

FINAL

25 October 2016

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

Revised by reason of and pursuant to orders of the
Australian Competition Tribunal made on
13 July 2016.

ATCO Gas Australia Pty Ltd
ACN 089 531 975

Reference

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Access Arrangement

1. INTRODUCTION

1.1 Purpose of this document

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

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

1.2 Composition of Access Arrangement

This Access Arrangement is structured as follows:

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

1.3 Contact details

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

General Manager, regulatory and Risk
ATCO Gas Australia Pty Ltd
PO Box 3006
Success WA 6849

Telephone on (08) 6218 1722

2. KEY DATES

2.1 Date of commencement and most recent revisions

This Access Arrangement commenced on 18 July 2000 and was most recently revised with effect from 1 October 2015.

2.2 Review Submission Date and Revision Commencement Date

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

- (a) the "review submission date" is 1 September 2018; and
- (b) the "revision commencement date" is 1 January 2020.

3. IDENTIFICATION OF THE PIPELINE

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

4. PIPELINE SERVICES, REFERENCE SERVICES AND REFERENCE TARIFFS

4.1 Pipeline Services

ATCO Gas Australia offers the following Pipeline Services by means of the AGA GDS to Prospective Users:

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

4.2 Service A1

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

4.3 Service A2

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

4.4 Service B1

- (a) Service B1 is a Pipeline Service by which a User may take delivery of Gas at a Delivery Point on the AGA GDS, where the following pre-conditions are met:
 - (i) the Prospective User submits an Application and at that time either (or both):
 - (A) it is reasonably anticipated that the Prospective User will take delivery of less than 10 Terajoules of Gas during each Year of the Service Agreement; or
 - (B) the Prospective User requests a Contracted Peak Rate of less than 10 Gigajoules per hour; and
 - (ii) the Prospective User requests User Specific Delivery Facilities; or
 - (iii) may take delivery of Gas at a Delivery Point on the Medium Pressure/Low Pressure System using Standard Delivery Facilities which include a Standard 18 m³/h Meter or a standard Meter with a badged capacity of more than 18 m³/h.
- (b) The Reference Tariff for Service B1 is Tariff B1.
- (c) The other terms and conditions on which Service B1 will be provided are set out in the Template Service Agreement.

4.5 Service B2

- (a) Service B2 is a Pipeline Service by which a User may take delivery of Gas at a Delivery Point on the Medium Pressure/Low Pressure System using Standard Delivery Facilities which include a Standard 12 m³/h Meter or a standard Meter with a badged capacity of less than 18 m³/h.
- (b) The Reference Tariff for Service B2 is Tariff B2.
- (c) The other terms and conditions on which Service B2 will be provided are set out in the Template Service Agreement.

4.6 Service B3

- (a) Service B3 is a Pipeline Service by which a User may take delivery of Gas at a Delivery Point on the Medium Pressure/Low Pressure System using Standard Delivery Facilities which include a Standard 8 m³/h Meter or a Standard 10 m³/h Meter or a standard Meter with a badged capacity of less than 12 m³/h.
- (b) The Reference Tariff for Service B3 is Tariff B3.
- (c) The other terms and conditions on which Service B3 will be provided are set out in the Template Service Agreement.

4.7 Deregistering a Delivery Point

- (a) Deregistering a Delivery Point is the Pipeline Service by which a Delivery Point is permanently deregistered by:
 - (i) removing the Standard Delivery Facilities to the extent ATCO Gas Australia considers necessary;
 - (ii) permanently removing the Delivery Point in accordance with the Retail Market Rules; and

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- (iii) removing the Delivery Point from the Delivery Point Register,
 - (iv) in the manner that ATCO Gas Australia considers appropriate.
- (b) The Reference Tariffs associated with Deregistering a Delivery Point and the circumstance in which they apply are described in Annexure C.
 - (c) The process by which User obtains access to Deregistering a Delivery Point is set out in Schedules 1 to 5 of the Template Service Agreement (as relevant depending on the Haulage Service received).
 - (d) There are circumstances in which the User must request access to Deregistering a Delivery Point. Those circumstances are described at clause 5.6 of the Template Service Agreement.
 - (e) The other terms and conditions on which Deregistering a Delivery Point will be provided are set out in the Template Service Agreement.

4.8 Applying a Meter Lock

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

4.9 Removing a Meter Lock

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

4.10 Disconnecting a Delivery Point

- (a) Disconnecting a Delivery Point is the Pipeline Service by which the Delivery Point is physically disconnected in a manner that will prevent Gas from being delivered to the Delivery Point.
- (b) The Reference Tariffs associated with Disconnecting a Delivery Point and the circumstance in which they apply are described in Annexure C.

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- (c) The process by which User obtains access to Disconnecting a Delivery Point is set out in Schedules 4 and 5 of the Template Service Agreement (as relevant depending on the Haulage Service received).
 - (d) The other terms and conditions on which Disconnecting a Delivery Point will be provided are set out in the Template Service Agreement.

4.11 Reconnecting a Delivery Point

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

4.12 Non-Reference Services

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

5. APPLICATION PROCEDURE

5.1 Prospective Users and Pipeline Services

If a Prospective User wishes to obtain access to a Pipeline Service, then the Prospective User must apply to obtain access to a Pipeline Service by making an Application in accordance with this Application Procedure.

5.2 Application Information

The information required for an Application will be specified by ATCO Gas Australia on request from a Prospective User. The required information will include anything specified in the National Gas Access Law or National Gas Rules, and may also include:

- (a) information as to the Prospective User's compliance with ATCO Gas Australia's minimum prudential and insurance requirements; and
- (b) a proposed System Pressure Protection Plan.

5.3 Application Procedure for Prospective Users

- (a) A Prospective User may request ATCO Gas Australia to provide a Pipeline Service by lodging an Application with ATCO Gas Australia in the form specified by ATCO Gas Australia.
- (b) Within 20 Business Days of receiving a complete Application, ATCO Gas Australia will (subject to the National Gas Access Law and National Gas Rules) either:
 - (i) make an Access Offer to the Prospective User which informs the Prospective User of the terms and conditions on which ATCO Gas Australia is prepared to provide the requested Pipeline Service; or
 - (ii) inform the Prospective User that ATCO Gas Australia needs to carry out further investigation to determine whether it can provide the requested Pipeline Service and provide a proposal for carrying out the further investigation (**Investigation Proposal**) including:
 - (A) a statement of the nature of the investigation;
 - (B) a plan (including a time schedule) for carrying out and completing the investigation; and
 - (C) a statement of the reasonable cost of the further investigation that the Prospective User is required to meet before the investigation is carried out; or
 - (iii) inform the Prospective User that it cannot provide the requested Pipeline Service and:
 - (A) provide written reasons explaining why the requested Pipeline Service cannot be provided; and
 - (B) if there is some prospect that it will become possible to provide the requested Pipeline Service in the future – give details of when capacity to provide the requested Pipeline Service is likely to become available and, if possible, nominate a specific date.
- (c) If ATCO Gas Australia makes an Access Offer, then the Prospective User must:

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

5.4 Access disputes – process and timing

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

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

- (a) ATCO Gas Australia will only provide or agree to provide a Pipeline Service to a Prospective User under a Service Agreement if:
 - (i) consistent with section 188 of the National Gas Access Law, doing so would not have the effect of preventing a User from obtaining a sufficient amount of

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

for the period that the Prospective User has requested Pipeline Services at the requested Delivery Point;
 - (viii) either:
 - (A) for the duration of the Service Agreement, there is and will be sufficient Spare Capacity to accommodate the Prospective User's requirements under the Service Agreement; or
 - (B) any necessary Extension or Expansion complies with the Extensions and Expansions Requirements; and
- (b) ATCO Gas Australia may, subject to the National Gas Access Law, in its reasonable discretion waive one or more of the pre-conditions described in paragraph 5.5(a), and may do so on any reasonable terms and conditions.

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

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

other than by way of an Application by the User for the extended duration or incremental amount of Contracted Peak Rate.

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

5.7 System Pressure Protection Plan

- (a) If the Prospective User has not already agreed to comply with a System Pressure Protection Plan approved by ATCO Gas Australia that would apply to a Pipeline Service that the Prospective User wishes to obtain access to, ATCO Gas Australia will only provide or agree to provide a Pipeline Service to a Prospective User under a Service Agreement if:
- (i) the Prospective User provides to ATCO Gas Australia a written System Pressure Protection Plan as part of its Application; and
 - (ii) ATCO Gas Australia, in writing, approves the System Pressure Protection Plan, which approval must be provided if ATCO Gas Australia, acting as a reasonable person, is satisfied with it.
- (b) A System Pressure Protection Plan must ensure that the Prospective User has sufficient contractual entitlements to firm Gas transportation capacity on one or more Interconnected Pipelines for delivery to one or more Receipt Points (on the same Sub-network as the Delivery Points) to meet the aggregate of all the Contracted Peak Rates requested by the Prospective User at the Delivery Points.

6. CAPACITY TRADING REQUIREMENTS

6.1 Capacity Trading Requirements to be specified in the Service Agreement

A User's right to transfer its contracted capacity to another person will be set out in the User's Service Agreement with ATCO Gas Australia. The terms and conditions for the transfer of contracted capacity for Reference Services are set out in clause 14 of the Template Service Agreement. In accordance with the Template Service Agreement, a User will have qualified rights to transfer some or all of its contracted capacity for Reference Services to one or more third parties

7. EXTENSION AND EXPANSION REQUIREMENTS

7.1 Extensions of High Pressure Pipelines

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

7.2 Other Extensions

- (a) Other than High Pressure Pipeline Extensions as referred to in clause 7.1, any Extension of the Covered Pipeline designed to operate at a pressure of 1,920 kPa or less will be treated as part of the Covered Pipeline, and will accordingly be covered by this Access Arrangement.
- (b) No later than 20 Business Days following the expiration of the Financial Year, ATCO Gas Australia must notify the ERA of all, pipeline Extensions as referred to in clause 7.2(a) during that year, including all Extensions commenced, in progress or completed.
- (c) The notice must describe each Extension and set out why the Extension was necessary.
- (d) An Extension under this paragraph 7.2 will not affect reference tariffs during a current Access Arrangement Period.

7.3 Expansions

- (a) All Expansions of the capacity of the covered pipeline carried out by ATCO Gas Australia will be treated as part of the covered pipeline and will accordingly be covered under this Access Arrangement.
- (b) No later than 20 Business Days following the expiration of the financial year AATCO Gas Australia must notify the ERA of all Expansions of the covered pipeline during that year including all Expansions commenced, in progress or completed.
- (c) The notice must describe each Expansion and set out why the Expansion was necessary.

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- (d) An Expansion under this paragraph 7.3 will not affect reference tariffs during the current Access Arrangement Period.

7.4 Distribution Licence

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

8. CHANGING RECEIPT POINTS AND DELIVERY POINTS

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

- (a) A User's right to change a Receipt Point or a Delivery Point will be subject to the terms and conditions specified in that User's Service Agreement. In the case of Haulage Services, the terms and conditions are set out in clause 5 of the Template Service Agreement.
- (b) The terms and conditions for changing a Receipt Point or a Delivery Point will be governed by the principles specified in paragraph 8.2 below.

8.2 Principles governing changing Receipt Points and Delivery Points

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

9. DEPRECIATION

9.1 Calculation of depreciation for Opening Capital Base

- (a) For the calculation of the nominal Opening Capital Base for the GDS for the Next Access Arrangement Period, for the purposes of rule 77(2)(d) of the NGR, depreciation over the Current Access Arrangement Period is to be calculated in accordance with the current cost accounting depreciation method, consistent with the Australian Energy Regulator's Post Tax Revenue Model method – where first, the real opening capital base in any year is divided by the remaining asset life to calculate the real depreciation for the regulatory year, second, indexation is applied to the real depreciation to convert it to nominal terms, and third, the nominal depreciation is adjusted for the resulting double count of inflation by subtracting the value ascribed to inflation from the opening regulatory asset base for that regulatory year, and is to be the sum of:
- i. depreciation on the Opening Capital Base over the Current Access Arrangement Period;
 - ii. depreciation of the forecast Capital Expenditure for the Current Access Arrangement Period (being the amount of forecast Capital Expenditure used for the purpose of determining Haulage Tariffs for the Current Access Arrangement Period); and
 - iii. depreciation of any unanticipated Capital Expenditure for the Current Access Arrangement Period (being depreciation calculated in accordance with Clause 2 of Annexure B of this Access Arrangement).
- (b) indexing and adjustment for inflation should be calculated consistent with the rate of inflation as measured by the CPI All Groups, Weighted Average of Eight Capital Cities as at 31 December of each regulatory period.

