

15 December 1999

1. INTRODUCTION

- 1.1 This Access Arrangement is submitted to the Regulator pursuant to the Gas Pipelines Access (Western Australia) Act 1998 ("Law"). The Law is a comprehensive document which incorporates the National Third Party Access Code for Natural Gas Pipeline Systems ("Code"). Together, the Law and the Code set out the requirements for Epic Energy to grant third party access to the Dampier to Bunbury Natural Gas Pipeline ("DBNGP").
- 1.2 The Law requires Epic Energy to include in its Access Arrangement, certain policies and information. The table below sets out the required policies and information and confirms Epic Energy's compliance by cross reference to the Access Arrangement and Access Arrangement Information.

Law Requirements	Epic Energy Compliance
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2. BACKGROUND

- 2.1 Epic Energy (WA) Nominees Pty Ltd purchased the bulk of the assets comprising the DBNGP from AlintaGas, in March 1998. The remaining assets were purchased by other Epic Energy companies. Epic Energy (WA) Transmission Pty Ltd operates the DBNGP and contracts with shippers.
- 2.2 The DBNGP was constructed in 1984 by the State Energy Commission of Western Australia ("**SECWA**"). On 1 January 1995 SECWA was disaggregated to form separate gas and electricity corporations. The gas division became the Gas Corporation, trading as AlintaGas, and was vested with the gas assets of SECWA, which included the DBNGP.
- 2.3 From 1995 to 25 March 1998 the DBNGP operated under third party access rules governed by the Gas Transmission Regulations 1994 ("**GTR's**"). The GTR's set out a prescriptive regime for access, leaving no room for negotiation of key terms and conditions.
- 2.4 When the DBNGP was sold to Epic Energy (WA) Nominees Pty Ltd on 25 March 1998, the GTR's were repealed and replaced with a transitional regulatory regime set out in the Dampier to Bunbury Pipeline Act 1997 and the Dampier to Bunbury Pipeline Regulations 1998 and an access manual approved under that legislation ("**Transitional Regime**"). Epic Energy has been operating the DBNGP under this Transitional Regime since March 1998. The terms and conditions of access for third parties under the Transitional Regime are similar to the GTR regime, but do allow the parties flexibility to negotiate terms and conditions of access.
- 2.5 The Transitional Regime will cease to be of force and effect (but not the contracts made under Transitional Regime or the GTR's) when this Access Arrangement is approved.

3. THE DBNGP (DESCRIPTION OF PIPELINE SYSTEM)

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

- (a) PL 40 (as amended or varied); and
- (b) The pipeline licence to be granted for the construction and operation of CS10 in Kwinana

together with any extensions or modifications to the DBNGP pursuant to Paragraph 10.

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

4. COMMENCEMENT

The Access Arrangement commences on the latter of:

- (a) 1 January 2000; or
- (b) The date the Regulator approves the Access Arrangement.

5. APPLICATIONS FOR ACCESS

5.1 The Application Form

- (a) Prospective Shippers must apply for access in the form specified by Epic Energy from time to time in the Access Guide (as amended) ("**Access Guide**") the current version of which forms part of the Information Package required by Section 5.1 of the Code.
- (b) The procedures applying to applications are detailed in the Access Guide.
- (c) An Access Request must be accompanied by the Prescribed Fee.

5.2 Criteria for Assessment of Applications

- (a) Epic Energy will assess an Access Request as a reasonable and prudent pipeline operator based on the information provided to Epic Energy with the Access Request in the form specified in the Access Guide.
- (b) In addition to the matters set out in the Access Guide, Epic Energy may request such further detail and information from a Prospective Shipper as Epic Energy reasonably considers necessary to assess the Prospective Shipper's Access Request.
- (c) If a Prospective Shipper fails to comply with a reasonable request by Epic Energy for further information within 20 Days of receipt of such request, then the Prospective Shipper's Access Request is (subject to any extension of time granted by Epic Energy) rejected. A new Access Request by that Prospective Shipper will rank behind all other current Access Requests.
- (d) If a Prospective Shipper has submitted an Access Request and that Access Request is accepted by Epic Energy in the manner set out in the Access Guide, then an Access Contract between Epic Energy and the Prospective Shipper is formed which is binding on both parties.

