for the Dampier to Bunbury Natural Gas Pipeline ("DBNGP") pursuant to the requirements of the Gas Pipelines Access (Western Australia) Act 1998, which incorporates the National Third Party Access Code for Natural Gas Pipeline Systems ("Code").
- 1.2 It contains proposed revisions to the access arrangement drafted and approved on 30 December 2003 (corrected by corrigenda included in a notice dated 12 January 2004) by the Regulator ("Original Access Arrangement").
- 1.3 The DBNGP is operated by DBNGP (WA) Transmission Pty Ltd ("Operator") and is owned by DBNGP (WA) Nominees Pty Ltd ("Nominees") as Trustee for the DBNGP WA Pipeline Trust.
- 1.4 This Access Arrangement sets out the policies and basic terms and conditions applying to third party access to services provided by Operator in relation to the DBNGP.
- 1.5 Operator will negotiate access to services on the pipeline. If, however, prospective shippers are unable to conclude negotiations for access, this Access Arrangement contains the terms and conditions for access to the Reference Service.

2. BACKGROUND

- 2.1 On 30 December 2003, the Relevant Regulator (then the Independent Gas Pipelines Access Regulator in Western Australia but now the Economic Regulation Authority) drafted and approved the Original Access Arrangement.
- 2.2 The Original Access Arrangement was corrected by a corrigenda issued by the Regulator on 12 January 2004.
- 2.3 On 14 January 2004, Operator (formerly Epic Energy (WA) Transmission Pty Ltd) and Nominees (formerly Epic Energy (WA) Nominees Pty Ltd) applied to the WA Gas Review Board ("GRB") for a review of the decision of the Regulator to draft and approve the Original Access Arrangement ("GRB Appeal #1").
- 2.4 At or about the same time, applications for review were also filed by:
 - (a) Western Power ("GRB Appeal #3"); and
 - (b) North West Shelf Gas Pty Ltd ("GRB Appeals #2 & 4").
- 2.5 As required by the ACCC under undertakings given by Operator and Nominees (and others) pursuant to section 87B of the Trade Practices Act 1974 ("ACCC Undertakings"), GRB Appeal #1 was discontinued in November 2004.
- 2.6 Also in November 2004, GRB Appeals #2 & 4 were withdrawn and the proceedings discontinued.
- 2.7 However, as at the date of submission of this proposed revised Access Arrangement to the Regulator, aspects of GRB Appeal #3 remain. As at the date of filing of this Access Arrangement, it is to be heard by the GRB in March 2005. Accordingly, without limitation to its rights, Operator reserves its rights to propose further revisions to the Original Access Arrangement as a result of any orders that the GRB might make in connection with GRB Appeal #3 prior to the revised Access Arrangement commencing to have effect.

3. THE DBNGP (DESCRIPTION OF THE PIPELINE SYSTEM)

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

- (a) PL 40 (as amended or varied before the date the Access Arrangement for the DBNGP commences to have effect);
- (b) PL 41 (as amended or varied before the date the Access Arrangement for the DBNGP commences to have effect); and
- (c) PL 47 (as amended or varied before the date the Access Arrangement for the DBNGP commences to have effect).

3.2 A detailed description of the DBGNP and maps showing the pipeline system are annexed to the Access Arrangement Information.

4. COMMENCEMENT

- 4.1 Subject to section 4.2 of this Access Arrangement, the revisions to the Access Arrangement are to have effect on 1 July 2005.
- 4.2 Despite section 4.1 of this Access Arrangement, the revisions to the Access Arrangement are to have effect on the later of:
- (a) the date the approval under sections 2.38, 2.41 or 2.42 of the Code becomes effective (under section 2.48); and
 - (b) 1 July 2005.

5. ACCESS REQUESTS AND QUEUING POLICY

5.1 Informal Requests and Reports

- (a) Prospective Shippers are encouraged to consult with Operator on available capacity and facilities prior to making an Access Request.
- (b) Where the consultation requires extensive investigations and/or reports by Operator, the Prospective Shipper may be required to pay the cost for such investigations and/or reports. Operator will, as soon as practicable after the consultation, advise the Prospective Shipper of the likely cost of any such investigations and/or reports required. Operator reserves the right to require the Prospective Shipper to pay in advance Operator's estimate of the likely costs.
- (c) Operator is not obliged to proceed with investigations and/or reports unless the Prospective Shipper undertakes to pay the reasonable costs of those investigations and/or reports as required by Operator.