10. SPECULATIVE CAPITAL EXPENDITURE ACCOUNT

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

11. FIXED PRINCIPLES

11.1 The following principles were approved by the ERA as fixed principles on 25 August 2005 for a period of 10 Years and have been declared as fixed principles for a further period of 10 years commencing on 25 August 2015:

- (a) the straight-line method of depreciation for each group of assets referred to in part 9; and
- (b) the inclusion of:
- (i) HHV Costs that are Conforming Capital Expenditure in the Opening Capital Base for the AGA GDS at the Revision Commencement Date; and
 - (ii) in Total Revenue HHV Costs that are Operating Expenditure for the Next Access Arrangement Period in respect of the AGA GDS,
- in respect of which Reference Tariffs have been varied as a Cost Pass Through Event.

11.2 The following principles were approved by the ERA as fixed principles for 10 Years commencing on 1 January 2011:

- (a) the inclusion of:
- (i) Physical Gate Point Costs that constitute Conforming Capital Expenditure in the Opening Capital Base for the AGA GDS for the Next Access Arrangement Period; and
 - (ii) Physical Gate Point Costs that constitute Conforming Operating Expenditure in Total Revenue for the Next Access Arrangement Period in respect of the AGA GDS,
- in respect of which Reference Tariffs have been varied as a Cost Pass Through Event.

11.3 The following principle expires at the end of the next access arrangement:

- (a) the inclusion of
- (i) additional conforming expenditure associated with a Cost Pass-Through Event for the period 1 November 2018 to 31 December 2019. The expenditure must meet the requirements of clause 2 of Annexure B of this current access arrangement;
- (b) In compliance with clause 11.3(i), AGA must provide a report to the ERA on the cost pass-through, and that report shall contain the following information:
- a statement of reasons for the variation of the Reference Tariff as a result of the Cost Pass Through Event;
 - supporting calculations demonstrating consistency with the requirements of clause 2 of Annexure B;
 - supporting information substantiating the amount and nature of the costs proposed to be passed through by the varied Reference Tariff; and
 - the date or dates on which it is proposed by ATCO Gas Australia that the varied Reference Tariff shall come into effect.

The ERA will consider ATCO Gas Australia's application for Cost Pass-Through Events during this period in its review of the next access arrangement. ERA may require ATCO Gas Australia to provide further substantiation of the amounts and the nature of the costs that ATCO Gas Australia proposes to be passed through by the varied Reference Tariffs and requiring ATCO Gas Australia to provide that further substantiation by a date specified in the ERA's request. The ERA will advise if it approves or does not approve the cost pass-throughs detailed in ATCO Gas Australia's report and provide reasons for its decision. ATCO Gas Australia may account for the timing difference between incurring Conforming Operating Expenditure and the start date for the tariff variation, through a time value of money adjustment.

12. DEFINITIONS AND INTERPRETATION

12.1 Dictionary

Unless the contrary intention appears, the Dictionary sets out the definitions given to capitalized terms used in this document:

TERM	DEFINITION
Above 10 TJ Determination	has the meaning given to that term in rule 139(3)(b) of the Retail Market Rules.
Access Arrangement	has the meaning given to that term in the National Gas Access Law and in particular, and as the context requires, means the access arrangement for the AGA GDS approved under the Code on 18 July 2000 and subsequently revised under the Code and the Access Laws (“this” Access Arrangement and “the “ Access Arrangement).
Access Arrangement Period	has the meaning given to that term in rule 3 of the National Gas Rules.
Access Determination	has the meaning given to that term in the National Gas Access Law
Access Dispute	has the meaning given to that term in the National Gas Access Law
Access Laws	means: (a) the National Gas Access Law; and (b) the National Gas Rules.
AGA	means ATCO Gas Australia Pty Ltd
AGA GDS	means the Mid-West and South-West Gas Distribution Systems (formerly known as the WAGN GDS) owned by AGA.
Ancillary Services	means any one of Deregistering a Delivery Point, Applying a Meter Lock, Removing a Meter Lock, Disconnecting a Delivery Point and Reconnecting a Delivery Point and Ancillary Services means all of them.
Applicable Tax	has the meaning given to that term in the definition of “Tax” specified in this Dictionary.
Application	means an application to obtain access to a Pipeline Service in accordance with Part 5 of the Access Arrangement.
Application Procedure	means the application procedure specified in Part 5 of the Access Arrangement under which a

TERM	DEFINITION
	Prospective User wishing to obtain access to a Pipeline Service must submit an Application.
Applying a Meter Lock	means the Pipeline Service described in paragraph 4.8 of the Access Arrangement.
Arbitrator	means the person appointed to hear a dispute between the Parties in accordance with clause 19.3 of the Template Service Agreement..
ATCO Gas Australia	means ATCO Gas Australia Pty Ltd (ABN 90 089 531 975) (formerly WA Gas Networks Pty Ltd and formerly Alinta Gas Networks Pty Ltd).
Australian Energy Regulator Post Tax Revenue Model	The Australian Energy Regulator provides its Post Tax Revenue Model (PTRM) on its website. The PTRM utilises the current cost accounting approach. The PTRM deducts the double count for inflation – resulting from use of current cost accounting in a nominal model – in arriving at its estimate of the regulatory depreciation.
Authority	means the Economic Regulation Authority
Business Days	Means a day that is not: (a) a Saturday or Sunday; or (b) observed as a public holiday, a special holiday or bank holiday under the Public and Bank Holidays Act 1972 (WA).
Capacity	means the measure of the potential of a Covered Pipeline as currently configured to deliver a particular Pipeline Service between a Receipt Point and a Delivery Point at a point in time.
Capacity Trading Requirements	refers to the requirements specified in Part 6 of the Access Arrangement
Capital Base	in relation to the AGA GDS, means the capital value to be attributed, in accordance with Part 9 of the National Gas Rules, to the AGA GDS
Capital Contribution	has the meaning given to that term in the National Gas Rules
Capital Expenditure	has the meaning given to that term in the National Gas Rules
Change in Law	means: (a) the introduction of a new Law; (b) an amendment to, or repeal of, an existing Law; or

TERM	DEFINITION
	<p>(c) a new or changed interpretation of an existing Law resulting from a decision of:</p> <ul style="list-style-type: none"> (i) a court; (ii) a tribunal; (iii) an arbitrator; (iv) a Government or regulatory department, body, instrumentality, minister, commissioner, officer, agency or other authority; or (v) a person or body which is the successor to the administrative responsibilities of any person or body described in paragraph (iv) of this definition.
Charge	<p>for a Reference Service, means the amount payable by <User> to <Service Provider> under the Service Agreement for that Reference Service, being:</p> <ul style="list-style-type: none"> (a) for Service A1, the amount determined under clause 6 of Schedule 1 of the Template Service Agreement; (b) for Service A2, the amount determined under clause 6 of Schedule 2 of the Template Service Agreement; (c) for Service B1, the amount determined under clause 6 of Schedule 3 of the Template Service Agreement; (d) for Service B2, the amount determined under clause 5 of Schedule 4 of the Template Service Agreement; and <p>for Service B3, the amount determined under clause 5 of Schedule 5 of the Template Service Agreement.</p>
Code	<p>means the National Third Party Access Code for Natural Gas Pipeline Systems, previously in force in Western Australia under the Gas Pipelines Access (Western Australia) Act 1998 (WA).</p>
Conforming Capital Expenditure	<p>has the meaning given to that term in the National Gas Rules</p>
Conforming Operating Expenditure	<p>means Operating Expenditure that complies with the criteria governing Operating Expenditure under the National Gas Rules</p>

TERM	DEFINITION
Contracted Peak Rate	<p>in respect of a Delivery Point, means the highest Instantaneous Flow Rate through the Delivery Point at which <Service Provider> can be required to deliver Gas, which:</p> <ul style="list-style-type: none"> (a) for a Delivery Point to which Service A1 applies, is determined under clause 7 of Schedule 1 of the Template Service Agreement; (b) for a Delivery Point to which Service A2 applies, is determined under clause 7 of Schedule 2 of the Template Service Agreement; (c) for a Delivery Point to which Service B1 applies, is determined under clause 7 of Schedule 3 of the Template Service Agreement; (d) for a Delivery Point to which Service B2 applies, is determined under clause 6 of Schedule 4 of the Template Service Agreement; and (e) for a Delivery Point to which Service B3 applies, is determined under clause 6 of Schedule 5 of the Template Service Agreement.
Cost Pass Through Event	refers to an event defined as a cost pass through event in clause 3 of Annexure B of the Access Arrangement
Covered Pipeline	has the meaning given to that term in section 2 of the National Gas Access Law.
Covered Pipeline Service Provider	has the meaning given to that term in section 2 of the National Gas Access Law.
CPI All Groups, Weighted Average of Eight Capital Cities	means the Consumer Price Index All Groups Index Number for All Groups, Weighted Average of Eight Capital Cities published by the Australian Bureau of Statistics or, if applicable, an alternative index determined under clause 2.7 of Annexure B of the Access Arrangement.
Current Access Arrangement Period	means the Access Arrangement Period to which the Access Arrangement currently relates
Delivery Facilities	means, as applicable, Standard Delivery Facilities or User Specific Delivery Facilities
Delivery Point	means a point, including a flange or joint, specified in a Service Agreement and in the Delivery Point Register, as a point at which <User> is entitled to take delivery of Gas from <Service Provider> out of the AGA GDS.

TERM	DEFINITION
Delivery Point Register	means a database or collection of databases established and maintained in accordance with clause 5.4 of the Template Service Agreement and containing the details of Delivery Points and other information described in that clause 5.4, and which may contain other information, including information about other Users.
Demand Charge	for Tariff A1 means the charge described in clause 1.1 (a) (i) of Annexure A of the Access Arrangement.
Demand Charge Rate	for Tariff A1 means the rate specified in clause 1.1 (b) (ii) of Annexure A of the Access Arrangement.
Deregistered	<p>means, in relation to a Delivery Point, that Gas is permanently precluded from being supplied at the Delivery Point because the Delivery Point is permanently deregistered in accordance with Part 3.6 of the Retail Market Rules and:</p> <ul style="list-style-type: none"> (a) for a Delivery Point to which Service A1 applies, the procedure specified clause 9 of Schedule 1 of the Template Service Agreement; (b) for a Delivery Point to which Service A2 applies, the procedure specified in clause 9 of Schedule 2 of the Template Service Agreement; (c) for a Delivery Point to which Service B1 applies, the procedure specified in clause 8 of Schedule 3 of the Template Service Agreement; (d) for a Delivery Point to which Service B2 applies, the procedure specified in clause 7 of Schedule 4 of the Template Service Agreement; and (e) for a Delivery Point to which Service B3 applies, the procedure specified clause 7 of Schedule 5 of the Template Service Agreement.
Deregistering a Delivery Point	means the Pipeline Service described in paragraph 4.7 of the Access Arrangement
Dictionary	means this dictionary setting out the definitions of terms used in this document.
Disconnecting a Delivery Point	means the Pipeline Service described in paragraph 4.10 of the Access Arrangement

TERM	DEFINITION
Distribution Licence	means the licence granted to ATCO Gas Australia by the ERA on 18 November 2007, which replaced licences GDL1, GDL2 and GDL3 granted on 1 July 2000, that authorises ATCO Gas Australia to transport Gas through the AGA GDS and, if required for that purpose, to make alterations to the AGA GDS, and to operate and maintain the AGA GDS.
DRP	means debt risk premium
Emergency	means: <ul style="list-style-type: none"> <li data-bbox="767 622 1310 683">(a) in <Service Provider>'s opinion, any extreme operating situation; or <li data-bbox="767 701 1390 880">(b) any other situation (however caused) which, in <Service Provider>'s opinion, poses an immediate or imminent danger to persons or property or otherwise constitutes an emergency or justifies or requires urgent or unilateral action
Emissions Trading Scheme	means any law or regulation of the Commonwealth of Australia or of a State or Territory of Australia, with respect to the production or emission of, or to reduce, limit, cease, prevent, offset, remove or sequester greenhouse gas emissions.
ERA	means the Economic Regulation Authority of Western Australia
Extension or Expansion	means any extension to, or expansion of, the Capacity of the AGA GDS and includes a new Pipeline.
Extension and Expansion Requirements	refers to the requirements specified in Part 7 of the Access Arrangement
Gas	means natural gas, being a substance that: <ul style="list-style-type: none"> <li data-bbox="767 1491 1406 1552">(a) is in a gaseous state at standard temperature and pressure; <li data-bbox="767 1585 1401 1704">(b) consists of naturally occurring hydrocarbons, or a naturally occurring mixture of hydrocarbons and non-hydrocarbons, the principal constituent of which is methane; and is suitable for consumption.
Gas Standards Regulations	means the Gas Standards (Gas Supply and System Safety) Regulations 2000 (WA) and any other regulations under the Gas Standards Act 1972 (WA) which relate to Gas safety, system safety and Gas quality, including heating value.