5.3 Queuing Policy

- (a) Access Requests are to have priority determined by the order in which they are received by Epic Energy. However, Epic Energy may deal with Access Requests out of order provided that the Access Requests which were first in time are not ultimately disadvantaged.
 - (b) If an Access Request is rejected, that Access Request's priority is lost.
 - (c) An Access Request may be rejected at any stage prior to its acceptance by Epic Energy.
 - (d) This queuing policy is subject to any Capacity Expansion Options which may be granted by Epic Energy from time to time.
 - (e) Capacity Expansion Options will be processed independently of and stand apart from any other Access Requests which have been received, and will receive priority to Prospective Shippers in the queue.
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6. SERVICES POLICY

6.1 Services

Epic Energy offers the following Services on the DBNGP:

(a) **Reference Service**

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

(b) **Non-Reference Services**

(i) Epic Energy is prepared to negotiate (subject to operational availability) regarding any other service or element of a service sought by a Prospective Shipper. Non-Reference Services which Epic Energy is prepared to negotiate might include:

- (A) Secondary Market Service;
- (B) Park and Loan Service;
- (C) Seasonal Service;
- (D) peaking service
- (E) metering information service;
- (F) pressure and temperature control service;
- (G) odourisation service; and
- (H) co-mingling service.

Revenue obtained from certain Non-Reference Services is Rebateable Revenue in accordance with Paragraph 9.

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

6.2 Firm Service

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

- (a) takes receipt, at one or more Receipt Points in Zone 1 on a Day, of a quantity of the Shipper's gas not exceeding:
 - (i) the sum of the Shipper's MDQ;
 - (ii) plus or minus the quantity of gas required to correct any Imbalance on the preceding Day;
- (b) delivers to the Shipper at one or more Delivery Points on that Day a quantity of gas not exceeding the Shipper's MDQ,

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

Prospective Shipper's must nominate a minimum term of 5 years when lodging an Access Request for Firm Service, unless Epic Energy in its absolute discretion agrees otherwise.

6.3 Limitation on Upstream Delivery Points

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

7. REFERENCE TARIFF POLICY

7.1 General Principles

- (a) Epic Energy's Reference Tariff has been designed to recover from Shippers using the Reference Service, that portion of the Total Revenue that reflects:
 - (i) those costs (including capital costs) which are directly attributable to the provision of the Reference Service; and
 - (ii) a share of those costs (including capital costs) which are attributable to provision of the Reference Service jointly with services provided to Other Shippers with contractual rights existing prior to the date on which this Access Arrangement commences.
- (b) The Reference Tariff has been determined on the basis of the gas specifications prescribed in the Access Contract Terms and Conditions at the commencement of the Access Arrangement.

7.2 Calculation of Total Revenue

The Total Revenue has been calculated using the 'cost of service' method described in section 8.4 of the Code.

7.3 Calculation of Initial Capital Base

- (a) The capital base for the DBNGP at the beginning of each year of the Access Arrangement is the sum of:
 - (i) the physical asset account balance at the beginning of that year; and
 - (ii) the deferred recovery account balance at the beginning of that year.
- (b) The physical asset account balance at the beginning of the Access Arrangement Period has been determined after considering the factors set out in section 8.10 of the Code.
- (c) After considering the factors listed in section 8.10 of the Code, Epic Energy has determined the physical asset account balance at the beginning of the Access Arrangement Period (taking into account the factors set out in sections 8.10 (c), (f), (g) and (j) of the Code) to be the value of the purchase price paid by Epic Energy companies to the State of Western Australia for the acquisition of the DBNGP assets, plus acquisition costs, less adjustments after purchase.
- (d) The deferred recovery account balance at the beginning of the Access Arrangement Period is zero.
- (e) The physical asset account balance at the end of each year of the Access Arrangement Period is the physical asset account balance at the beginning of each year of the Access Arrangement Period, plus new facilities investment during the year, less the accumulated depreciation of physical assets at the end of the year.
- (f) The deferred recovery account balance at the end of each year of the Access Arrangement Period is the deferred recovery account balance at the beginning of

each year less the depreciation of the deferred recovery account balance for that year, plus any distribution of Rebateable Revenue described in Paragraph 9.2(b).