5.2 Submission of Access Requests

- (a) Prospective Shippers may apply for access to a Service by submitting an Access Request in accordance with this section 5.2.
- (b) An Access Request must specify:
 - (i) whether the Service requested is a Reference Service or a Non-Reference Service;
 - (ii) a Commencement Date for the Service, which must be a date at least 30 days after the date the Access Request is submitted;
 - (iii) a Capacity End Date for the Service, which must, in the case of an Access Request for a Reference Service, be a date no earlier than the date 5 years after the Commencement Date;
 - (iv) in the case of a Reference Service and any other capacity related Non-Reference Service:
 - (A) each Receipt Point and Delivery Point for the Service; and
 - (B) the amount of the requested Service (in TJ/d) for each Receipt Point and Delivery Point;
 - (v) the terms and conditions on which the Service is requested, by:
 - (A) in the case of a Reference Service, stating that the Prospective Shipper accepts the Access Contract Terms and Conditions or identifying any variations the Prospective Shipper proposes to the Access Contract Terms and Conditions;
 - (B) in the case of a Non-Reference Service (other than a Spot Capacity Service), specifying the terms and conditions the Prospective Shipper proposes should apply to the Service or requesting Operator to propose the terms and conditions for provision of the Service; or

- (C) in the case of a Spot Capacity Service, stating that the Prospective Shipper accepts the Spot Transaction Terms and Conditions and agrees to comply with the Spot Market Rules; and
 - (vi) any conditions that apply to the Access Request.
- (c) An Access Request must:
 - (i) contain or be accompanied by any other information or documents identified in the Information Package;
 - (ii) be in the form for the particular Service requested specified from time to time by Operator on its nominated website. As at the date of this Access Arrangement, the Access Request forms comprise:
 - (A) the Reference Service (Tf Service) Access Request Form, for use for an Access Request for a Reference Service;
 - (B) the Non-Reference Service (other than Spot Capacity Service) Access Request Form, for use for an Access Request for a Non-Reference Service (other than Spot Capacity Service) or an Access Request for a Reference Service in circumstances where the Prospective Shipper proposes variations to the Access Contract Terms and Conditions; and
 - (C) the Spot Capacity Service Access Request Form, for use for an Access Request for Spot Capacity Service;
 - (iii) be executed by or on behalf of the Prospective Shipper in accordance with sections 127(1), (2) or (3) of the Corporations Act 2001 or in such other manner as Operator, acting reasonably, may approve; and
 - (iv) be submitted in duplicate to the address from time to time specified by Operator for this purpose on its nominated website.
- (d) An Access Request must be accompanied by the Prescribed Fee (plus the amount of GST payable in respect of the Prescribed Fee). The Prescribed Fee is payable by cheque drawn in favour of Operator or by any other means approved by Operator prior to submission of the Access Request. If an Access Contract is entered into as a result of an Access Request, the charges payable under the Access Contract will be adjusted over the first year of the Access Contract by an amount equal to the Prescribed Fee.
- (e) A Prospective Shipper may withdraw an Access Request at any time before Operator accepts the Access Request by giving notice in writing of the withdrawal to Operator. If an Access Request is withdrawn, any refund of the Prescribed Fee is entirely within the discretion of Operator.
- (f) A Prospective Shipper may amend an Access Request at any time prior to its acceptance by Operator by submitting a further Access Request which states expressly that it amends the previous Access Request ("Original Access Request") and is marked up to show the changes from the Original Access Request. The amended Access Request supersedes the Prospective Shipper's Original Access Request. Operator may require the payment of a further Prescribed Fee before an amended Access Request is deemed to have been validly submitted.