TERM	DEFINITION
Gate Station	means the metering equipment site associated with a Physical Gate Point (whether it comprises part of an Interconnected Pipeline or the AGA GDS); and includes all facilities installed at the site to perform over pressure protection, reverse flow protection, excessive flow protection, gas metering and measurement and telemetry, and odorization, and all standby, emergency and safety facilities and all ancillary equipment and services
Gigajoule	means 1000 (one thousand) Megajoules
GST	<p>means:</p> <p>(a) the same as in the GST Law;</p> <p>(b) any other goods and services tax, or any tax applying to a transaction under or in connection with the Access Arrangement or a Service Agreement in a similar way; and</p> <p>(c) any additional tax, penalty tax, fine, interest or other charge under a law for such a tax.</p>
GST Law	has the meaning given to the term "GST law" in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).
Haulage Service	means any of Service A1, Service A2, Service B1, Service B2 and Service B3 [and any other haulage service (as defined in section 2 of the NGL) comprised in a Reference Service offered by AGA to Prospective Users by means of the AGA GDS from time to time.
Haulage Tariff	means any of Reference Tariff A1, Reference Tariff A2, Reference Tariff B1, Reference Tariff B2 and Reference Tariff B3 [and any other Reference Tariff from time to time charged by AGA for a Haulage Service.
HHV Costs	means direct capital or operating costs incurred as a result of, the management of heating value blending; including expenditure incurred in connection with the measurement, recording, auditing, facilitation or management of heating value blending for the AGA GDS to the extent that such costs were not included in formulating the Conforming Capital Expenditure or Conforming Operating Expenditure for the Access Arrangement Period and it is demonstrated that the costs could not reasonably have been forecast

TERM	DEFINITION
High Pressure Pipeline Extension	<p>means for the purposes of the Template Service Agreement:</p> <p>(a) an extension to <Service Provider> Covered Pipeline with a direct connection to a transmission pipeline that provides reticulated gas to a new development or an existing development not serviced with reticulated gas; or</p> <p>(b) an extension to the Covered Pipeline with a Maximum Allowable Operating Pressure of greater than 1,920KPa</p>
Instantaneous Flow Rate	in respect of a Delivery Point, means a flow rate measured over the shortest period of time over which the Meter at the Delivery Point is capable of measuring a flow rate.
Interconnected Pipeline	means a transmission Pipeline, distribution Pipeline or Gas storage system from which Gas is supplied into the AGA GDS.
Interconnection Arrangement	means a written or unwritten contract, arrangement or understanding in respect of an interconnection at a Physical Gate Point between the AGA GDS and an Interconnected Pipeline (and includes a written or unwritten contract, arrangement or understanding for the provision of an Interconnection Service).
Interconnection Distance	in respect of a Delivery Point, means the distance measured along the straight line which represents the shortest distance between the Delivery Point and the nearest Pipeline or storage system from which Gas is (or would be, if Interconnection Arrangements were entered into and necessary Physical Gate Points and associated facilities were constructed) delivered into the AGA GDS.
Interconnection Service	means a Pipeline Service under which <Service Provider> provides for, or facilitates, the interconnection of a Pipeline to the AGA GDS.
Investigation Proposal	has the meaning given to that term in paragraph 5.3 of the Access Arrangement

TERM	DEFINITION
Law or Laws	<p>means all:</p> <p>(a) written and unwritten laws (including, without limitation, laws set out in statutes and subordinate legislation, the common law and equity) of the Commonwealth, of Western Australia, of local government authorities, and of any other State, Territory or foreign country having jurisdiction over the subject matter of a Service Agreement, or the Access Arrangement; and</p> <p>(b) judgments, determinations, decisions, rulings, directions, notices, regulations, by-laws, statutory instruments, Codes of Practice, Australian Standards or orders given or made under any of those laws or by any government agency or authority.</p>
Medium Pressure/Low Pressure System	<p>means those parts of the AGA GDS operating at a nominal pressure of less than 300kPa and includes all high pressure regulators that are part of the AGA GDS which reduce the pressure from those parts of the AGA GDS which operate at a nominal pressure of 300kPa or more to those parts of the AGA GDS which operate at a nominal pressure of less than 300kPa.</p>
Megajoule	<p>means one million Joules</p>
Meter	<p>means the equipment used to measure the flow of Gas into or out of the AGA GDS at a Physical Gate Point or a Delivery Point, including any ancillary equipment.</p>
National Gas Access Law	<p>means the National Gas Access (Western Australia) Law as that term is defined in section 7 of the National Gas Access (WA) Act 2009 (WA).</p>
National Gas Access (Western Australia) Legislation	<p>means:</p> <p>(a) the <i>National Gas Access (WA) Act 2009</i> (WA);</p> <p>(b) the National Gas Access Law;</p> <p>(c) the National Gas Rules; and</p> <p>(d) the National Gas Regulations</p>
National Gas Objective	<p>has the meaning given to that term in section 2 of the National Gas Access Law.</p>
National Gas Regulations	<p>has the meaning given to that term in the National Gas Access (Western Australia) Act 2009</p>

TERM	DEFINITION
National Gas Rules	has the meaning given to that term in section 2 of the National Gas Access Law.
New Relevant Tax	means any Tax affecting an amount which <Service Provider> is or will be required to pay in relation to its supply of one or more Reference Services
Next Access Arrangement Period	means the Access Arrangement Period immediately after the Current Access Arrangement Period
Non-Conforming Capital Expenditure	has the meaning given to that term in the National Gas Rules
Non-Reference Service	means a Pipeline Service that is not a Haulage Service or an Ancillary Service
Opening Capital Base	has the meaning given to that term in the National Gas Rules
Operating Expenditure	has the meaning given to that term in the National Gas Rules
Petajoule	means 1000 (one thousand) Terajoules
Physical Gate Point	means a flange, joint or other point which marks a physical boundary between the AGA GDS and an Interconnected Pipeline.
Physical Gate Point Costs	means all direct capital or operating costs incurred as a direct result of operating a Physical Gate Point and associated Gate Station to the extent that such costs were not included in formulating Conforming Capital Expenditure or Conforming Operating Expenditure for the Access Arrangement Period and it is demonstrated that the costs could not reasonably have been forecast
Pipeline	has the meaning given to that term in section 2 of the National Gas Access Law.
Pipeline Service	has the meaning given to that term in section 2 of the National Gas Access Law.
Prospective User	has the meaning given to that term in the National Gas Access Law
Rate of Return	has the meaning given to that term under the National Gas Rules
Receipt Point	for a Sub-network, means a point (which may be in the same physical location as a Physical Gate Point) which <Service Provider> has designated as a Receipt Point for that Sub-network.
Reconnecting a Delivery Point	means the Pipeline Service described in paragraph 4.11 of the Access Arrangement

TERM	DEFINITION
Reference Services	has the meaning given to that term in section 2 of the National Gas Access Law.
Reference Tariff	has the meaning given to that term in section 2 of the National Gas Access Law.
Reference Tariff A1	means the Tariff specified in Annexure A clause 1.1 of the Access Arrangement as the Reference Tariff for the Reference Service that is called "Service A1" in the Access Arrangement.
Reference Tariff A2	means the Tariff specified in Annexure A clause 1.2 of the Access Arrangement as the Reference Tariff for the Reference Service that is called "Service A2" in the Access Arrangement.
Reference Tariff B1	means the Tariff specified in Annexure A clause 1.3 of the Access Arrangement as the Reference Tariff for the Reference Service that is called "Service B1" in the Access Arrangement.
Reference Tariff B2	means the Tariff specified in Annexure A clause 1.4 of the Access Arrangement as the Reference Tariff for the Reference Service that is called "Service B2" in the Access Arrangement.
Reference Tariff B3	means the Tariff specified in Annexure A clause 1.5 of the Access Arrangement as the Reference Tariff for the Reference Service that is called "Service B3" in the Access Arrangement.
Reference Tariff Variation Mechanism	has the meaning given to that term in the National Gas Rules and for the purposes of this Access Arrangement means the mechanism for varying a Haulage Tariff set out in Annexure B and the mechanism for varying the Reference Tariffs relating to the Ancillary Services set out in Annexure C.
Regulator	has the meaning given to that term in section 2 of the National Gas Access Law

TERM	DEFINITION
Regulatory Change	<p>means a change in, the removal of, or the imposition of, a Regulatory Obligation or Requirement (as defined in section 6 of the National Gas Access Law) imposed on <Service Provider> and, without limiting section 6 of the National Gas Access Law, includes:</p> <ul style="list-style-type: none"> (i) a community service obligation; (ii) a changed, additional, or new environmental, safety, technical, accounting, operating or administrative standard or requirement; (iii) a uniform Tariff obligation or any other restriction on the level of Tariffs; (iv) a licensing requirement; (v) a required fee or required charge paid or payable, or a change to the amount of the required fee or charge paid or payable, to the ERA for a licence or any other membership, required contribution or other direct charge required by a regulatory body or agency; or (vi) costs of compliance with lawful directions of a body or agency made under a Regulatory Instrument or Law, <p>to the extent that such changes were not included in formulating Conforming Capital Expenditure or Conforming Operating Expenditure for the Access Arrangement Period and it is demonstrated that the changes could not reasonably have been forecast</p>

TERM	DEFINITION
Regulatory Instruments	<p>means:</p> <ul style="list-style-type: none"> (a) the Access Laws; (b) the Distribution Licence; (c) the Access Arrangement; (d) the Retail Market Rules; (e) the Energy Coordination Act 1994 (WA); (f) the Energy Coordination (Customer Contracts) Regulations 2004 (WA); (g) the Energy Coordination (Gas Tariffs) Regulations 2000 (WA); (h) the Energy Coordination (General) Regulations 1995 (WA); (i) the Energy Coordination (Higher Heating Value) Regulations 2008 (WA); (j) the Energy Coordination (Last Resort Supply) Regulations 2005 (WA); (k) the Energy Coordination (Licensing Fees) Regulations 1999 (WA); (l) the Energy Coordination (Ombudsman Scheme) Regulations 2004 (WA); (m) the Energy Coordination (Retail Market Schemes) Regulations 2004 (WA); (n) the Energy Coordination Regulations 2004 (WA); (o) the Energy Operators (Powers) Act 1979 (WA); (p) the Environmental Protection Act 1986 (WA); (q) the Gas Marketing Code of Conduct 2014 (WA); (r) the Gas Standards Act 1972 (WA); (s) the Gas Standards Regulations; (t) the Gas Standards (Gasfitting and Consumer Gas Installations) Regulations 1999 (WA); and (u) the Gas Standards (Infringement Notices) Regulations 2007 (WA); and (v) any other Laws applicable to ATCO Gas Australia in its ownership and operation of the AGA GDS under the Distribution Licence and provision of Pipeline Services by means of the AGA GDS <p>and Regulatory Instrument means any one of them.</p>
Regulatory year	means the regulatory year referred to in the National Gas Rules

