

GOLDFIELDS GAS PIPELINE PROPOSED REVISIONS TO ACCESS ARRANGEMENT

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INTRODUCTION

The Goldfields Gas Pipeline was constructed by the Goldfields Gas Transmission Joint Venture pursuant to the 23rd March 1994 Goldfields Gas Pipeline Agreement entered into with the State of Western Australia (**GGP Agreement**). This was ratified by the *Goldfields Gas Pipeline Agreement Act 1994* (WA).

Completed in 1996, the Pipeline is the sole conduit for delivery of natural gas from the vast offshore gas fields in the north west of Western Australia to the mineral rich, inland regions of the State. Gas is delivered to outlets along the length of the pipeline, primarily for use in electricity generation facilities associated with mining and minerals processing.

Its construction was underpinned by certain initial commitments to capacity reserved by each Joint Venturer for the requirements of each Joint Venturer and its "associates" (as defined in the GGP Agreement) and any commitments to purchase capacity procured from Third Parties (as defined in the GGP Agreement and which includes any Joint Venturer acting independently of the other Joint Venturers and outside of the joint venture). These commitments are referred to in the GGP Agreement as "**Initial Committed Capacity**".

The gas transportation service required by Users of the Goldfields Gas Pipeline is for transportation of gas on a firm basis from the Pipeline's Inlet Point located Yarraloola. There are no other gas sources located along the route of the Pipeline. It is anticipated that this will continue to be the gas transportation service required by all or most of the Users of the Pipeline. Accordingly, the only Reference Service offered under this Access Arrangement is a Firm Service.

This Access Arrangement sets out terms and conditions for the access to the Covered Pipeline. Section 2.25 of the Code prohibits the approval of an Access Arrangement if any provision of it would deprive a person of a pre-existing contractual right (other than an exclusivity right, as defined in the Code, which arose on or after 30 March 1995).

Accordingly certain provisions of this Access Arrangement are made subject to those pre-existing contractual rights. Should a User or Prospective User of the Covered Pipeline have needs which cannot be accommodated through a Reference Service, GGT will discuss the provision of Negotiated Services.

Prospective Users are encouraged to discuss their gas transportation needs with GGT so that, if necessary, new or varied services may be developed to meet Prospective Users' requirements where these cannot be satisfied through a Reference Service.

1 ACCESS ARRANGEMENT

1.1 Access Arrangement

This Access Arrangement is lodged by Goldfields Gas Transmission Pty Ltd, ACN 004 273 241 (**GGT**).

1.2 Reference Service

This Access Arrangement sets out the policies required by the Code, including terms and conditions applying to provision of a Reference Service in the Covered Pipeline¹.

1.3 Ownership and Management of Pipeline

The Pipeline is owned by an unincorporated joint venture comprising:

- Southern Cross Pipelines Australia Pty Limited, ACN 084 521 997 whose Individual Share is 62.664%;
- Southern Cross Pipelines (NPL) Australia Pty Ltd, ACN 085 991 948 whose Individual Share is 25.493%; and
- Alinta DEWAP Pty Ltd Pty Ltd, ACN 058 070 689 whose Individual Share is 11.843%,

(collectively the **Owners**).

1.4 Service Provider

The Pipeline is operated by GGT for and on behalf of each of the Owners and GGT is the Service Provider under the Code.

1.5 Applies to Covered Pipeline

The Covered Pipeline has Capacity of approximately 109 TJ/day.

As at 1 January 2010, Spare Capacity in the Covered Pipeline is approximately 3.81 TJ/day and the Reference Service is offered for this Spare Capacity.

¹ Code, Section 3.6

2 INTERPRETATION

2.1 Definitions and Interpretation

The definitions and interpretation provisions set out in Appendix 1 apply where relevant to this Access Arrangement.

3 TERM AND REVIEW

3.1 Term

This Access Arrangement comes into effect on the Effective Date. The Access Arrangement Period or term of the Access Arrangement is intended to expire on the Revisions Commencement Date.