7.4 Return on Assets

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

7.5 Calculation of Rate of Return

- (a) The rate of return has been set as a weighted average of the returns applicable to debt and equity.
- (b) The return on equity referred to in paragraph 7.5(a) has been determined using the capital asset pricing model.
- (c) The return on debt referred to in Paragraph 7.5(a) has been determined as the sum of a risk free rate of return and the estimated corporate debt premium.

7.6 Depreciation Schedule

- (a) Depreciation of the physical asset account balance has been determined using the annuity method.
- (b) A separate depreciation schedule has been determined for each of the groups of physical assets that form the DBNGP.
- (c) Depreciation of the deferred recovery account balance for each year of the Access Arrangement is determined as the difference between:
 - (i) the revenue received by Epic Energy in that year from the delivery of Firm Service, plus the revenue that would have been received from shippers with contracts for services entered into before commencement of the Access Arrangement if those shippers had paid the Reference Tariff; and
 - (ii) the sum of return on the capital base, the non capital costs, and the capital expenditure on new facilities in that year.
- (d) Depreciation of the deferred recovery account balance may be positive or negative; positive depreciation reduces the deferred recovery account balance, and negative depreciation increases the deferred recovery account balance.

7.7 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.

7.8 Forecast Capital Expenditure

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

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

7.9 Allocation of Costs between Services

- (a) Epic Energy has, in determining its Reference Tariff for Firm Service, allocated costs to services provided to shippers with gas transportation contracts entered into prior to the commencement of the Access Arrangement, as if those shippers had been provided with Firm Service.
- (b) Epic Energy has not allocated any costs to the provision of Rebateable Services.

7.10 Allocation of Costs between Shippers

- (a) Epic Energy has allocated costs to Firm Service shippers on the basis of their use of the assets comprising the DBNGP.
- (b) Four groups of assets have been used in determining the Reference Tariff for Firm Service. These are:
 - (i) pipeline assets;
 - (ii) compressor station assets;
 - (iii) metering assets;
 - (iv) other assets.
- (c) For the purpose of determining the Reference Tariff for Firm Service, Epic Energy has divided the DBNGP into 11 Zones.
- (d) There are five components to the Reference Tariff for Firm Service:
 - (i) Gas Receipt Charge;
 - (ii) Pipeline Capacity Charge;
 - (iii) Compression Capacity Charge (for compressor stations other than compressor stations 1 and 2);
 - (iv) Compressor Fuel Charge; and
 - (v) Delivery Point Charge.
- (e) The Pipeline Capacity Charge recovers from each Firm Service shipper a proportion of the return and depreciation on, and a proportion of the non-capital costs incurred in operating and maintaining:
 - (i) the pipeline assets in the Zone in which the shipper's receipt point is located;
 - (ii) the pipeline assets in the Zone in which the shipper's delivery point/s is located;

- (iii) the pipeline assets in the Zones located between the Zone in which the shipper's receipt point is located and the Zone in which the shipper's delivery point is located;
- (iv) compressor station assets at Compressor Stations 1 and 2; and
- (v) facilities associated with the Delivery Points (but only in respect of non-capital costs incurred in operating and maintaining such facilities).

The return on pipeline assets and depreciation in a Zone, and the costs of operating and maintaining assets in that Zone, are recovered on the basis of the shipper's MDQ as a proportion of the sum of the MDQ's of all Firm Service shippers in the Zone.

- (f) The Compression Capacity Charge recovers from each Firm Service shipper a proportion of the return and depreciation on, and a proportion of the non-capital costs incurred in, maintaining Compressor Stations (other than CS1 and CS2) located between the shipper's receipt point and the shipper's delivery point.