5.3 Assessment of Access Requests

- (a) Operator will assess and respond to an Access Request in accordance with section 5.4 of the Code based on the information provided to it with the Access Request.
- (b) The information specified in the Access Request form and the Information Package does not necessarily contain all of the information Operator may need to assess an Access Request. Operator may:
 - (i) request further information from a Prospective Shipper (including any evidence reasonably required by Operator that the Access Contract that would be formed by Operator's acceptance of the Access Request would be a valid and binding obligation of the Prospective Shipper); or
 - (ii) advise the Prospective Shipper that investigations are required to be undertaken prior to responding to the Access Request, as contemplated by section 5.4(c) of the Code,if it reasonably considers that such information or investigations are necessary to assess the Prospective Shipper's Access Request.
- (c) If an Access Request requires the terms and conditions of the Access Contract to be negotiated between Operator and the Prospective Shipper because the Access Request is:
 - (i) for a Non-Reference Service; or
 - (ii) for a Reference Service but the Prospective Shipper has not indicated its acceptance of the Access Contract Terms and Conditions,the Prospective Shipper must promptly on request by Operator proceed to negotiate in good faith with Operator the terms and conditions on which the Service is to be provided.
- (d) Operator may accept an Access Request:
 - (i) where the Access Request is for a Reference Service and is made on the basis of the Access Contract Terms and Conditions or is for a Spot Capacity Service, by executing the two copies of the Access Request Form executed by the Prospective Shipper and returning one executed copy to the Prospective Shipper; or
 - (ii) where the Access Request is for a Non-Reference Service (other than a Spot Capacity Service), or is for a Reference Service otherwise than on the Access Contract Terms and Conditions, and Operator and the Prospective Shipper have agreed the terms and conditions for the Service, by submitting an Access Contract in the form agreed to the Prospective Shipper for execution. If the Access Contract is not executed by the Prospective Shipper and returned to Operator (together with any evidence reasonably required by Operator that the Access Contract is a valid and binding obligation of the Prospective Shipper) within 10 Business Days, the Access Request will be deemed to have been withdrawn by the Prospective Shipper.
- (e) Operator may reject an Access Request at any time prior to its acceptance if:
 - (i) the Access Request is incomplete or otherwise does not comply with the requirements specified in section 5.2;

- (ii) the Prospective Shipper fails to comply with a reasonable request by Operator for further information, or to consent to a plan and allocation of costs for investigations proposed by Operator, within 20 Business Days (or such longer period as Operator may agree in a particular case) after receipt of such request or proposed plan and cost allocation;
- (iii) Operator considers, acting as a reasonable and prudent pipeline operator, that the Prospective Shipper is not capable of meeting its obligations under the Access Contract;
- (iv) acceptance of the Access Request would require an expansion of or extension to the DBNGP and the expansion or extension is inconsistent with the extensions and expansions policy set out in section 11;
- (v) the requested Service cannot be provided having regard to the load characteristics set out in the Access Request and the load characteristics of Other Shippers;
- (vi) where the Access Request requires the terms and conditions of the Access Contract to be negotiated between Operator and the Prospective Shipper, the Prospective Shipper fails to negotiate in good faith when required to do so under section 5.3(c);
- (vii) the Access Request is for substantially the same Service as another current Access Request submitted by the Prospective Shipper; or
- (viii) Operator considers, acting as a reasonable and prudent pipeline operator, that the Access Request is not a bona fide request for access.

5.4 Queuing Policy

- (a) If Operator notifies a Prospective Shipper in accordance with section 5.4 of the Code that Spare Capacity does not exist to satisfy an Access Request, Operator will create a queue for determining the priority of access to Spare Capacity and Developable Capacity that will apply as between that Access Request and any other Access Request.
- (b) Operator will maintain a single queue for access to Reference Services and Non-Reference Services.
- (c) Access Requests are to have priority of access to Spare Capacity and Developable Capacity in the order in which they are entered in the queue by Operator in accordance with this section 5.4. Subject to sub-sections 5.4(d) to 5.4(k), Operator will enter Access Requests in the queue with a priority date being the date on which they are received (or, as appropriate, deemed to be received) by Operator. Access Requests entered in the queue with the same priority date will have equal priority in the queue as between each other.
- (d) Subject to sections 5.4(e) and (f), an Access Request will only be entered in the queue if it complies with the requirements specified in section 5.2.
- (e) If an Access Request is incomplete or otherwise does not comply with the requirements of section 5.2 and, in Operator's opinion, the Prospective

Shipper remedies the deficiencies within 10 Business Days after being given notice of the deficiencies by Operator (which notice must be given promptly), the Access Request may be entered in the queue with a priority date being the date on which the original Access Request was received by Operator. This section only applies once. Otherwise, the Access Request will be entered in the queue with a priority date being the date on which, in Operator's opinion, the deficiencies are remedied.