3.2 Review of Access Arrangement

In accordance with Section 3.17 of the Code:

- (a) the Revisions Submission Date is 1 January 2014; and
- (b) the intended Revisions Commencement Date is 1 January 2015.

3.3 Delay

In the event that the Access Arrangement Proposed Revisions in relation to the Access Arrangement Period next following this Access Arrangement (“**Next Access Arrangement**”) does not come into effect on the intended Revisions Commencement Date this Access Arrangement will not expire until the date after the Revisions Commencement Date on which the Regulator specifies that the Next Access Arrangement comes into effect.

3.4 Trigger Event

- (a) If a Revisions Trigger Event occurs at any time prior to 3 months before the Revisions Submission Date then GGT must submit revisions to this Access Arrangement by no later than the day which is 3 months after the Revisions Trigger Event occurs.
- (b) For the purpose of paragraph (a) a Revisions Trigger Event occurs when GGT lodges with the Minister for Mines, Western Australia, an application/s for alteration/s to Pipeline Licence PL24, Goldfields Gas Pipeline, as required under licence condition 10 “Alterations to the Pipeline” under which:
 - (i) GGT seeks to vary Pipeline Licence PL24 where the alteration/s relates to the construction and installation of expansion facilities; and

- (ii) the capacity of the GGP will be increased (as measured at the GGP Inlets, noting that in GGT's Access Arrangement Information the current inlets are described in section 12, System Description); and
- (iii) the total amount of all such applications made within the forthcoming Access Arrangement Period increase the Covered capacity of the GGP (as measured at the GGP Inlets) beyond 120 TJ/day.

4 SERVICES POLICY

4.1 Reference Service - Firm Service

- (a) The Reference Service that GGT will make available is a Firm Service for a period of 12 months or more as defined in clause 8 of this Access Arrangement.
- (b) Subject to there being sufficient Spare Capacity in the Covered Pipeline GGT will make available the Reference Service for the receipt of Gas at the Inlet Point, the transmission of Gas to, and the delivery of Gas at, the agreed Outlet Point(s) as more particularly described in clause 4 of the General Terms and Conditions.

4.2 Negotiated Services

- (a) Should any User or Prospective User have requirements which cannot be satisfied through a Reference Service, including for gas transportation from an inlet point other than the Inlet Point at Yarraloola, GGT will offer a service ("**Negotiated Service**") to meet that person's specific requirements. Negotiated Services will be provided on the terms and conditions which have been negotiated between GGT and the User or Prospective User.
- (b) No provision of this Access Arrangement necessarily limits or circumscribes the terms and conditions which may be negotiated for the provision of one or more Negotiated Services in the Covered Pipeline.
- (c) To the extent that the Spare Capacity of the Covered Pipeline is not sufficient to meet the User's requirements in their entirety with a Firm Service, GGT will, on the User contracting to take the entire Spare Capacity as a Firm Service, offer an Interruptible Service, as a Negotiated Service, for the balance of the User's requirements in excess of that contracted as Firm Service. Should Spare Capacity become available on the Covered Pipeline, the User will be required to contract for that Spare Capacity as a Firm Service and reduce the amount of Interruptible Service accordingly.

- (d) For the avoidance of doubt, the Interruptible Service is available only to the extent the Capacity of the Covered Pipeline is not being used by other Users taking a Firm Service.

4.3 Variation of General Terms and Conditions

- (a) A Prospective User may seek variations of the General Terms and Conditions applicable to the Reference Service.
- (b) Such variations constitute a request for a Service which differs from the Reference Service and hence will be treated as a request for a Negotiated Service for the purposes of this Access Arrangement. GGT will negotiate the tariffs and other terms and conditions for such a Negotiated Service with the Prospective User in good faith.