Compressor Station asset return and depreciation, and the costs of operating and maintaining a Compressor Station are recovered on the basis of the shipper's MDQ as a proportion of the sum of the MDQ's of all Firm Service shippers using the Compressor Station.

- (g) The Compressor Fuel Charge recovers from each Firm Service shipper a proportion of the cost of the compressor fuel used at Compressor Stations located between the shippers receipt point and the shipper's delivery point.

The cost of compressor fuel forecast to be used at a Compressor Station is recovered on the basis of taking the forecast cost of compressor fuel forecast to be used by the Compressor Station during 2000 and dividing that by the forecast aggregate quantity of gas delivered through the Compressor Station during 2000. The forecast aggregate quantity of gas delivered is for Firm Service and the various forms of T1 and T2 services under prior access regimes.

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

- (h) The Delivery Point Charge recovers from shippers using a particular delivery point the return on the metering assets at the delivery point and the depreciation on those assets.
- (i) The Gas Receipt Charge recovers from each Firm Service shipper a proportion of the return and depreciation on, and a proportion of the non-capital costs incurred in operating and maintaining, other assets, plus other costs associated with providing Firm Service not otherwise recovered by the charges referred to in Paragraph 7.10(d)(ii) to (v).

Other assets return and depreciation, and the costs of operating and maintaining other assets are recovered on the basis of the shipper's MDQ as a proportion of the sum of the MDQ's of all Firm Service shippers.

7.11 Form of Regulation

Epic Energy has adopted a 'price path' approach as described in section 8.3 of the Code as the manner in which the Reference Tariff will vary within the Access Arrangement Period. The initial Reference Tariff will increase at 67% of CPI.

7.12 Use of Incentive Mechanisms

- (a) The adoption of the "price path" approach is intended to provide an incentive to develop the market and reduce costs.
- (b) The method described in Paragraph 9.2 by which Epic Energy will distribute Rebateable Revenue is intended to provide an incentive to Epic Energy to develop a market for that part of the DBNGP capacity which cannot otherwise be made available as Firm Service.

7.13 New Facilities Investment

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

7.14 Adjustment of Tariff

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

7.15 Reference Tariff Principles Not Subject to Review

The initial capital base calculated in accordance with Paragraph 7.3 shall remain unchanged over subsequent Access Arrangement Periods. The initial capital base is a fixed principle for the purposes of section 7.12 of the Code.

8. REFERENCE TARIFF STRUCTURE AND CHARGES

8.1 Structure

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

- (a) A Gas Receipt Charge;
- (b) A Pipeline Capacity Charge;
- (c) A Compression Capacity Charge; and
- (d) A Compressor Fuel Charge (for compressor stations other than CS1 and CS2).
- (e) A Delivery Point Charge.

8.2 Charges

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

8.3 Application of Charges

- (a) The Gas Receipt Charge is applied to the Shipper's MDQ for the relevant Access Contract Period.
- (b) The Pipeline Capacity Charge is the aggregate of the Shipper's Delivery Point MDQ or Delivery Point MDQ's multiplied by the relevant rate set out in the Tariff Schedule for that Delivery Point and associated Receipt Point.
- (c) The Compression Capacity Charge is the aggregate of the Shipper's Delivery Point MDQ or Delivery Point MDQ's multiplied by the relevant rate set out in the Tariff Schedule for that Delivery Point and associated Receipt Point.
- (d) The Compressor Fuel Charge is the aggregate of the quantity of gas delivered to Shipper at a Delivery Point or Delivery Points multiplied by the relevant rate set out in the Tariff Schedule for that Delivery Point and associated Receipt Point.
- (e) The Delivery Point Charge is an annual fixed charge which recovers the cost of the delivery point facilities used by the Shipper. Where gas is delivered to more than one shipper at a delivery point, the Delivery Point Charge is shared between shippers on the basis of the total volume of gas delivered at the delivery point.