- (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 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 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.
- (g) Operator may deal with Access Requests out of order provided that:
 - (i) the Access Request that is being dealt with out of order is materially different to the Access Requests which have the same or earlier priority dates; and
 - (ii) Prospective Shippers with the Access Requests which have the same or earlier priority dates do not suffer any material prejudice as a result.
- (h) Access Requests received by mail are deemed to be received on the day they are delivered to Operator. Access Requests delivered by hand are received on the date actually received.
- (i) Any Access Request for a Service that was made prior to the revisions to this Access Arrangement coming into effect ("prior AA Access Requests") will have priority over Access Requests made after the revisions to this Access Arrangement come into effect. The priority amongst prior AA Access Requests is to be determined in accordance with the order in which they were received by Operator.

- (j) If an Access Request is rejected, that Access Request's priority in the queue is lost.
- (k) If a Prospective Shipper amends an Access Request in accordance with section 5.2(f), the following shall apply:
 - (i) if the amendment is made in accordance with section 5.4(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.
- (l) This Queuing Policy is subject to any Capacity Expansion Options which may be granted by Operator from time to time under section 11. Nothing in this Queuing Policy prevents Operator offering a Capacity Expansion Option in accordance with section 11 at any time or complying with its obligation to provide capacity to a Prospective Shipper in accordance with a Capacity Expansion Option.
- (m) Where a Prospective Shipper has lodged an Access Request and Operator has agreed to undertake an expansion to satisfy the Access Request (including by the creation of a Capacity Expansion Option in accordance with section 11), the Prospective Shipper's Access Request will remain in the queue until the expansion capacity has become available to satisfy it. If Spare Capacity becomes available to satisfy the Access Request prior to completion of the expansion and Operator and the Prospective Shipper agree, that Spare Capacity may be made available to satisfy the Access Request (in accordance with its priority in the queue at that time) in place of the proposed expansion capacity.
- (n) This Queuing Policy does not apply to access to a service secured pursuant to a Spot Capacity Service.
- (o) Within a reasonable time of Operator becoming aware of any material change (in the context a Prospective Shipper's Access Request) in the expected timing of when the Prospective Shipper's Access Request in the queue will be satisfied, Operator will notify the Prospective Shipper of the change.

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 (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;
 - (E) Seasonal Service;
 - (F) Peaking Service;
 - (G) metering information service;
 - (H) pressure and temperature control service;
 - (I) odourisation service; and
 - (J) co-mingling service.
- (iii) Non-Reference Services also include services provided by Operator under contracts entered into prior to commencement of the Access Arrangement Period.
- (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.

7. REFERENCE TARIFF POLICY

7.1 General Principles

- (a) Operator's Reference Tariff has been designed to recover from shippers using the Reference Service, that portion of the Total Revenue that reflects:
 - (i) those costs (including capital costs) which are directly attributable to the provision of the Reference Service; and
 - (ii) a share of those costs (including capital costs) which are attributable to provision of the Reference Service jointly with Services provided to other shippers with contractual rights existing prior to the commencement of this Access Arrangement Period and other Services which Operator considers are reasonably foreseeable to be offered during the Access Arrangement Period.
- (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.

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 capital base.

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, the Capital Base for the DBNGP at the beginning of the year is:
 - (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.
- (c) New Facilities Investment after 1 January 2005 is New Facilities Investment that is forecast to occur during the Access Arrangement Period.

7.4 Forecast New Facilities Investment

- (a) New Facilities Investment forecast to occur during the Access Arrangement Period is reasonably expected to pass the requirements of section 8.16 of the Code when that New Facilities Investment is forecast to occur.
- (b) For the purposes of calculating the Capital Base at the commencement of the next Access Arrangement Period in accordance with section 8.9 of the Code, the New Facilities Investment will consist only of actual New Facilities Investment that has occurred during this Access Arrangement Period.

7.5 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.

7.6 Calculation of Rate of Return

- (a) The Rate of Return has been set as a pre-tax real weighted average of the returns applicable to debt and equity.
- (b) The return on equity referred to in sub-section 7.6(a) has been determined using the capital asset pricing model.
- (c) The return on debt referred to in sub-section 7.6(a) has been determined as the sum of a risk free rate of return, an estimate of the corporate debt margin, and an estimate of the costs of raising debt.
- (d) The following elements used to determine the Rate of Return are Fixed Principles in accordance with section 7.13 of the Access Arrangement:

Parameter		Value
Market risk premium	$R_n - R_f$	6.00%
Asset beta	β_a	0.60
Debt beta	β_d	0.20
Ratio of debt to total assets	D/V	60.00%
Valuation of imputation credits	Γ	50.00%

7.7 Depreciation Schedule

- (a) A separate depreciation schedule has been determined for each of the four groups of physical assets that form the DBNGP; these four groups are:
 - (i) pipeline assets;
 - (ii) compressor station assets;
 - (iii) metering assets; and
 - (iv) other assets.