5 TARIFFS AND REFERENCE TARIFF POLICY

5.1 Transportation Tariff for Reference Service

GGT will make available the Reference Service at the Reference Tariff (also called the Transportation Tariff) as set out in clause 9 of the General Terms and Conditions, as varied in accordance with the provisions of this clause 5.

5.2 Reference Tariff Policy

(a) General Principles

The following principles apply to the development of the Reference Tariff (being the Transportation Tariff) under this Access Arrangement:

- (i) the Total Revenue is calculated according to the Cost of Service methodology²;
- (ii) the Total Revenue is designed to permit GGT to recover the efficient costs of the Covered Pipeline over the expected life of the assets used in the provision of Services, including recovery of a rate of return commensurate with conditions in the market for funds for development and ownership of the Covered Pipeline and provision of Services; and
- (iii) the Reference Tariff is derived through a price path approach³ under which Reference Tariffs are determined for the whole Access Arrangement Period to follow a path forecast to deliver a Total

² Code, Section 8.4

³ Permitted under Code, Section 8.3(b)

Revenue, the Reference Service Revenue, being that portion of Total Revenue allocated to the Reference Service.

(b) Calculation of Total Revenue

Capital Base

- (i) The Initial Capital Base of the Covered Pipeline (at 31 December 1999) is \$513.7 million.
- (ii) For each year after 2000, the Capital Base has been rolled forward using a nominal approach⁴, recognising depreciation allowed under the approved 2000-2009 Access Arrangement and actual capital expenditure during that period.

New Facilities Investment

- (iii) Consistent with the Cost of Service methodology described in Section 8.4 of the Code, the Total Revenue for the Access Arrangement Period is determined on the basis of New Facilities Investment that is forecast to occur within the Access Arrangement Period, and which is expected to pass the requirements of the Code when the investment is forecast to occur.
- (iv) GGT may undertake New Facilities Investment that does not satisfy the requirements of Section 8.16 of the Code and may include in the Capital Base that part of the New Facilities Investment which does satisfy Section 8.16 of the Code⁵.
- (v) An amount in respect of the balance after deducting the Recoverable Portion of New Facilities Investment may subsequently be added to the Capital Base if at any time the type and volume of Services attributable to the New Facility change such that any part of the Speculative Investment Fund would then satisfy the requirements of the Code for inclusion in the Capital Base⁶.

Depreciation

- (vi) The Capital Base of the Covered Pipeline is depreciated on a straight line basis over a remaining economic life of 54.5 years for pipeline assets, and shorter periods for other assets, in each case reflecting the forecast economic life of the asset.

Cost of capital

4 Code, Section 8.5A

5 Code, Section 8.18

6 Code, Section 8.19

(vii) The Rate of Return is a pre-tax nominal weighted average of the returns applicable to debt and equity ("**Weighted Average Cost of Capital**"), in which:

- (i) The return on equity has been determined using the Capital Asset Pricing Model.
- (ii) The return on debt has been determined as the sum of a risk free rate of return, an estimate of the corporate debt margin, and an estimate of the costs of raising debt.

Non capital costs

(viii) The Total Revenue is calculated to enable recovery of the non-capital costs attributable to the ownership and operation of the Covered Pipeline as would be incurred by a prudent Service Provider, acting efficiently, in accordance with accepted and good industry practice, and to achieve the lowest sustainable cost of delivering Services through the Covered Pipeline.

(c) Design of Reference Tariff

(i) The Reference Tariff is designed to ensure that no User pays a tariff which is more than the stand alone cost of provision of the Reference Service and no User pays a tariff which is less than the marginal cost of the provision of the Reference Service.

(ii) Total Revenue is allocated between the Reference Service and other Services in a manner designed to ensure that the Reference Tariff reflects:

- (i) costs incurred (including capital costs) that are directly attributable to the provision of the Reference Service; and
- (ii) a share of the Total Revenue that reflects costs incurred (including capital costs) that are attributable to providing the Reference Service jointly with other Services.