9. REBATEABLE REVENUE

9.1 Description

- (a) Revenue obtained from the following Services is Rebateable Revenue:
- (i) Seasonal Service;
 - (ii) Park and Loan Service;
 - (iii) Secondary Market Service; and
 - (iv) any other service nominated by Epic Energy
- (b) Additionally, revenue (less the Compressor Fuel Charge) obtained by Epic Energy from Overrun to the extent provided under clause 5.2 (a) of the Access Arrangement Terms and Conditions is Rebateable Revenue.

9.2 Method of Rebate

(a) **Interpretation**

"Rebateable Revenue" or **"RR"** for a year is the sum of the revenue from rebateable services in the year;

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

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

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

"Threshold Revenue" or **"TR"** means:

$$TR = (FSC - PAC) \times C_1 + (FSV - PAV) \times C_2 + r \times Q$$

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

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

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

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

“C₁” is the sum of the Zone 10 gas receipt, pipeline capacity and compression capacity charge rates applying in the year.

“C₂” is the compressor fuel charge rate for a delivery point located between CS 10 and MLV 157A.

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

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

“Distributable Revenue” or “DR” means:

$$DR = (RR + PR) - (TR + FPR)$$

(b) **Distribution of Rebate**

Where DR is greater than zero, then the amount of Rebateable Revenue equal to DR shall be distributed as follows:

- (i) 45% is to be distributed to Rebate Sharing Shippers during the year;
- (ii) 40% is added to the deferred recovery account balance as described in Paragraph 7.3; and
- (iii) 15% is to be retained by Epic Energy,

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

9.3 Apportionment of Rebateable Revenue between Shippers of Firm Service

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

Example:

Rebate Sharing Revenue from all Rebate Sharing Shippers during the Year = 500
Rebate Sharing Revenue from Rebate Sharing Shipper "X" during the Year = \$50

Rebate Sharing Shipper "X's" share of Rebate Sharing Revenue (under Paragraph 9.2(a)(ii)(A)) is 10%

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

9.4 Rebate to Rebate Sharing Shippers is by Way of Discount

- (a) Any amounts due to a Rebate Sharing Shipper pursuant to Paragraph 9.2(b)(ii)(A) will be deducted from the amount which would otherwise be payable under Shipper's next invoice following calculation of the Rebateable Revenue at the end of a Year.
- (b) If the Rebate Sharing Shipper is no longer a Shipper of a Service, then the Rebate Sharing Shipper may elect to either take the amount as a cash payment or leave the amount with Epic Energy to hold and credit against an Invoice for Services used by Shipper in the future.

10. TERMS AND CONDITIONS

- 10.1 The terms and conditions upon which Epic Energy will grant parties access to Firm Service in the DBNGP are those terms and conditions contained in the Access Contract Terms and Conditions as amended or varied from time to time in accordance with Paragraph 10.3
- 10.2 At the date of this Access Arrangement, the Access Contract Terms and Conditions are set out in Annexure B.
- 10.3 Subject to Paragraph 10.4, Epic Energy may vary the Access Contract Terms and Conditions without the consent of the Shipper or the Regulator except for those terms and conditions relating to:
- (a) Reference Tariffs
 - (b) Overrun
 - (c) Imbalancing
 - (d) Peaking
 - (e) Liability
 - (f) Curtailment and Interruption
 - (g) Permissible Interruptibility
 - (h) Force Majeure
 - (i) Charges
 - (j) Assignment
 - (k) Rebate Sharing Contract
 - (l) Schedule 1
- 10.4 Epic Energy may only amend the Access Contract Terms and Conditions referred to in Paragraph 10.3 if that amendment (when taken with other amendments under Paragraph 10.3) does not in aggregate detract from the value of the Reference Service to the Shipper.