TERM	DEFINITION
Related Shipper	in relation to a user for a Sub-network, means a person who, from time to time, is named in the user's allocation instruction for the Sub-network under the Retail Market Rules, and to avoid doubt, a user may be its own Related Shipper.
Relevant Tax	means any Tax the effect of which was properly taken into account (directly or indirectly) when setting Haulage Tariffs, as affecting an amount which ATCO Gas Australia is or will be required to pay in relation to its supply of one or more Haulage Services.
Removing a Meter Lock	means the Pipeline Service described in paragraph 4.9 of the Access Arrangement
Retail Market Rules	means the rules applying under the Retail Market Scheme, as amended from time to time, or any other scheme applying to the gas retail market.
Retail Market Scheme	means the retail market scheme, including the Retail Market Rules, approved under section 11ZOJ of the Energy Coordination Act 1994 (WA) as applying in respect of the AGA GDS, as amended from time to time, or any other scheme applying to the retail energy market.
Review Submission Date	means the date specified in paragraph 2.2 (a) of the Access Arrangement
Revision Commencement Date	means the date specified as the Revision Commencement Date in clause 2.2 (b) of the Access Arrangement.
Rule	means a reference to the National Gas Rules (NGR)
Service A1	is the Pipeline Service described in Part 4 of the Access Arrangement and clause 1 of Schedule 1 of the Template Service Agreement.
Service A2	is the Pipeline Service described in Part 4 of the Access Arrangement and clause 1 of Schedule 2 of the Template Service Agreement.
Service B1	is the Pipeline Service described in Part 4 of the Access Arrangement and clause 1 of Schedule 3 of the Template Service Agreement.
Service B2	is the Pipeline Service described in Part 4 of the Access Arrangement and clause 1 of Schedule 4 of the Template Service Agreement.
Service B3	is the Pipeline Service described in Part 4 of the Access Arrangement and clause 1 of Schedule 5 of the Template Service Agreement.

TERM	DEFINITION
Service Agreement	means the agreement between the Parties under which <Service Provider> provides <User> with access to one or more Reference Services for the haulage of Gas from one or more specified Receipt Points to one or more specified Delivery Points on the AGA GDS, or any other agreement entered into between <Service Provider> and <User> under which <Service Provider> agrees to provide a Pipeline Service to <User> and the annexures, schedules and exhibits to that agreement.
Service Pipe	means the pipe and associated fittings which connect a Delivery Point to the main.
Service Provider	has the meaning given to that term under the National Gas Access Law and, for the purposes of the Template Service Agreement, <User> is a Service Provider for the AGA GDS and also the Covered Pipeline Service Provider for the AGA GDS.
Spare Capacity	has the meaning given to that term in the National Gas Access Law
Standard 8m ³ /h Meter	means a standard Meter with a badged capacity of not more than 8 cubic metres of Gas per hour, being the standard facility or facilities adopted for the purpose of this definition as specified from time to time by <Service Provider>.
Standard 10m ³ /h Meter	means a standard Meter with a badged capacity of not more than 10 cubic metres of Gas per hour, being the standard facility or facilities adopted for the purpose of this definition as specified from time to time by <Service Provider>.
Standard 12m ³ /h Meter	means a standard Meter with a badged capacity of not more than 12 cubic metres of Gas per hour, being the standard facility or facilities adopted for the purpose of this definition as specified from time to time by <Service Provider>.
Standard 18m ³ /h Meter	means a standard Meter with a badged capacity of not more than 18 cubic metres of Gas per hour, being the standard facility or facilities adopted for the purpose of this definition as specified from time to time by <Service Provider>.

TERM	DEFINITION
Standard Delivery Facilities	<p>means, for a User acquiring access to Service B1, Service B2 or Service B3 under the Haulage Contract:</p> <p>(a) in the case of Service B1:</p> <p>(a) may take delivery of Gas at a Delivery Point on the Medium Pressure/Low Pressure System using a standard Meter with a badged capacity of 18 m³/h or greater including a Standard 18 m³/h Meter;</p> <p>(b) Service Pipe from the main to the Delivery Point;</p> <p>(c) a Standard Pressure Regulator, sized to suit the applicable Meter; and</p> <p>(d) any ancillary pipes and equipment (including a valve or valves);</p> <p>In the case of Service B2 and Service B3, either:</p> <p>(a) in the case of Service B2, a standard Meter with a badged capacity of 12m³/h or greater and less than 18 m³/h including a Standard 12m³/h Meter; or</p> <p>(b) in the case of Service B3, a standard Meter with a badged capacity of less than 12m³/h including a Standard 8m³/h Meter and a Standard 10m³/h Meter ; and</p> <p>(c) up to 20 metres of Service Pipe;</p> <p>(d) a Standard Pressure Regulator, sized to suit the applicable Meter;</p> <p>(e) any ancillary pipes and equipment (including a valve or valves); and</p> <p>(f) installation of items (a) to (d) above in Standard Site Conditions,</p> <p>being the standard facility or facilities adopted for the purposes of this definition and specified from time to time by <Service Provider>.</p>
Standard Pressure Regulator	<p>means a pressure regulator or regulators provided by <Service Provider>.as part of Service B2 and Service B3 which is or are the standard facilities adopted for the purposes of this definition as specified from time to time by <Service Provider>.</p>

TERM	DEFINITION
Standard Site Conditions	<p>means, in the reasonable opinion of <Service Provider>, that the land or premises at or through which the Standard Delivery Facilities are being installed:</p> <ul style="list-style-type: none"> (a) does not have rock or any other hard formation present; (b) does not have tiered or terraced gardens or retaining walls present; (c) does not require traffic management (including traffic management to allow safe access or working on or in the land or premises adjacent to the land or premises at or through which the Standard Delivery Facilities are being installed); (d) does not require horizontal directional drilling or boring; and (e) is not densely vegetated, <p>and only where the gas main is so located that, in the reasonable opinion of <Service Provider>, it is practicable in accordance with good industry practice to connect the Standard Delivery Facilities to the main.</p>
Standing Charge	<p>means:</p> <ul style="list-style-type: none"> (a) for Tariff A1, the amount specified in clause 1.1 (b) (i) of Annexure A of the Access Arrangement; (b) for Tariff A2, the amount specified in clause 1.2 (b) (i) of Annexure A of the Access Arrangement; (c) for Tariff B1, the amount specified in clause 1.3 (b) (i) of Annexure A of the Access Arrangement; (d) for Tariff B2, the amount specified in clause 1.4 (b) (i) of Annexure A of the Access Arrangement; (e) for Tariff B3, the amount specified in clause 1.5 (b) (i) of Annexure A of the Access Arrangement.
Sub-network	<p>means a part of the AGA GDS identified under the Retail Market Rules as a sub-network of the AGA GDS.</p>
Surcharge	<p>has the meaning given to that term in the National Gas Rules</p>

TERM	DEFINITION
System Pressure Protection Plan	means a plan prepared by a Prospective User that complies with the requirements set out in Annexure D of the Access Arrangement to ensure <User> does not jeopardise system pressure by being in a position where it is unable to supply sufficient Gas at Receipt Points on a Sub-network and is simultaneously unable to sufficiently reduce the delivery of Gas it takes at its Delivery Points on the Sub-network.
Tariff	has the meaning given to it in section 2 of the National Gas Access Law.
Tariff A1	means the Tariff or Charge specified in, or determined by applying the formula or methodology contained in, the Access Arrangement, Annexure A clause 1.5, as varied under the Reference Tariff Variation Mechanism .
Tariff A2	means the Tariff or Charge specified in, or determined by applying the formula or methodology contained in, the Access Arrangement, Annexure A clause 1.2, as varied under the Reference Tariff Variation Mechanism.
Tariff B1	means the Tariff or Charge specified in, or determined by applying the formula or methodology contained in, the Access Arrangement, Annexure A clause 1.3 , as varied under the Reference Tariff Variation Mechanism.
Tariff B2	means the Tariff or Charge specified in, or determined by applying the formula or methodology contained in, the Access Arrangement, Annexure A clause 1.4 , as varied under the Reference Tariff Variation Mechanism.
Tariff B3	means the Tariff or Charge specified in, or determined by applying the formula or methodology contained in, the Access Arrangement, Annexure A clause 1.5, as varied under the Reference Tariff Variation Mechanism.
Tariff Component	means a component of a Reference Tariff which is an amount, or the rate by, which a User is charged for a single element or attribute of a Haulage Service.

TERM	DEFINITION
Tax	<p>includes any tax, rate, impost, levy, fee, compulsory loan, tax-equivalent payment or surcharge withheld, deducted, charged, levied or imposed under any Law (Applicable Tax) other than any:</p> <p>(a) Applicable Tax imposed under the GST Law; or</p> <p>Applicable Tax imposed on any income or capital amounts that may be derived by a Party.</p>
Tax Change	<p>means:</p> <p>(a) a change in the way, or the rate at which, a Relevant Tax is calculated;</p> <p>(b) the removal of a Relevant Tax; or</p> <p>(b) (c) the imposition of a New Relevant Tax, which results from a Change in Law or a Regulatory Change</p>
Telemetry	<p>means the communication equipment used for transmission of data collected from a Meter to <Service Provider> 's central data management system and typically encompasses modems, telecom landline (which may be dedicated or part of the PSTN network) or radio transceivers (which may be in the form of a dedicated radio network, GSM, GPRS or satellite telephony).</p>
Template Service Agreement	<p>refers to the document attached at Annexure E of the Access Arrangement</p>
Terajoule	<p>means 1000 (one thousand) Gigajoules</p>
Third Party	<p>has the meaning given to that term in 14.2 of the Template Service Agreement.</p>
Total Revenue	<p>has the meaning given to that term in the National Gas Rules</p>

TERM	DEFINITION
Usage Charge	<p>means:</p> <ul style="list-style-type: none"> (a) for Tariff A1, the charge described in clause 1.1 (a) (iii) of Annexure A of the Access Arrangement ; (b) for Tariff A2, the charge described in clause 1.2 (a) (ii) of Annexure A of the Access Arrangement; (c) for Tariff B1, the charge described in clause 1.3(a)(ii) of Annexure A of the Access Arrangement; (d) for Tariff B2, the charge described in clause 1.4(a)(ii) of Annexure A of the Access Arrangement <p>for Tariff B3, the charge described in clause 1.5 (a) (ii) of Annexure A of the Access Arrangement</p>
Usage Charge Rate	<p>means:</p> <ul style="list-style-type: none"> (a) for Tariff A1, the rate specified in clause 1.1 (b) (iii) of Annexure A of the Access Arrangement; (b) for Tariff A2, the rate specified in clause 1.2 (b) (ii) of Annexure A of the Access Arrangement; (c) for Tariff B1, the rate specified in clause 1.3 (b) (ii) of Annexure A of the Access Arrangement ; (d) for Tariff B2, the rate specified in clause 1.4 (b) (ii) of Annexure A of the Access Arrangement ; (e) for Tariff B3, the rate specified in clause 1.5 (b) (ii) of Annexure A of the Access Arrangement
User	<ul style="list-style-type: none"> (e) has the meaning given to it in the National Gas Access Law and, for the purposes of the Template Service Agreement, <User> is a User.
User Specific Charge	<p>means:</p> <ul style="list-style-type: none"> (a) for Tariff A1, the charge described in clause 1.1 (b) (iv) of Annexure A of the Access Arrangement (b) for Tariff A2, the charge described in clause 1.2 (b) (iii) of Annexure A of the Access Arrangement; (c) for Tariff B1, the charge described in clause 1.3 (b) (iii) of Annexure A of the Access Arrangement

TERM	DEFINITION
User Specific Delivery Facilities	<p>means, for a User acquiring access to Service A1, Service A2 or Service B1 under the Template Service Agreement:</p> <ul style="list-style-type: none"> (a) a Meter which is not a Standard 8m³/h Meter, a Standard 10m³/h Meter, a Standard 12m³/h Meter or a Standard meter with a badged capacity of less than 18m³/h; (b) Service Pipe from the main to the Delivery Point; (c) a User Specific Pressure Regulator; (d) any ancillary pipes and equipment (including a valve or valves); (e) in the case of Service B1, may take delivery of Gas at a Delivery Point on the Medium Pressure/Low Pressure System using Standard Delivery Facilities which include a Standard 18 m³/h Meter or a standard Meter with a badged capacity of more than 18 m³/h; and (f) in the case of Service A1 and Service A2, also includes Telemetry, <p>being the facility or facilities which are the most appropriate for that User, as determined by <Service Provider> as a reasonable person.</p>
User Specific Pressure Regulator	(g) means a pressure regulator which is not a Standard Pressure Regulator.
Variation Period	<p>refers to one of the following periods (as the case may be):</p> <ul style="list-style-type: none"> (a) the period 1 October 2015 to 31 December 2015 ; (b) the period 1 January 2016 to 31 December 2016; (c) the period 1 January 2017 to 31 December 2017; (d) the period 1 January 2018 to 31 December 2018; and (e) the period 1 January 2019 to 31 December 2019.