(iii) The Reference Tariff is designed to recover the Reference Service Revenue from the Users of the Reference Service.

(iv) The Reference Tariff is structured in three parts:

Toll Charge (capacity based) as described in clause 9.4(a) of the General Terms and Conditions;

Capacity Reservation Charge (capacity and distance based) as described in clause 9.4(b) of the General Terms and Conditions; and

Throughput Charge (throughput and distance based) as described in clause 9.4(c) of the General Terms and Conditions.

(d) Incentive Mechanisms

The Incentive Mechanism adopted in calculation of the Reference Tariff is as follows:

the Reference Tariff will apply during each Year of the Access Arrangement Period regardless of whether the forecasts on which the Reference Tariff was determined are realised⁷;

the prospect of retaining improved returns for the period to the Revisions Commencement Date provides an incentive to GGT to achieve the forecast volume of sales and to minimise the overall cost of providing Services⁸; and

in determining Reference Tariffs after the Revisions Commencement Date, Users will benefit from increased efficiencies achieved by GGT up to that date through the recovery through the subsequent Access Arrangement Period of non-capital costs reflecting the efficiencies gained during this Access Arrangement Period.

5.3 Adjustment to Reference Tariffs

The Reference Tariff and other charges applicable in respect of the Reference Service are not subject to variation or modification during the Access Arrangement Period other than for:

- (a) CPI and other adjustments in accordance with the Reference Tariff Adjustment Mechanism as described in Schedule 1 and clause 9.8 of the General Terms and Conditions; and
- (b) adjustment for a Change in Imposts in accordance with clause 5.4.

5.4 Adjustment for Change in Imposts

- (a) GGT has established the Reference Tariff for the Reference Service on the basis of Imposts applying at 31 December 2009. If a Change in Imposts occurs during the Term of the Agreement, GGT has discretion to adjust the Reference Tariff to recover the financial impact of the Change in Imposts.
- (b) Before GGT adjusts the Transportation Tariff as provided for in clause 5.4(a), GGT must:
 - (i) provide a written notice to the Regulator specifying the impact of the Change in Imposts; the scope of the financial impact; explain

⁷ A mechanism of this type is recognised by Section 8.45(a) of the Code

⁸ Code Section 8.1(f) provides that one of the objectives that a Reference Tariff and Reference Tariff Policy should be designed to achieve is ‘providing an incentive to the Service Provider to reduce costs and to develop the market for Reference and other Services’.

how the claim is consistent with clause 5.3(b); indicate the proposed variations to the Transportation Tariff and an effective date for the changes (a "**Impost Notice**"); and

- (ii) use reasonable endeavours to provide the Regulator with documentary evidence (if available) which substantiates the financial impact set out in the Impost Notice.
- (c) GGT may submit one or more Impost Notices each Year. This notice may incorporate a number of claims relating to the changes. For the purposes of Section 8.3D(b)(i) of the Code the minimum notice period for a Impost Notice is 25 Business Days.
- (d) For the avoidance of doubt, any Reference Tariff variation relating to a Change in Imposts must be conducted in accordance with Sections 8.3B to 8.3H of the Code.

6 APPLICATION FOR SERVICE

- (a) A Prospective User that wishes to apply for a Service on the Covered Pipeline must observe the process outlined in the GGT Information Package.
- (b) If the Prospective User fails to follow the process outlined in the GGT Information Package then GGT is under no obligation to accept an application for a Service.

7 QUEUING POLICY

In this clause 7, an "**Application**" means an application for Service lodged in accordance with clause 6 of this Access Arrangement.

7.1 Queuing Policy for Provision of Service

- (a) As between Prospective Users, the priority for allocation of Spare Capacity and Developable Capacity will be determined on a first come, first served basis when a completed and executed Order Form is received by GGT under clauses 1.3 or 1.4 of the GGT Information Package, as the case may be, on the basis that an Order Form having an earlier receipt date will have priority over an Order Form having a later receipt date.
- (b) GGT will ensure that, as between Prospective Users, Order Forms are processed and Spare Capacity will be allocated in the order which reflects their priority or deemed priority under clause 7.1(a).