- (b) For the assets in each of the four groups, depreciation has been determined using the straight line method.
- (c) The Depreciation Schedule has been designed so that:
 - (i) each group of assets is depreciated over the economic life of that group; and
 - (ii) each group of assets is depreciated only once (that is, so that the sum of the Depreciation that is attributable to each group over the life of the assets is equivalent to the value of that group of assets at the time at which that value was first included in the Capital Base, subject to such adjustment for inflation as is appropriate given the approach to inflation adopted pursuant to section 8.5A(c) of the Code).

7.8 Non-Capital Costs

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

7.9 Allocation of Costs Between Services

In determining the Reference Tariff for Tf Service, costs have been allocated to Services provided to Shippers with Full Haul Access Contracts entered into prior to the commencement of this Access Arrangement Period, as if those Shippers had been provided with Tf Service.

7.10 Allocation of Costs Between Shippers

- (a) The portion of Total Revenue attributable to provision of the Tf Service is recovered through the Reference Tariff.
- (b) For the purpose of recovery of costs from Shippers, the Reference Tariff is divided into:
 - (i) Capacity Reservation Tariff; and
 - (ii) Commodity Tariff.
- (c) The Capacity Reservation Tariff recovers from each Tf Service Shipper a proportion of the return and depreciation on, and a proportion of the non capital costs incurred in operating and maintaining the DBNGP.
- (d) The Commodity Tariff recovers from each Tf Service Shipper a proportion of the cost of the fuel gas used on the DBNGP.

7.11 Form of Regulation

- (a) The Reference Tariff will vary within the Access Arrangement Period in accordance with a 'price path' approach as described in section 8.3 of the Code.
- (b) This variation of the Reference Tariff will be effected by adjustment on 1 January in each of the years 2006, 2007, 2008 and 2009 in accordance with CPI on the following basis:

$$Tariff_n = Tariff_b \times \left(\frac{CPI_n}{CPI_b} \right)$$

where:

$Tariff_n$	=	Capacity Reservation Tariff or Commodity Tariff (as the case may be) in year n, where year n is each of the years 2006, 2007, 2008, 2009;
$Tariff_b$	=	Capacity Reservation Tariff or Commodity Tariff (as the case may be) set out in Schedule 1 to the Access Contract Terms and Conditions;
CPI_n	=	CPI for the quarter ending on 30 September of the year before the year for which the Reference Tariff is being adjusted; and
CPI_b	=	CPI for the quarter ending on 30 September 2004.

7.12 Use of Incentive Mechanism

- (a) The adoption of the 'price path' approach is intended to provide an incentive to develop the market and reduce costs.
- (b) For the Access Arrangement Period commencing on 1 January 2011, the Total Revenue from which the Reference Tariff is to be determined is to include, in addition to the costs listed in section 7.2(b) of this Access Arrangement, a share of any returns to Operator from the sale of Full Haul services in the previous Access Arrangement Period that exceeded the level of returns that were expected during that previous Access Arrangement Period from the sale of such services.
- (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	$S_{2011} = E_{2005} + E_{2006} + E_{2007} + E_{2008} + E_{2009}$
2012	$S_{2012} = E_{2005} + E_{2006} + E_{2007} + E_{2008} + E_{2009}$
2013	$S_{2013} = E_{2005} + E_{2006} + E_{2007} + E_{2008} + E_{2009}$
2014	$S_{2014} = E_{2005} + E_{2006} + E_{2007} + E_{2008} + E_{2009}$
2015	$S_{2015} = E_{2006} + E_{2007} + E_{2008} + E_{2009}$

where:

- $$E_{2005} = (F_{2005} - A_{2005}) \times I_s;$$
- $$E_t = [(F_t - A_t) - (F_{t-1} - A_{t-1}) \times (CPI_t / CPI_{t-1}) \times R_t] \times I_s, \text{ for year } t, \text{ where } t = 2006, 2007, 2008, \text{ and } 2009;$$
- $$R_t = \text{adjustment required for real escalation applied to labour costs in year } t, \text{ as shown in the following table:}$$

T	2005	2006	2007	2008	2009
R _t	1.0046	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 $t - 1$.