TERM	DEFINITION
Variation Year	Variation Year is the year of the Variation Period.
Year	means a period of 12 months.

12.2 Rules for interpreting the Access Arrangement

In interpreting the Access Arrangement and the Service Agreement, except where the context makes it clear that a rule is not intended to apply:

- (a) Headings are for convenience only, and do not affect interpretation.
- (b) A reference to:
 - (i) a Law, legislative provision or legislation (including subordinate legislation) is a reference to that provision or legislation as amended, substituted, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (ii) a rule of the Retail Market Rules or the National Gas Rules or a provision of the Retail Market Scheme or the National Gas Access Law includes any amendment, substitution or replacement of the rule or provision;
 - (iii) a document (including the Access Arrangement or this Service Agreement) or agreement, or a provision of a document (including the Access Arrangement or this Service Agreement) or agreement, is a reference to that document, agreement or provision as amended, supplemented, replaced or novated;
 - (iv) the Access Arrangement or this Service Agreement includes all of its schedules and annexures;
 - (v) a Party to the Access Arrangement or this Service Agreement or to any other document or agreement includes a permitted substitute, successor or assign of that Party;
 - (vi) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person;
 - (vii) "currency", "dollar" or "\$" is a reference to the Australian dollar; and
 - (viii) anything (including a right, obligation or concept) includes each part of it.
- (c) A reference:
 - (i) in the Access Arrangement to a part, clause, paragraph, schedule or annexure is to a part, clause or paragraph of, or schedule or annexure to, the Access Arrangement; and
 - (ii) in the Service Agreement to a clause, schedule or annexure is to a clause of, or schedule or annexure to the Service Agreement.

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- (d) A singular word includes the plural, and vice versa.
 - (e) A word which suggests one gender includes the other gender.
 - (f) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
 - (g) The term "including" is not to be interpreted as a term of limitation, and if an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
 - (h) The term "under" in relation to a provision of the Access Arrangement or this Service Agreement includes "by", "in accordance with", "pursuant to" and "by virtue of".
 - (i) Where a period of time is expressed to begin at, on or with a specified day, that day is excluded in the calculation of the period.
 - (j) A reference:
 - (i) to a Delivery Point being "on" the Medium Pressure/Low Pressure System or a Sub-network means that the Delivery Point is attached to or forms part of the relevant system or Sub-network, such that Gas flowing through the Delivery Point flows from that system or Sub-network;
 - (ii) to a Receipt Point being "on" a Sub-network means that the Physical Gate Points associated with the Receipt Point are attached to or form part of the relevant Sub-network, such that Gas flowing through the Physical Gate Points and associated Receipt Point flows into that Sub-network; and
 - (iii) "associated", when used to describe the relationship between a Receipt Point and a Physical Gate Point, means that each of them is associated with the same Sub-network.
 - (k) Words defined in the GST Law have the same meaning in the Access Arrangement or this Service Agreement, unless expressly provided otherwise.
 - (l) If a person is a member of a GST group, references to GST for which the person is liable and to input tax credits to which the person is entitled include GST for which the representative member of the GST group is liable and input tax credits to which the representative member is entitled.
 - (m) References to GST extend to any notional liability of any person for GST and to any amount which is treated as GST under the GST Law, and references to an input tax credit extend to any notional input tax credit to which any person is entitled.

12.3 References to Gas quantities

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

12.4 SI units

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

12.5 Provision regarding rounding

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

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

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

Annexure A

CALCULATING HAULAGE TARIFFS

In the application made by ATCO (ACT 10 of 2015), the Australian Competition Tribunal set aside and remitted the ERA's revised Access Arrangement back to the ERA, to be remade.¹ Among other things, the Tribunal ordered that the value for gamma be changed, from the ERA's 0.4 in the revised Access Arrangement, to 0.25. Gamma is an important parameter contributing to the published tariffs.

Accordingly, the ERA revised the total net present value of revenue to apply for the fourth Access Arrangement, accounting for the Tribunal's orders. The ERA's reasoning is set out in its decision published on 25 October 2016.²

However, the tariff charges set out in this Annexure A are identical to those published in the revised Access Arrangement on 1 October 2015. In addition, the tariffs which resulted from the 2016 annual update, providing for the tariffs commencing on 1 January 2016, are also unchanged.³

1.1 This is because the ERA will implement the change in the present value of revenue resulting from the Tribunal's orders, as part of the 2017 tariff variation. Information on the estimated revenue and tariff effects of the changes may be found in the ERA's decision.⁴**TARIFF A1**

- (a) Tariff A1 consists of:
 - (i) a Standing Charge which is payable each day regardless of Contracted Peak Rate and regardless of usage;
 - (ii) a Demand Charge which is payable each day calculated for each day by multiplying the Demand Charge Rate by the User's Contracted Peak Rate (expressed in Gigajoules to three decimal places) and multiplying the resulting amount by the Interconnection Distance (expressed in kilometres to one decimal place);
 - (iii) a Usage Charge calculated by multiplying the Usage Charge Rate by the quantity of Gas delivered to the User at a Delivery Point (expressed in Gigajoules to three decimal places) and multiplying the resulting amount by the Interconnection Distance (expressed in kilometres to one decimal place); and
 - (iv) a daily User Specific Charge for the User Specific Delivery Facilities.
- (b) Subject to the Reference Tariff Variation Mechanism, for Tariff A1 from 1 October 2015 (in 30 June 2014 dollars):

¹ Australian Competition Tribunal, *Application by ATCO Gas Australia Pty Ltd [2016] ACompT 10*, 13 July 2016.

² Economic Regulation Authority, *Revised decision pursuant to rule 64(4) of the National Gas Rules giving effect to the Economic Regulation Authority's proposed access arrangement revisions for the Mid-West and South-West Gas Distribution System*, 25 October 2016.

³ Economic Regulation Authority, *Notice: Mid-west and South-West Gas Distribution Systems: Proposed Reference Tariff for Year Beginning 1 January 2016*, 25 November 2015.

⁴ Economic Regulation Authority, *Revised decision pursuant to rule 64(4) of the National Gas Rules giving effect to the Economic Regulation Authority's proposed access arrangement revisions for the Mid-West and South-West Gas Distribution System*, 25 October 2016.

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- (i) the Standing Charge is \$44,297.51 divided by 365;
 - (ii) the Demand Charge Rate is:
 - (A) \$186.70 for the first 10 kilometres of the Interconnection Distance; and
 - (B) \$98.27 for any part of the Interconnection Distance in excess of 10 kilometres;
 - (iii) the Usage Charge Rate is:
 - (A) \$0.03961 per Gigajoule per kilometre for the first 10 kilometres of the Interconnection Distance; and
 - (B) \$0.01979 per Gigajoule per kilometre for any part of the Interconnection Distance in excess of 10 kilometres; and
 - (iv) the User Specific Charge is to be an amount per day which reflects the costs to ATCO Gas Australia of providing the User Specific Delivery Facilities, which may consist of Capital Expenditure and Operating Expenditure, where the component of the User Specific Charge which reflects Capital Expenditure is calculated as follows:
 - (A) the value of the User Specific Delivery Facilities is to be amortised monthly on an "in arrears" basis;
 - (B) using a nominal post-tax weighted average cost of capital as per the annual update, and
 - (C) over the lesser of the duration of the economic life of the User Specific Delivery Facilities and the period during which the User is entitled to take delivery of Gas at the Delivery Point to which the User Specific Delivery Facilities relate under its Service Agreement.

1.2 TARIFF A2

- (a) Tariff A2 consists of:
 - (i) a Standing Charge which is payable each day regardless of Contracted Peak Rate and regardless of usage;
 - (ii) a Usage Charge calculated by multiplying the Usage Charge Rate by the quantity of Gas delivered to the User at a Delivery Point (expressed in Gigajoules to three decimal places); and
 - (iii) a daily User Specific Charge for the User Specific Delivery Facilities.
- (b) Subject to the Reference Tariff Variation Mechanism, for Tariff A2 from 1 October 2015 (in 30 June 2014 dollars):
 - (i) the Standing Charge is \$24,525.45 divided by 365;
 - (ii) the Usage Charge Rate is:
 - (A) \$2.37 per Gigajoule for the first 10 Terajoules of gas delivered to the User at a Delivery Point per year; and

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- (B) \$1.27 per gigajoule for usage in excess of the first 10 Terajoules of gas delivered to the User at a Delivery per year; and
 - (iii) the User Specific Charge is to be an amount per day which reflects the costs to ATCO Gas Australia of providing the User Specific Delivery Facilities, which may consist of Capital Expenditure and Operating Expenditure, where the component of the User Specific Charge which reflects Capital Expenditure is calculated as follows:
 - (A) the value of the User Specific Delivery Facilities is to be amortised monthly on an "in arrears" basis;
 - (B) using a nominal post-tax weighted average cost of capital as per the annual update; and
 - (C) over the lesser of the duration of the economic life of the User Specific Delivery Facilities and the period during which the User is entitled to take delivery of Gas at the Delivery Point to which the User Specific Delivery Facilities relate under its Service Agreement.

1.3 TARIFF B1

- (a) Tariff B1 consists of:
 - (i) a Standing Charge which is payable each day regardless of Contracted Peak Rate and regardless of usage;
 - (ii) a Usage Charge calculated by multiplying the Usage Charge Rate by the quantity of Gas delivered to the User at a Delivery Point (expressed in Gigajoules to three decimal places); and
 - (iii) a daily User Specific Charge for the User Specific Delivery Facilities.
- (b) Subject to the Reference Tariff Variation Mechanism, for Tariff B1 from 1 October 2015 (in 30 June 2014 dollars):
 - (i) the Standing Charge is \$1,235.46 divided by 365;
 - (ii) the Usage Charge Rate is:
 - (A) \$4.72 per Gigajoule for the first 5 Terajoules of gas delivered to the User at a Delivery point per year; and
 - (B) \$4.05 per Gigajoule for any usage in excess of the first 5 Terajoules of gas delivered to the User at a Delivery Point per year; and
 - (iii) the User Specific Charge is to be an amount per day which reflects the costs to ATCO Gas Australia of providing the User Specific Delivery Facilities under a Service Agreement, which may consist of capital costs and Operating Expenditure, where the component of the User Specific Charge which reflects capital costs is calculated as follows:
 - (A) the value of the User Specific Delivery Facilities is to be amortised monthly on an "in arrears" basis;
 - (B) using a nominal post-tax weighted average cost of capital as per the annual update, and

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- (C) over the lesser of the duration of the economic life of the User Specific Delivery Facilities and the period during which the User is entitled to take delivery of Gas at the Delivery Point to which the User Specific Delivery Facilities relate under its Service Agreement.