- (c) A Prospective User will cease to maintain its priority for allocation of Spare Capacity or Developable Capacity if:
 - (i) its Order Form is rejected pursuant to clause 1.8(e) of the GGT Information Package; or
 - (ii) its Order Form is rejected pursuant to clause 1.8(f)(2) of the GGT Information Package; or
 - (iii) the Prospective User withdraws its Order Form; or
 - (iv) the Prospective User fails to comply with the terms of the Service Agreement; or
 - (v) an Insolvency Event occurs in relation to the Prospective User.
- (d) If a Prospective User submits an amended Application pursuant to clause 1.8(a)(1) of the GGT Information Package, subject to clause 1.8(f) of the GGT Information Package, the amended Application or notional supplementary application will have priority according to the date of receipt of the amendments by GGT.
- (e) If no later than 12 months prior to the expiry of the then Term of the Agreement:
 - (i) a User gives a notice of exercise of an option under the Service Agreement to extend the initial Termination Date; and
 - (ii) the conditions precedent in clause 1.6 of the GGT Information Package continue to be satisfied,then the User will be deemed not to be a Prospective User and may continue to be allocated its contracted Capacity for the duration of the extension, subject to continued performance of the terms and conditions of the Service Agreement by the User as though these terms had been incorporated into the existing Service Agreement.
- a. At any time after the Commencement Date of the Service Agreement, a User may, upon giving written notice, apply to GGT for an amendment to the Service Agreement in connection with:
 - (i) an increase in the User's MDQ to be applied after the Date of the Service Agreement; or
 - (ii) an extension to the Term of the Agreement.

(Application for a Service Contract Variation)
- b. Upon receiving an Application for a Service Contract Variation from a User, GGT will treat the Application for a Service Contract Variation as a new Order Form and will advise the User whether or not it will accept the Application for a Service Contract Variation and, if so, on what terms and conditions, including changes to tariffs and charges (if applicable).

- c. GGT is not obliged to accept an Application for a Service Contract Variation if the User does not comply with the provisions of clauses 1.3 or 1.4 of the GGT Information Package, as the case may be or does not satisfy the conditions precedent contained in clause 1.6 of the GGT Information Package.
- d. Any Application for a Service Contract Variation will be accorded priority in accordance with this clause 7 of the Access Arrangement.
- e. If a User:
 - (i) later than 12 months prior to the expiry of the then Term of the Agreement gives a notice of exercise of an option under the Service Agreement to extend the initial Termination Date; or
 - (ii) makes under clause 7.1(f) of this Access Arrangement an Application for Service Contract Variation;then
 - (iii) the exercise of the option or Application for Service Contract Variation (as applicable) will be deemed to be a new application for Spare Capacity and Developable Capacity and be in a position in the queue for Spare Capacity and Developable Capacity; and
 - (iv) the User will be deemed to be a Prospective User and the date GGT receives notice of the exercise of the option or Application for Service Contract Variation will determine the priority accorded to the new application.
- f. If Spare Capacity becomes available or Developable Capacity is provided, GGT will use all reasonable endeavours to notify Prospective Users of that Spare Capacity or Developable Capacity in an order and manner which has regard to the rights of Users under Existing Contracts.
- g. The rights of any Prospective User under and through operation of this clause is subject to and conditional on GGT complying with and satisfying any legal or contractual obligations it has to provide additional Capacity under, or to extend the term of, an Existing Contract.

7.2 Investigations to Determine if Capacity is Available

- (a) In the event that investigations are required to determine if Capacity or Developable Capacity is available in the Covered Pipeline ("**Investigations**"), GGT will, upon request, provide the Prospective User with a general indication of the range of tariffs which may be applicable in relation to any capacity expansion ("**Indication**"). An Indication will be provided for the sole purpose of assisting Prospective

Users to consider whether they share the costs of an Investigation, will be confidential and will not be binding on either party.