11. TRADING POLICY

11.1 Bare Transfer

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

11.2 Conditional Transfer

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

11.3 Secondary Market

- (a) Epic Energy will establish a Secondary Market based on the Secondary Market Rules as amended or varied by Epic Energy from time to time.
- (b) Secondary Market Service will be available on the Secondary Market and may be provided by either Epic Energy or a Shipper of Firm Service.
- (c) The terms and conditions of Secondary Market Service will be the same as the Access Contract Terms and Conditions except as expressly modified by the Secondary Market Rules.
- (d) The establishment of the Secondary Market will provide an opportunity for all holders of Firm Service, large and small, to post their willingness to sell anticipated unutilised Capacity for a Day. Epic Energy will also post uncontracted capacity for a Day in the Secondary Market.
- (e) The price for Secondary Market Service will be the prevailing market price.
- (f) The objective of the Secondary Market is to encourage Firm Service Shippers to make unutilised capacity available to third parties. There will not be an interruptible service or an authorised overrun service available to Shippers. A Shipper's requirements over and above its contracted capacity will need to be met (subject to availability) from the Secondary Market, but that capacity can be acquired at any time during the relevant Day.
- (g) Parties wishing to purchase capacity in the Secondary Market must either be existing Shippers or must be Approved Third Parties. The prudential requirements and criteria applicable to Prospective Shippers will also apply to parties seeking to be registered as Approved Third Parties.

12. EXTENSIONS/EXPANSIONS POLICY

- 12.1 Epic Energy will enhance or expand the capacity of the DBNGP to meet the gas transportation needs of Prospective Shippers where Epic Energy believes the tests in Paragraph 6.22 of the Code have been satisfied, and Epic Energy may otherwise enhance or expand the capacity in the DBNGP to meet the needs of Prospective Shippers.
- 12.2 To assist Prospective Shippers with their future gas transportation needs, Epic Energy may from time to time offer options for Firm Service capacity on the DBNGP ("**Capacity Expansion Options**").
- 12.3 A Capacity Expansion Option gives a Prospective Shipper a right to a specified quantity of capacity for Firm Service on the terms and conditions specified in the Capacity Expansion Option. A Capacity Expansion Option will have a purchase price to be determined by Epic Energy and is able to be traded by the Prospective Shipper to another Prospective Shipper.
- 12.4 Unless Epic Energy states otherwise in the 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.
- 12.5 If Epic Energy proposes to extend or enhance the DBNGP for a purpose other than meeting its obligations to the holder of a Capacity Expansion Option, the extension or expansion is to become part of the Covered Pipeline unless Epic Energy elects otherwise. Epic Energy will give the Regulator notice of an extension or expansion which Epic Energy elects will not become part of the Covered Pipeline.
- 12.6 If an extension or expansion of the DBNGP becomes part of the Covered Pipeline, the extension or expansion will not affect the Reference Tariff before the next Revisions Commencement Date.
- 12.7 Epic Energy may from time to time seek surcharges or capital contributions from Prospective Shippers in respect of new facilities investment
- 12.8 Except where Epic Energy imposes a surcharge or seeks a capital contribution, Shipper's using incremental capacity will pay the Reference Tariff.

13. REVIEW DATE

- (a) The Revisions Submission Date is 1 July 2004.
- (b) The Revisions Commencement Date is 1 January 2005.

14. CAPACITY MANAGEMENT POLICY

The DBNGP is a Contract Carriage pipeline.

Definitions

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

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

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

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

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

Access Guide has the meaning given in Paragraph 5.1(a);

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

Annexure means an annexure to this Access Arrangement;

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

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

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

Capacity Expansion Option has the meaning given in Paragraph 12;

Code has the meaning given in Paragraph 1.1;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Firm Service means the service described in Paragraph 6.2;

Gas Receipt Charge means the gas receipt charge calculated in accordance with the Tariff Schedule;

GTR's has the meaning given in Paragraph 2.3;

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

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

Non-Reference Service means those services referred to in Paragraph 6.1(b);

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

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

Paragraph means a paragraph of this Access Arrangement;

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

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

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

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

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

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

Rebateable Revenue has the meaning in Paragraph 9.1;

Rebateable Service means the services described in Paragraph 9.1;

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

Reference Service means Firm Service;

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

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

Revisions Commencement Date has the meaning given in the Code;

Revisions Submission Date has the meaning given in the Code;

Seasonal Service means capacity made available by Epic Energy in relation to a particular Month out of incremental capacity available due to seasonal factors;