- (d) A_t and A_{t-1} must be determined using the same cost categories and methods used to determine, respectively, F_t and F_{t-1} .

7.13 Reference Tariff Principles Not Subject to Review

- (a) The following are Fixed Principles in accordance with section 8.47 of the Code:
- (i) the method of determination of the Capital Base at the commencement of each year of the Access Arrangement Period as set out in section 7.3 of the Access Arrangement;
 - (ii) the method of determination of the Rate of Return as set out in sections 7.5 and 7.6 of the Access Arrangement, and the elements used in that determination set out in section 7.6(d) of the Access Arrangement; and
 - (iii) the revenue earned by Operator during the period commencing on 1 July 2005 and ending on 31 December 2015 from the sale of any Services which is in excess of the amount (in net present value terms) equal to the sum of:
 - (A) the revenue that would have been earned had any of those Services which were Full Haul Services been sold at the Reference Tariff; and
 - (B) the revenue actually earned from the sale of those Services which were Services other than Full Haul Services,must not:
 - (C) be taken into account directly or indirectly for the purposes of setting a Reference Tariff or determining or applying the Reference Tariff Policy which applies on or after 1 January 2011; or
 - (D) otherwise be taken into account directly or indirectly by the Relevant Regulator in performing any of its functions under the Code.
- (b) For the purposes of the Fixed Principles referred to in section 7.13 of this Access Arrangement, the Fixed Period is until 31 December 2031.

7.14 Rebate of Charges

Operator will only rebate Charges in relation to the use of certain delivery points and then only in accordance with clause 3 of the Access Contract Terms and Conditions.

8. REFERENCE TARIFF STRUCTURE AND CHARGES

8.1 Structure

Each Tf Service Shipper is to pay:

- (a) a Capacity Charge;
- (b) a Commodity Charge; and
- (c) other Charges as required by the Access Contract.

8.2 The Capacity Charge is the aggregate of the Tf Service Shipper's Delivery Point MDQs multiplied by the Capacity Reservation Tariff.

8.3 The Commodity Charge is the aggregate of the quantity of Gas delivered to the Tf Service Shipper at a Delivery Point or Delivery Points multiplied by the Commodity Tariff.

8.4 Other Charges are set out in the Access Contract Terms and Conditions.

8.5 Goods and Services Tax ("GST")

- (a) The Capacity Charge, the Commodity Charge and all Other Charges, as determined in accordance with this section 8, are exclusive of GST.
- (b) The manner in which GST is applicable and payable is set out in the Access Contract Terms and Conditions.

9. TERMS AND CONDITIONS

- 9.1 The terms and conditions upon which Operator will grant parties access to Tf Service in the DBNGP are those terms and conditions contained in the Access Contract Terms and Conditions as amended or varied from time to time in accordance with section 9.3 of the Access Arrangement.
- 9.2 At the date of this Access Arrangement, the Access Contract Terms and Conditions are set out in Annexure A.
- 9.3 Operator may vary the Access Contract Terms and Conditions in accordance with section 2 of the Code.

10. TRADING POLICY

10.1 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.

10.2 Conditional Transfer

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

10.3 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.

10.4 Relocation of Delivery Point MDQ

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

11. EXTENSIONS/EXPANSIONS POLICY

- 11.1 Operator will expand the Capacity of the DBNGP to meet the gas transportation needs of Prospective Shippers where Operator believes the tests in section 6.22 of the Code have been satisfied, and Operator may otherwise expand the Capacity of the DBNGP to meet the needs of Prospective Shippers.
- 11.2 Unless Operator states otherwise in a Capacity Expansion Option, an expansion of the DBNGP pursuant to the exercise of a Capacity Expansion Option by the holder is to be treated as part of the Covered Pipeline.
- 11.3 If Operator proposes to extend, expand or enhance the DBNGP for a purpose other than meeting its obligations to the holder of a Capacity Expansion Option, the extension, expansion or enhancement is to become part of the Covered Pipeline unless Operator elects otherwise. Operator will give the Regulator notice of an extension, expansion or enhancement which Operator elects will not become part of the Covered Pipeline.
- 11.4 In considering whether to treat an extension, expansion or enhancement as part of the Covered Pipeline, Operator may have regard to the following factors:
- (a) the application of the matters set out in section 1.9 of the Code in respect of the facilities comprising the extension, expansion or enhancement;
 - (b) the extent to which the Capacity resulting from the extension, expansion or enhancement is Contracted Capacity;
 - (c) the legitimate business interests of Operator;
 - (d) the application of any voluntary right of access to the Capacity resulting from the extension, expansion or enhancement; and
 - (e) the extent to which any Access Contract under which the extension, expansion or enhancement capacity is contracted relies upon a determination of the Reference Tariff.
- 11.5 If an extension, expansion or enhancement of the DBNGP becomes part of the Covered Pipeline, the extension, expansion or enhancement will not affect the Reference Tariff before the next Revisions Commencement Date. Although, if an extension, expansion or enhancement of the DBNGP becomes part of the Covered Pipeline:
- (a) Operator may seek a Capital Contribution from Prospective Users or levy a Surcharge on Incremental Users in accordance with sections 8.23 to 8.26 of the Code; and
 - (b) Operator may submit proposed revisions to this Access Arrangement under section 2.28 of the Code.
- 11.6 Operator may (as determined by Operator in its sole discretion) from time to time seek Surcharges or Capital Contributions from Prospective Shippers in respect of New