- (b) GGT will not be liable to the Prospective User for any cost, loss, expense or other matter arising from the provision of an Indication, or from the Prospective User's use of or reliance on an Indication, including where any tariff subsequently offered to the Prospective User or any other person is greater or less than the Indication.
- (c) Where GGT advises a Prospective User that Investigations are required, GGT will also advise the Prospective User of the nature, likely duration and estimated cost of the Investigations. Where there is more than one Prospective User considering participating in the Investigation, GGT will advise the Prospective User of its share of the estimated cost of the Investigations. This will be determined as the proportion that their requested capacity (TJkm) bears to the total requested capacity (TJkm) of all Prospective Users participating in the Investigation. The Prospective User may then determine whether it wants GGT to undertake the Investigations.
- (d) GGT is only obliged to undertake Investigations if one or more Prospective Users agree to bear the costs of the Investigation.
- (e) Where a Prospective User declines to meet the cost of Investigations that Prospective User's Application will have lower priority than Applications where the Prospective Users have agreed to bear the costs of the Investigation, and will maintain relative priority with other Applications where the Prospective Users have not agreed to bear the costs of the Investigation. For the purpose of sub-clause 7.2(d) a Prospective User is only obliged to bear those costs of the Investigations that are reasonably incurred.
- (f) Where the Investigation identifies that investment is required to make capacity available, clause 7.3 will apply.
- (g) A Prospective User who has paid for an Investigation under clause 7.2 will, on entering into appropriate confidentiality arrangements, receive a written report which describes:
 - (i) the options considered to provide the capacity; and
 - (ii) GGT's preferred option to provide capacity or provides reasons why no recommendation is made.
- (h) Where a Prospective User bears the costs of an Investigation and the Prospective User decides not to proceed with the Application that Prospective User may assign:
 - (i) the Application to which the Investigation relates; and

- (ii) information in the possession of that Prospective User relevant to the Investigation,
- to a bona fide assignee and that assignee may use the results of the Investigation provided that the assignment does not disclose confidential information without the consent of persons to whom such information relates including GGT.
- (i) Where a Prospective User bears the costs of an Investigation GGT must provide that Prospective User with an itemisation of the costs incurred by GGT as soon as reasonably practicable following the completion of the Investigations and prior to a Prospective User being obliged to pay those costs.

7.3 Procedure when Capacity is Available only with Investment in Developable Capacity

- (a) Where Investigations identify that investment is required to make Capacity available:
 - (i) GGT will advise each of the Prospective Users on the Queue of its plans to make capacity available, and the terms and conditions, and indicative price, on which the capacity will be available;
 - (ii) prior to the development of capacity, the capacity will be progressively offered to each Prospective User in the Queue in order of priority (notwithstanding that such capacity is not sufficient to meet the needs of that Prospective User);
 - (iii) a Prospective User will have 30 days after an offer is made to enter into a Service Agreement (conditional if necessary on GGT entering into Service Agreements with other Prospective Users), failing which the Application will lapse or lose priority to those entering into such a Service Agreement (upon that Service Agreement becoming unconditional). GGT may at its discretion extend the period of 30 days on one or more occasions; and
 - (iv) where a Prospective User has indicated that it is not prepared to contribute to the costs of GGT providing Developable Capacity that Prospective User's Application will have lower priority than Applications where the Prospective User has agreed to contribute to the costs of GGT providing Developable Capacity under clause 1.4(f) of the GGT Information Package, and will maintain relative priority as provided for in clause 7.1(a) of the Access Arrangement with other Applications in which the Prospective Users have agreed to bear the costs of the Investigations under clause 1.4(c) of the GGT Information Package but have not agreed to contribute to the costs of GGT providing Developable Capacity.