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

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

Secondary Market Service means the service acquired by a Shipper from the Secondary Market which is subject to the Secondary Market Terms and Conditions;

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

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

Shipper means the Shipper specified in the Access Request;

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

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

Trading Policy means the policy set out in Paragraph 11;

Transitional Regime has the meaning given in Paragraph 2.4;

Upstream Deliveries has the meaning given in Paragraph 6.3;

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

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



DAMPIER TO BUNBURY NATURAL GAS PIPELINE

ANNEXURE “A”

PROPOSED REFERENCE TARRIFFS UNDER THE NATIONAL ACCESS CODE

**Submission Version
15 December 1999**

**Epic Energy (WA) Transmission Pty Ltd
ACN 081 609 190
Level 7
239 Adelaide Terrace
PERTH WA 6000
CONTACT: David Williams
TELEPHONE: 9492 3823**

ANNEXURE “A”

TARIFF SCHEDULE

Initial Reference Tariff: Gas Receipt and Pipeline Capacity Charge Rates

Receipt Point located in:		Delivery Point located in:											
		Zone 1a	Zone 1b	Zone 2	Zone 3	Zone 4	Zone 4a	Zone 5	Zone 6	Zone 7	Zone 8	Zone 9	Zone 10
Zone 1													
Gas receipt charge	\$/GJ MDQ	0.0698	0.0698	0.0698	0.0698	0.0698	0.0698	0.0698	0.0698	0.0698	0.0698	0.0698	0.0698
Pipeline capacity charge	\$/GJ MDQ	0.0129	0.1610	0.2292	0.2965	0.3639	11.1924	0.4326	0.5020	0.5816	0.6556	0.7543	0.8290

Initial Reference Tariff: Compression Capacity and Compressor Fuel Charge Rates

Receipt point located between:		Delivery point located between:										
		Dampier and Zone 1a	Zone 1a and CS2	CS2 and CS3	CS3 and CS4	CS4 and CS5	CS5 and CS6	CS6 and CS7	CS7 and CS8	CS8 and CS9	CS9 and CS10	CS10 and MLV 157
Dampier and Zone 1												
Compression capacity	\$/GJ MDQ	0.0000	0.0000	0.0000	0.0190	0.0299	0.0540	0.0748	0.0854	0.1054	0.1274	0.1314
Compressor fuel	\$/GJ	0.0000	0.0103	0.0103	0.0157	0.0211	0.0265	0.0319	0.0373	0.0429	0.0486	0.0498

Initial Reference Tariff: Delivery Point Charge

Delivery point		Charge
Zone 1a		
Hamersley Iron	\$/day	303.36
Robe River		193.57
Zone 4		
Carnarvon	\$/day	177.77
Zone 7		
Geraldton (Nangetty Road)	\$/day	167.68
Eradu Road		136.10
Mungarra		263.27
Pye Road		165.96
Mondarra		152.11
Mount Adams Road		161.65
Eneabba		174.17
Zone 9		
Muchea	\$/day	219.80
Della Road		117.81
Pinjar		676.79
Ellenbrook		153.66
Harrow Street		237.03
Caversham		171.15
Welshpool		255.72
Forrestdale		255.72
Russell Road		171.03
Zone 10		
Australian Gold Reagents	\$/day	144.72
Alcoa Kwinana		415.20
Kwinana Power Station		758.51
Barter Road/HiSmelt		329.18
Mission Energy Cogeneration		143.48
Thomas Road		222.35
Kwinana Beach Road		184.94
WMC		148.38
Rockingham		167.31
Pinjarra		165.70
Alcoa Pinjarra		543.18
Oakley Road		143.00
Alcoa Wagerup		382.63
Harvey		179.26
Worsley		358.54
South West Cogeneration		118.59
Kemerton		156.83
Clifton Road		179.43



DAMPIER TO BUNBURY NATURAL GAS PIPELINE

PROPOSED ACCESS ARRANGEMENT UNDER THE NATIONAL ACCESS CODE

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