1.4 **TARIFF B2**

- (a) Tariff B2 consists of:
 - (i) a Standing Charge which is payable each day regardless of usage; and
 - (ii) a Usage Charge calculated by multiplying the Usage Charge Rate by the quantity of Gas delivered to the User at a Delivery Point (expressed in Gigajoules to three decimal places).
- (b) Subject to the Reference Tariff Variation Mechanism, for Tariff B2 from 1 October 2015 (in 30 June 2014 dollars), the standing charges and usage charges for tariff B2 are:
 - (i) the Standing Charge is \$309.58 divided by 365; and
 - (ii) the Usage Charge Rate is:
 - (A) \$7.88 per Gigajoule for the first 274 Megajoules per day of gas delivered to the User at a Delivery point; and
 - (B) \$4.69 per Gigajoule for any usage in excess of the first 274 Megajoules per day of gas delivered to the User at a Delivery Point.

1.5 **TARIFF B3**

- (a) Tariff B3 consists of:
 - (i) a Standing Charge which is payable each day regardless of usage; and
 - (ii) a Usage Charge calculated by multiplying the Usage Charge Rate by the quantity of Gas delivered to the User at a Delivery Point (expressed in gigajoules to three decimal places).
- (b) Subject to the Reference Tariff Variation Mechanism, for Tariff B3 from 1 October 2015 (in 30 June 2014 dollars), the standing charges and usage charges for tariff B3 are:
 - (i) the Standing Charge is \$75.81 divided by 365; and
 - (ii) the Usage Charge Rate is:⁵
 - (A) \$0.00 per Gigajoule for the first 5 Megajoules per day of gas delivered to the User at a Delivery Point;
 - (B) \$14.98 per Gigajoule for the next 22 Megajoules per day of gas delivered to the User at a Delivery Point; and

⁵ The ERA revised its access arrangement decision on 25 October 2016 and amended the consumption values used for the Usage Charge Rate to apply from 1 January 2017 (see Annexure, section 1.3.3).

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- (C) \$6.47 per Gigajoule for any usage in excess of the first 27 Megajoules per day of gas delivered to the User at a Delivery Point.

2. ANNEXURE A INTERPRETATION

All daily usage rates are calculated as an average over the metering / billing period

Unless the contrary intention appears, in this Annexure A, all terms used are as defined in the Dictionary.

Annexure B

REFERENCE TARIFF VARIATION MECHANISM

1. TARIFF VARIATION MECHANISM – VARIATION IN ACCORDANCE WITH FORMULA FOR REFERENCE TARIFF CLASSES A1, A2, B1, B2 AND B3

1.1 Variation

- (a) ATCO Gas Australia may vary any Haulage Tariff by varying one or more Tariff Components of that Haulage Tariff during a Variation Period in accordance with this clause 1.
- (b) Each Haulage Tariff varied under this clause 1 applies as varied on and from the first day of the applicable Variation Period.
- (c) Each Haulage Tariff varied under this clause includes the impacts of any cost pass through as specified in clause 2 of this Annexure.
- (d) Haulage Tariffs that are applicable from the commencement of the Access Arrangement at 1 July 2014 are unchanged from those applicable at 30 June 2014 under rule 92(3) of the NGR.
- (e) All Haulage Tariffs commencing 1 January of the Variation Year in Annexure A are to be recalculated after the annual update of the trailing average debt risk premium (in accordance with clause 1.4 of this Annexure). All Haulage Tariffs commencing 1 January of the Variation Year in Annexure A are to include approved Cost Pass Through Events (in accordance with clause 2 and 3 of this Annexure). This will produce the X-Factor and hence the tariffs for the Variation Year. These tariffs, which are in 30 June 2014 dollars are adjusted to the nominal dollar value, to be charged, based on real 31 December dollars of the Variation Year.

1.2 Where Variation Period is the period commencing 1 October 2015

1.2.1 Haulage Tariff Classes: Reference Tariffs A1, A2, B1, B2 and B3

The Reference Haulage Tariffs commencing on 1 October 2015, which are at 30 June 2014 dollars as set out in clauses 1.1(b), 1.2(b), 1.3(b), 1.4(b) and 1.5(b) of Annexure A are to be adjusted to the nominal dollar value to be charged based on December 2015 dollars. The adjustment of Reference Tariff A1, Reference Tariff A2, Reference Tariff B1, Reference Tariff B2 and Reference Tariff B3 that commence from 1 October 2015 tariffs is to be calculated as follows:

$$P_{2015}^{i,j} \leq P_1^{i,j} \frac{CPI_{Sep2014}}{CPI_{Mar2013}}$$

Where

$P_{2015}^{i,j}$ is the value of Tariff Component j of Haulage Tariff i as varied on and from the first day of the Variation Period which is 1 October 2015;

$P_1^{i,j}$ is the value of Tariff Component j of Haulage Tariff i at 1 October 2015 in 30 June 2014 dollars as set out in Annexure A;

i is the relevant Haulage Tariff class – being Reference Tariff A1, Reference Tariff A2, Reference Tariff B1, Reference Tariff B2 or Reference Tariff B3;

j is the relevant tariff component – the number of possible components, depends on the Haulage Tariff class being considered, with $j = 1$ to k ;

k is the maximum number of possible components for each relevant Tariff Component being considered;

$CPI_{Sep2014}$ is the value of the CPI All Groups, Weighted Average of Eight Capital Cities for 30 September 2014 as a proxy to 31 December 2015 CPI;

$CPI_{Mar2013}$ is the value of the CPI All Groups, Weighted Average of Eight Capital Cities for 31 March 2013 as a proxy to 30 June 2014 CPI.

1.3 Where Variation Period is the Year commencing 1 January of each Year 2016, 2017, 2018 and 2019

1.3.1 Haulage Tariff Classes: Reference Tariffs A1, A2 and B1

The change in Reference Haulage Tariffs commencing 1 January of the Variation Year are to not exceed the recalculated X-factor and CPI adjustment. As a result the adjustment of any of Reference Tariff A1, Reference Tariff A2 and Reference Tariff B1 that commence from 1 January of the Variation Year must meet the following condition:

$$(1+X\text{-Factor}_N) \frac{CPI_{Sep(N-1)}}{CPI_{Sep(N-2)}} \geq \frac{\sum_{i=A1}^{B1} \sum_{j=1}^k P_N^{i,j} Q_{(N-2)}^{i,j}}{\sum_{i=A1}^{B1} \sum_{j=1}^k P_{(N-1)}^{i,j} Q_{(N-2)}^{i,j}}$$

Where

$P_N^{i,j}$ is the value of Tariff Component j of Haulage Tariff i at 1 January of the Variation Year N;

$P_{(N-1)}^{i,j}$ is the prevailing Tariff Component j applied to the customers of Haulage Tariff i at 1 January of the Variation Year (N-1) for $N = 2017$ to 2019 ;

$P_{2015}^{i,j}$ is the value of Tariff Component j of Haulage Tariff i at 1 October 2015 as set out in Clause 1.2.1 of Annexure B;

$Q_{(N-2)}^{i,j}$ is the number of connections or volume sold in year (N-2) where

$Q_{(N-2)}^{i,1}$ is the number of connections;

$Q_{(N-2)}^{i,j}$ is the volume sold for $j \geq 2$

i is the relevant reference Haulage Tariff class – being Reference Tariff class – A1, Reference Tariff A2 or Reference Tariff B1;

j is the relevant Tariff Component – the number of possible components, depends on the Haulage Tariff class being considered, with $j = 1$ to k ;

k is the maximum number of possible components for each relevant Tariff Component being considered;

N is the Variation Year where $N = 2016$ to 2019 ;

$X\text{-Factor}_N$ is the price change from 1 January of Variation Year $(N-1)$ to 1 January of Variation Year N after including the approved cost pass through and the annual update of the trailing average debt risk premium for year N at 30 June 2014 dollars;

$X\text{-Factor}_{2016}$ is the price change from 1 October 2015 to 1 January 2016 after including the approved cost pass through and the annual update of the trailing average debt risk premium, at 30 June 2014 dollars;

$CPI_{Sep(N-1)}$ is the value of the CPI All Groups, Weighted Average of Eight Capital Cities for 30 September of year $(N-1)$ as a proxy to 31 December of year N CPI;

$CPI_{Sep(N-2)}$ is the value of the CPI All Groups, Weighted Average of Eight Capital Cities for 30 September of year $(N-2)$ as a proxy to 31 December of year $(N-1)$ CPI.

1.3.2 Haulage Tariff Class: Reference Tariff B2

The Reference Haulage Tariffs commencing 1 January of the Variation Year are to be recalculated after the annual update of the trailing average debt risk premium (in accordance with clause 1.4 of this Annexure). The Reference Haulage Tariffs commencing 1 January of the Variation Year in Annexure A are to include approved Cost Pass Through Events (in accordance with clause 2 and 3 of this Annexure). This will produce the X-Factor and hence the tariffs in 30 June 2014 dollars for the Variation Year. The tariffs are to be inflated by CPI to generate prices applicable from 1 January of the Variation Year. The adjustment of Reference Tariff B2 where that tariff commences from 1 January must meet the following condition:

$$P_N^j \leq P_1^j \frac{CPI_{Sep(N-1)}}{CPI_{Mar2013}} \prod_{t=2016}^N (1+X\text{-Factor}_t)$$

Where

P_N^j is the value of Tariff Component j as varied from 1 January of the Variation Year N ;

P_1^j is the value of Tariff Component j at 1 October 2015 as set out in Annexure A;

j is the relevant Tariff Component for $j = 1$ to 3 ;

t is the Variation Years, where $t = 2016$ to year N ;

N is the Variation Year, where $N = 2016$ to 2019 ;

$X\text{-Factor}_t$ is the 30 June 2014 dollar price change from 1 January of Variation Year $(t-1)$ to 1 January of Variation Year (t) after including the approved cost pass through and the annual update of the trailing average debt risk premium for year t ;

$X\text{-Factor}_{2016}$ is the 30 June 2014 dollar price change from 1 October 2015 to 1 January 2016 after including the approved cost pass through and the annual update of the trailing average debt risk premium;

$CPI_{Sep(N-1)}$ is the value of the CPI All Groups, Weighted Average of Eight Capital Cities for 30 September of year $(N-1)$ as a proxy to 31 December of year N CPI;

$CPI_{Mar2013}$ is the value of the CPI All Groups, Weighted Average of Eight Capital Cities for 31 March 2013 as a proxy to 30 June 2014 CPI.