Facilities Investment in accordance with sections 8.23 to 8.26 of the Code. If Operator intends to levy a Surcharge on Shippers, it will provide written notice, including to the Regulator, of its intention to do so.

- 11.7 Except where Operator imposes a Surcharge or seeks a Capital Contribution, Shipper's using Incremental Capacity will pay the Reference Tariff.
- 11.8 To assist Prospective Shippers with their future gas transportation needs, Operator may from time to time offer Capacity Expansion Options. Operator acknowledges that at the commencement of this Access Arrangement Period, Capacity Expansion Options have already been granted to certain shippers on the DBNGP.
- 11.9 A Capacity Expansion Option gives a Prospective Shipper a right to a specified quantity of Capacity on the terms and conditions specified in the Capacity Expansion Option. A Capacity Expansion Option will have a purchase price to be determined by Operator and is able to be traded by the Prospective Shipper to another Prospective Shipper.

12. REVIEW DATE

12.1 The Revisions Submission Date is 1 July 2010.

12.2 The Revisions Commencement Date is 1 January 2011.

13. DEFINITIONS

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

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

Access Contract means a contract between Operator and a Shipper for Tf Service or Non-Reference Services;

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

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

Access Request means a request for access as described in section 5.2;

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;

Annexure means an annexure to this Access Arrangement;

Back Haul means a Gas transportation service in the DBNGP where the Receipt Point is downstream of the Delivery Point;

Capacity means the capacity in the DBNGP, as it is configured at the commencement of the Access Arrangement, to transport quantities of gas from a Receipt Point to a Delivery Point;

Capacity Expansion Option means an option for Capacity on the DBNGP which requires an expansion;

Code has the meaning given in section 1;

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

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

Covered Pipeline means the Dampier to Bunbury Natural Gas Pipeline which is described in section 3;

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

DBNGP means the Covered Pipeline and any extension or expansion of the DBNGP which becomes covered under the Access Arrangement pursuant to section 11;

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

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

Full Haul means Gas transportation in the DBNGP where the Delivery Point is downstream of CS9 regardless of the location of the Receipt Point, but does not include Back Haul;

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

Operator means DBNGP (WA) Transmission Pty Ltd (ACN 081 609 190);

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

Part Haul means a Gas transportation service in the DBNGP where the Delivery Point is upstream of CS9 on the DBNGP regardless of the location of the Receipt Point, but does not include Back Haul;

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

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

Reference Service means Tf Service;

Reference Tariff means Operator's reference tariff for the Reference Service as set out in the Access Contract Terms and Conditions;

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

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

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

Shipper means the Shipper specified in the Access Request;

Spare Capacity means:

- (a) the difference between the Capacity and the Contracted Capacity; plus
- (b) the difference between the Contracted Capacity and the Contracted Capacity which is being used;

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

Spot Capacity Service means a Service for Spot Capacity by way of one or more Spot Transactions;

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;

Tf Service means the Service described in section 6.2;

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

Unless the context otherwise requires, terms used in capitals in this Access Arrangement have:

- (a) the meaning given above in this section 14;
- (b) if no meaning is given above in this section 14, the meaning given in the Access Contract Terms and Conditions; and
- (c) if no meaning is given above in this section 14 or in the Access Contract Terms and Conditions, the meaning given in the Code.

Terms used in capitals in the Access Arrangement Information have the same meaning as if they were included in the Access Arrangement, unless the context otherwise requires.