1.3.3 Haulage Tariff Class: Reference Tariff B3

The Reference Haulage Tariffs commencing 1 January of the Variation Year are to be recalculated after the annual update of the trailing average debt risk premium (in accordance with clause 1.4 of this Annexure). The Reference Haulage Tariffs commencing 1 January of the Variation Year in Annexure A are to include approved Cost Pass Through Events (in accordance with clause 2 and 3 of this Annexure). This will produce the X-Factor and hence the tariffs for the Variation Year. The tariffs are to be inflated by CPI to generate prices applicable from 1 January of each Variation Year. The adjustment of Reference Tariff B3 where that tariff commences from 1 January must meet the following conditions:

$$\sum_{j=1}^4 P_N^j Q^j \leq (1 + X\text{-Factor}_N) \frac{CPI_{Sep(N-1)}}{CPI_{Sep(N-2)}} \sum_{j=1}^4 P_{(N-1)}^j Q^j ; \text{ and}$$

$$\frac{P_N^4}{P_{(N-1)}^4} = \frac{P_N^3}{P_{(N-1)}^3}$$

Where

P_N^j is the value of Tariff Component j of Reference Tariff B3, starting from 1 January of the Variation Year $N = 2016$ to 2019;

$P_{(N-1)}^j$ is the value Tariff Component j or Reference Tariff B3 at year $(N-1)$;

P_N^1 is a fixed standing charge per connection where:

$$P_{2015}^1 \text{ is } \$75.81 \times \frac{CPI_{Sep2014}}{CPI_{Mar2013}} \text{ per connection;}$$

$$P_{2016}^1 \text{ is } \$78.10 \times \frac{CPI_{Sep2015}}{CPI_{Mar2013}} \text{ per connection;}$$

P_{2017}^1 is $\$87.20 \times \frac{CPI_{Sep2016}}{CPI_{Mar2013}}$ per connection;

P_{2018}^1 is $\$96.31 \times \frac{CPI_{Sep2017}}{CPI_{Mar2013}}$ per connection;

P_{2019}^1 is $\$105.41 \times \frac{CPI_{Sep2018}}{CPI_{Mar2013}}$ per connection;

P_N^2 is 0 for the first 1.825 GJ in years 2017 onwards⁶

P_{2015}^3 is $\$14.98 \times \frac{CPI_{Sep2014}}{CPI_{Mar2013}}$ per GJ at 1 October 2015;

P_{2015}^4 is $\$6.47 \times \frac{CPI_{Sep2014}}{CPI_{Mar2013}}$ per GJ at 1 October 2015;

Q^j is the number of connections or demand volume where⁷

Q^1 is 1 customer connection;

Q^2 is 1.825 GJ in years 2017 onwards;

Q^3 is 8.030 GJ in years 2017 onwards;

Q^4 is 5.154 GJ in years 2017 onwards;

j is the relevant Tariff Component where $j = 1$ to 4 ;

N is the Variation Year, where $N = 2016$ to 2019 ;

$X\text{-Factor}_N$ is the 30 June 2014 dollar price change from 1 January of Variation Year $(N - 1)$ to 1 January of Variation Year N after including the cost pass through and the annual update of the trailing average debt risk premium, for $N = 2017$ to 2019 ;

$X\text{-Factor}_{2016}$ is the price change from 1 October 2015 to 1 January 2016 after including the cost pass through and the annual update of the trailing average debt risk premium;

$CPI_{Sep(N-1)}$ is the value of the CPI All Groups, Weighted Average of Eight Capital Cities for 30 September of year $(N - 1)$ as a proxy to 31 December of year N CPI;

⁶ The ERA revised its access arrangement decision on 25 October 2016, and amended P_N^2 to the value stated above. In the application of the tariff variation prior to 2017, the value for P_N^2 was 0 for the first 2 GJ.

⁷ The ERA revised its access arrangement decision on 25 October 2016, and amended Q^2 to Q^4 to the values stated above. In the application of the tariff variation prior to 2017, the following values were used for Q^2 to Q^4 : Q^2 was 2 GJ, Q^3 was 8 GJ and Q^4 was 5 GJ.

$CPI_{Sep(N-2)}$ is the value of the CPI All Groups, Weighted Average of Eight Capital Cities for 30 September of year $(N - 2)$ as a proxy to 31 December of year $(N - 1)$ CPI.

1.4 Annual update of trailing average debt risk premium

The annual update of the trailing average debt risk premium component of the rate of return in each year starting from 1 January 2016 of the Access Arrangement Period is to be calculated by applying the following formula:

$$TA\ DRP_0 = \frac{\sum_{t=0}^{-9} DRP_t}{10}$$

Where

$TA\ DRP_0$ is the equally weighted trailing average of the DRP to apply in the following year as the annual update of the estimate used in the current year; and

DRP_t is the DRP estimated for each of the 10 regulatory years $t = 0, -1, -2, \dots, -9$.

DRP_t refers to the DRP estimates in each year $t = 0, -1, -2, \dots, -9$, which are either:

the forward looking DRP estimators for the calendar year 2016, 2017, 2018 or 2019, estimated during the 20 trading days averaging period, using the method of automatic formulas set out in Appendix 8 of the Final Decision; or

the published DRP_t estimates, derived from the Reserve Bank of Australia 10 year BBB credit spread to swap interpolated daily data (up to the period 31 March 2015) and from the Authority's 2 April 2015 estimate of the DRP, as follows, as set out in Appendix 8 of the Final Decision:

calendar year 2007: DRP_{2007} : 1.241 per cent;

calendar year 2008: DRP_{2008} : 3.489 per cent;

calendar year 2009: DRP_{2009} : 4.624 per cent;

calendar year 2010: DRP_{2010} : 2.127 per cent;

calendar year 2011: DRP_{2011} : 2.371 per cent;

calendar year 2012: DRP_{2012} : 3.172 per cent;

calendar year 2013: DRP_{2013} : 3.068 per cent;

calendar year 2014: DRP_{2014} : 2.250 per cent;

calendar year 2015: DRP_{2015} : 1.953 per cent.

The first annual update will apply for the tariff variation for the 2016 calendar year. As noted, all annual updates of the debt risk premium should be determined consistent with the automatic

formulas summarised in Annexure D of the Access Arrangement and set out in detail in Appendix 8 of the Final Decision. The resulting automatic annual adjustment to the rate of return, based on the outputs of the updating of the tariff model for the revised debt risk premium for the regulatory year, should be incorporated in the relevant Annual Tariff Variation.

The Authority in the Final Decision required that ATCO nominate, as soon as practicable after the release of the Final Decision, the averaging period for each annual update applying in 2016, 2017, 2018 and 2019. The averaging periods for each year must be a nominated 20 trading days (based on eastern states holidays) in the window 1 July to 31 October in the year prior to the relevant tariff variation, to allow estimation of the updated DRP for inclusion in the relevant annual tariff variation. The nominated 20 trading day averaging period for each of the four years do not need to be identical periods, only that they occur in the period 1 July to 31 October in each relevant year, and are nominated prior.

2. REFERENCE TARIFF VARIATION MECHANISM – COST PASS THROUGH EVENTS

2.1 Cost Pass Through Events

For the purpose of this clause 2, each of the following is a "Cost Pass Through Event":

- (a) ATCO Gas Australia incurs HHV Costs that constitute Conforming Capital Expenditure or Conforming Operating Expenditure;
- (b) ATCO Gas Australia incurs Physical Gate Point Costs that constitute Conforming Capital Expenditure or Conforming Operating Expenditure;
- (c) ATCO Gas Australia incurs Conforming Capital Expenditure or Conforming Operating Expenditure as a result of a Change in Law or Tax Change;
- (d) ATCO Gas Australia incurs Conforming Capital Expenditure or Conforming Operating Expenditure as a direct result of any Law that imposes a fee or Tax on greenhouse gas emissions or concentrations; and for avoidance of doubt, this expenditure includes only direct capital or direct operating expenditure associated with preparation for, compliance with the Laws which implement, and the participation in, the Emissions Trading Scheme; and liability only for direct capital or direct operating expenditure transferred to ATCO Gas Australia from another entity as a direct result of acting in accordance with the Emissions Trading Scheme.
- (e) ATCO Gas Australia incurs Conforming Capital Expenditure or Conforming Operating Expenditure as a result of addressing an "Intermediate" security of supply risk following an assessment in accordance with the required steps prescribed in Table C4 of AS 4645 for an 'intermediate' ranked risk. This expenditure can only be passed through for the following areas of the network identified by ATCO in its Response to the Draft Decision: Northern Network, Peel, Hillary's, Canning Vale, Fremantle and Lathlain.

2.2 Variation of Haulage Tariffs

If a Cost Pass Through Event occurs, ATCO Gas Australia:

- (a) must notify the ERA of the Cost Pass Through Event; and
- (b) may recover direct Conforming Operating Expenditure, depreciation of and return on direct Conforming Capital Expenditure and consequential changes to return on working capital, taxation and equity raising costs incurred or forecast to be incurred by ATCO Gas Australia (or on ATCO Gas Australia's behalf) as a direct result of the Cost Pass Through Event, provided that these costs have not already been

recovered by ATCO Gas Australia. ATCO Gas Australia may account for the timing difference between incurring Conforming Operating Expenditure and the start date for the tariff variation, through a time value of money adjustment.

2.3 Next Access Arrangement Period

If ATCO Gas Australia varies a Reference Tariff in accordance with clause 2.2 above, the costs referred to in clause 2 will be:

- (a) added to the Opening Capital Base for the Next Access Arrangement Period, after adjustment for any depreciation during the Current Access Arrangement Period, if they are Conforming Capital Expenditure; and
- (b) added to Total Revenue from the commencement of the Next Access Arrangement Period if they are Conforming Operating Expenditure.

3. VARIATION REPORT TO BE GIVEN TO THE ERA

3.1 Variation report – reference tariff variation formula

ATCO Gas Australia will use its reasonable endeavours to give the ERA a variation report at least 40 (forty) Business Days before the date on which the Reference Tariff is to be varied in accordance with the reference tariff variation formula, and that report shall contain the following information:

- (a) the proposed varied Reference Tariff and varied Tariff Components;
- (b) the date or dates on which the varied Reference Tariff is to come into effect;
- (c) calculations showing the derivation of the varied Service Agreement using the formula in clause 1 of Annexure B; and
- (d) a statement of reasons for the variation of the Reference Tariff.

3.2 Variation report – cost pass through event

ATCO Gas Australia will use its reasonable endeavours to give the ERA a variation report at least 40 (forty) Business Days before the date on which the Reference Tariff is to be varied as a result of a cost pass through, and that report shall contain the following information:

- (a) a statement of reasons for the variation of the Reference Tariff as a result of the Cost Pass Through Event;
- (b) supporting calculations demonstrating consistency with the requirements of clause 2 of Annexure B;
- (c) supporting information substantiating the amount and nature of the costs proposed to be passed through by the varied Reference Tariff; and
- (d) the date or dates on which it is proposed by ATCO Gas Australia that the varied Reference Tariff shall come into effect.

3.3 ERA response to a variation report

- (a) The ERA will use its reasonable endeavours to give written notice to ATCO Gas Australia within 15 (fifteen) Business Days of the receipt of a variation report advising whether the ERA approves or does not approve the varied Reference Tariff detailed in that variation report and providing reasons for its decision.

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- (b) If ATCO Gas Australia gives the ERA a variation report under clause 3.2, any time before the ERA gives notice pursuant to clause 3.3(a) of Annexure B the ERA may require ATCO Gas Australia to provide further substantiation of the amounts and the nature of the costs that ATCO Gas Australia proposes to be passed through by the varied Reference Tariff and requiring ATCO Gas Australia to provide that further substantiation by a date specified in the ERA's request.
 - (c) If the ERA does not approve the varied Reference Tariff, it will not come into effect.
 - (d) If the ERA approves the varied Reference Tariff, it will come into effect on the date or dates specified in the variation report or, if the date or dates specified in the variation report have passed, then on the date or dates specified in the ERA's notice under clause 3.3(a) of Annexure B.

3.4 ANNEXURE B INTERPRETATION

Unless the contrary intention appears, in this Annexure B, all terms used are as defined in the Dictionary.

Annexure C

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

1. REFERENCE TARIFFS

Subject to the Reference Tariff Variation Mechanism, for Ancillary Services the Reference Tariffs for those Ancillary Services from 1 October 2015 (in 30 June, 2014 dollars) are:

1.1 Deregistering a Delivery Point

- (a) \$105.37 (Deregistering a Delivery Point as described under clause 7(d) of Schedule 4 and Schedule 5 of the Template Service Agreement).
- (b) \$105.37 (attempting to Deregister a Delivery Point as described in clause 9(e) of Schedule 1 of the Template Service Agreement, clause 9(e) of Schedule 2 of the Template Service Agreement, clause 8(e) of Schedule 3 of the Template Service Agreement and clause 7(e) of Schedule 4 and 5 of the Template Service Agreement).
- (c) \$105.37 (cancelling a request to Deregister a Delivery Point as described in clause 9(f) of Schedule 1 of the Template Service Agreement, clause 9(f) of Schedule 2 of the Template Service Agreement, clause 8(f) of Schedule 3 of the Template Service Agreement and clause 7(f) of Schedule 4 and 5 of the Template Service Agreement).
- (d) The cost to AGA of Deregistering a Delivery Point as described under clause 9(d) of Schedule 1 of the Template Service Agreement, clause 9(d) of Schedule 2 of the Template Service Agreement, clause 8(d) of Schedule 3 of the Template Service Agreement, clause 7(d) of Schedule 4 of the Template Service Agreement and clause 7(d) of Schedule 5 of the Template Service Agreement.

1.2 Applying a Meter Lock

- (a) \$40.25 (applying or attempting to Apply a Meter Lock as described under clause 8(d) of Schedule 4 and Schedule 5 of the Template Service Agreement);
- (b) \$40.25 (attempting to Apply a Meter Lock, but not being able to do so as described under clause 8(e) of Schedule 4 and Schedule 5 of the Template Service Agreement);
- (c) \$40.25 (cancelling a request to Apply a Meter Lock as described under clause 8(f) of Schedule 4 and Schedule 5 of the Template Service Agreement).

1.3 Removing a Meter Lock

- (a) \$15.77 (Removing a Meter Lock as described under clause 9(d) of Schedule 4 and Schedule 5 of the Template Service Agreement);
- (b) \$15.77 (attempting to Remove a Meter Lock under clause 9(e) of Schedule 4 and Schedule 5 of the Template Service Agreement);
- (c) \$15.77 (cancelling a request to Remove a Meter Lock under clause 9(f) of Schedule 4 and Schedule 5 of the Template Service Agreement).

1.4 Disconnecting a Delivery Point

- (a) \$90.25 (Disconnecting a Delivery Point as described under clause 10(d) of Schedule 4 and Schedule 5 of the Template Service Agreement);
- (b) \$90.25 (attempting to Disconnect a Delivery Point as described under clause 10(e) of Schedule 4 and Schedule 5 of the Template Service Agreement);
- (c) \$90.25 (cancelling a request to Disconnect a Delivery Point as described under clause 10(f) of Schedule 4 and Schedule 5 of the Template Service Agreement).

1.5 Reconnecting a Delivery Point

- (a) \$120.20 (Reconnecting a Delivery Point as described under clause 11(d) of Schedule 4 and Schedule 5 of the Template Service Agreement);
- (b) \$120.20 (attempting to Reconnect a Delivery Point as described under clause 11(e) of Schedule 4 and Schedule 5 of the Template Service Agreement);
- (c) \$120.20 (cancelling a request to Reconnect a Delivery Point as described under clause 11(f) of Schedule 4 and Schedule 5 of the Template Service Agreement).

2. REFERENCE TARIFF VARIATION MECHANISM

- (a) Other than the costs referred to at clause 1.1(d) of this Annexure C (which will be calculated at the time the costs are incurred), the Reference Tariffs referred to in clause 1 of this Annexure C may be increased by ATCO Gas Australia on 1 October 2015 by applying the Reference Tariff Variation Mechanism set out in this clause 2

$$C_{2015}^j \leq C_1^j \frac{CPI_{Sep2014}}{CPI_{Mar2013}}$$

Where

C_{2015}^j is the value of the ancillary services tariff component j from the first day of the variation period which is 1 Oct 2015;

C_1^j is the value of the ancillary services tariff component j at 1 October 2015 in 30 June 2014 dollar;

j is the relevant ancillary services tariff component, with $j = 1$ to 5 ;

$CPI_{Sep2014}$ is the value of the CPI All Groups, Weighted Average of Eight Capital Cities for 30 September 2014 as a proxy to 31 December 2015 CPI;

$CPI_{Mar2013}$ is the value of the CPI All Groups, Weighted Average of Eight Capital Cities for 31 March 2013 as a proxy to 30 June 2014 CPI.

Other than the costs referred to at clause 1.1(d) of this Annexure C (which will be calculated at the time the costs are incurred), the Reference Tariffs referred to in clause 1 of this Annexure C may be increased by ATCO Gas Australia on 1 January of each Year, beginning in 2016, during the duration of this Access Arrangement by applying the Reference Tariff Variation Mechanism set out in this clause 2.

$$C_t^j \leq C_1^j \frac{\text{CPI}_{\text{Sep}(t-1)}}{\text{CPI}_{\text{Mar}2013}}$$

Where

C_t^j is the value of the ancillary services tariff component j and from the first day of the variation period which is 1 January of year t ;

C_1^j is the value of the ancillary services tariff component j at 1 October 2015, in 30 June 2014 dollar

j is the relevant ancillary services tariff component, with $j = 1$ to 5 ;

$\text{CPI}_{\text{Sep}(t-1)}$ is the value of the CPI All Groups, Weighted Average of Eight Capital Cities for 30 September year $(t-1)$ as a proxy to 31 December year t CPI;

$\text{CPI}_{\text{Mar}2013}$ is the value of the CPI All Groups, Weighted Average of Eight Capital Cities for 31 March 2013 as a proxy to 30 June 2014 CPI.

- (b) If the Consumer Price Index referred to in clause 2(a) of this Annexure C ceases to be published quarterly by the ABS or in the reasonable opinion of ATCO Gas Australia is published on a materially different basis (including due to a change in its nature, composition, data or reference base) to its basis at the time of the last revisions to the Access Arrangement, then (subject to the ERA's approval):
- (i) if the ABS publishes a substitute index, ATCO Gas Australia may use the substitute index if it believes the use of that substitute index (with, if necessary, any arithmetical correction factor) will maintain a reasonable level of continuity between a Reference Tariff calculated using the Consumer Price Index and a Reference Tariff calculated using the substitute index; or
 - (ii) if ATCO Gas Australia does not adopt a substitute index under clause 2(b)(i) of this Annexure C, ATCO Gas Australia will nominate a substitute index in its discretion, exercised reasonably.
- (c) If ATCO Gas Australia increases a Reference Tariff in accordance with clause 2(a) of this Annexure C, it must make details of the increased Reference Tariff available to User at User's request.

3. INTERPRETATION

Unless otherwise stated, all amounts specified in this Annexure C are exclusive of GST and expressed in Australian dollars as at 30 June 2014.

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

Annexure D

AUTOMATIC FORMULAS FOR UPDATING THE DEBT RISK PREMIUM

1. The forward looking estimates of the debt risk premium (DRP) for each regulatory year will be estimated using the Authority's Revised Bond Yield Approach. Resulting estimates of the DRP will be included in the trailing average of the DRP.
2. The Authority in the Final Decision required that ATCO nominate, as soon as practicable after the release of the Final Decision, the averaging period for each annual update of the DRP applying in 2016, 2017, 2018 and 2019. The averaging periods for each year must be a nominated 20 trading days (based on eastern states holidays) in the window 1 July to 31 October in the year prior to the relevant tariff variation, to allow estimation of the updated DRP for inclusion in the relevant annual tariff variation. The nominated 20 trading day averaging period for each of the four years do not need to be identical periods, only that they occur in the period 1 July to 31 October in each relevant year, and are nominated prior.
3. The first estimate of the DRP using the Revised Bond Yield Approach is that made for the 20 day period ending 2 April 2015, which has been included in the trailing average estimate of the DRP for financial year 2014-15 and calendar year 2015 included in the amended Final Decision.
4. The next DRP estimate that will be made will be based on the nominated 20 days falling in the period July to September October 2015, (DRP₂₀₁₆). That next DRP estimate will be incorporated in the trailing average DRP (that is, TA DRP₂₀₁₆), and hence the updated rate of return, which will then apply in 2016 through the annual tariff variation.
5. The following method of automatic formulas applies for updating the estimates of the DRP, and will remain unchanged for the duration of the AA4 period, and hence will apply for the estimates made for DRP₂₀₁₆, as well as for the estimates DRP₂₀₁₇, DRP₂₀₁₈ and DRP₂₀₁₉.

Techniques to estimate the forward looking debt risk premium

6. The Authority's Revised Bond Yield Approach consists of the following six processes.

Determining the Benchmark Sample

Identifying a sample of bonds based on the benchmark sample selection criteria. This will comprise a 'cross section' of bonds.

Collecting Data

Collecting data for those bonds over the averaging period in question, for example 20 trading days). This represents 'time series' data related to each bond.

Converting Yields to Australian Dollar Equivalents

Converting yields for bonds denominated in foreign currencies into Australian dollar (**AUD**) equivalents so that all yields are expressed as an AUD equivalent.

Averaging Yields over the Averaging Period

Calculating an average AUD equivalent bond yield for each bond in the cross section across the averaging period. For example, where a 20 trading day averaging period applies, each bond will have a single 20 day 'average yield' calculated.

Estimating 'Curves'

Estimating three yield curves based on different methodologies and using the average yield for each bond; its remaining term to maturity; and AUD face value.⁸

Calculating the DRP

Calculating the DRP by subtracting the average of the 10 year AUD interest rate swap (**IRS**) rate from the 10 year cost of debt estimate, with the latter calculated as the average of the three estimated yield curves at the ten year tenor.

7. Each process is comprised of a series of automatic formulas that will be used for the annual updates of the DRP. Further details of the automatic update approach are set out in Appendix 8 of the Authority's Final Decision (as amended on 7 September 2015).

⁸ The three curves are based on the Gaussian Kernel, the Nelson Siegel and the Nelson Siegel Svensson methodologies. The Gaussian Kernel approach produces a series of point estimates as opposed to a curve. However, each point estimate can be seen as points that compose a curve.

Annexure E

SYSTEM PRESSURE PROTECTION PLAN

1. A “System Pressure Protection Plan” must outline the manner in which the Prospective User will ensure that it does not jeopardise system pressure by being in a position where it is unable to supply sufficient Gas at Receipt Points on a Sub-network and is simultaneously unable to sufficiently reduce the delivery of Gas it takes at its Delivery Points on the Sub-network and must do so using one of the options set out below:
 - (a) the Prospective User must have sufficient contractual entitlements to firm Gas transportation capacity on one or more Interconnected Pipelines for delivery to one or more Receipt Points (on the same Sub-network as the Delivery Points under the Service Agreement) to meet the aggregate of all Contracted Peak Rates requested by the Prospective User at the Delivery Points **(Option 1)**; or
2. To the extent that the Prospective User does not comply with Option 1 the Prospective User demonstrates to ATCO Gas Australia’s reasonable satisfaction that the issues potentially arising from the Prospective User not complying with Option 1 are adequately addressed as follows:
 - (a) due to the fact that the Delivery Points under the Service Agreement are on a Sub-network which is supplied by two or more Interconnected Pipelines and an alternate supply or a different service which serves the same purpose is available to the Prospective User in sufficient quantity **(Option 2)**; or
 - (b) the Prospective User agreeing to release and indemnify ATCO Gas Australia in accordance with clause 6.9(c)(ii) of the Template Service Agreement: **(Option 3)**; or
 - (c) by the Prospective User, at the Prospective User’s expense, acquiring a System Pressure Service at the relevant Delivery Points **(Option 4)**; or
 - (d) by a combination of Options 1 to Option 4 (inclusive) or in any other way that adequately addresses the issues potentially arising from the Prospective User not complying with Option 1 **(Option 5)**.
3. A “System Pressure Service” is a Pipeline Service by which ATCO Gas Australia may supply, maintain, operate and monitor remotely operated flow controllers at relevant Delivery Points, on terms and conditions (including as to payment of a System Pressure Charge) agreed between the Prospective User and ATCO Gas Australia, each acting as reasonable and prudent persons.
4. A “System Pressure Charge” applies in respect of the System Pressure Service, and is an amount which reflects the costs to ATCO Gas Australia of providing the System Pressure Service under the Service Agreement which may consist of Capital Expenditure and Operating Expenditure and includes ATCO Gas Australia’s administration costs incurred in relation to the System Pressure Service.

Annexure F

TEMPLATE SERVICE AGREEMENT