- (b) Where a Prospective User is offered part of the capacity in an Application:
 - (i) but declines it because the Prospective User wants all the capacity requested or nothing; or
 - (ii) accepts the capacity offered but the Prospective User wants to remain in the Queue for the remainder of the requested capacity, the Prospective User will not lose priority in respect of any capacity requested but not taken provided that it notifies GGT that it wishes to remain in the Queue(s).

8 TERMS AND CONDITIONS OF SERVICE

8.1 Terms of Reference Service

The terms and conditions on which the Reference Service will be provided by GGT to a Prospective User are those contained in the Service Agreement, which will be constituted by:

- (a) the Order Form executed by the Prospective User and accepted by GGT and all attachments to it, as documented in Items 20 and 21 of the Order Form; and
- (b) the General Terms and Conditions.

8.2 Service Agreement

GGT and the Prospective User become bound to the Service Agreement and bound to satisfy or observe all Conditions from the date mutually agreed by GGT and the Prospective User.

8.3 Conditions

- (a) GGT may notify a Prospective User that GGT is prepared to make available:
 - (i) a Reference Service; or
 - (ii) a Negotiated Service,subject to specified Conditions being satisfied as conditions precedent.
- (b) The Conditions may relate to GGT's reasonable requirements in respect of:
 - (i) the occurrence of a defined event including installation and commissioning of equipment, processing facilities or infrastructure;

- (ii) a Surety being provided by the Prospective User, or any other person acceptable to GGT; and
 - (iii) copies of insurance policies or other evidence reasonably required by GGT being provided, which provide a reasonable indication to GGT that the Prospective User has insurance policies sufficient to satisfy the indemnities which the Prospective User will be required to provide under the proposed Service Agreement.
- (c) Unless the Prospective User notifies GGT to the contrary within 7 Business Days of receiving notice of the Conditions, the Prospective User is deemed to have accepted and agreed to be bound by the Conditions notified by GGT, which will form part of the Service Agreement.

8.4 Toll and Capacity Reservation Tariff

The Toll Tariff and Capacity Reservation Tariff apply from the later of the Date of Service Agreement or satisfaction or waiver of any Conditions in the nature of conditions precedent.

9 TRADING POLICY

9.1 Rights to Transfer or Assign for User of Reference Service

Subject to any pre-existing contractual rights affecting the transfer or assignment by GGT or any other party of rights in relation to Capacity, including under the GGP Agreement and the GGTJV Agreement, any User of a Reference Service may transfer or assign all or part of its rights to Capacity in the Covered Pipeline in accordance with clause 20 of the General Terms and Conditions.

9.2 Rights to Transfer or Assign for User of Negotiated Service

Subject to any pre-existing contractual rights affecting the transfer or assignment by GGT or any other party of rights in relation to Capacity, including under the GGP Agreement and the GGTJV Agreement, any User of a Negotiated Service may transfer or assign all or part of its rights to Capacity in the Covered Pipeline in accordance with the terms and conditions negotiated between GGT and the User where such terms and conditions must comply with Section 3.10 of the Code.

10 EXTENSIONS/EXPANSION POLICY

10.1 Extensions/Expansions

Other than as required under the Code or the GGP Agreement, GGT will not incur capital to expand the Capacity of the Covered Pipeline unless a User:

- (a) satisfies GGT of the existence of reserves and demand for the economic life of the expansion;
- (b) demonstrates to GGT that the User has the financial capability to pay the costs of the provision of Services provided through expanded Capacity; and
- (c) commits to a Negotiated Service Agreement sufficient to ensure the payment to GGT of all costs incurred by GGT in expanding the capacity and providing of Services through that expanded capacity.

10.2 Application of Arrangement to Pipeline Extension

If GGT extends the Pipeline, GGT will elect:

- (a) that the extension will be treated as part of the Covered Pipeline for the purposes of this Access Arrangement and GGT will exercise its discretion to submit proposed revisions to the Access Arrangement under Section 2 of the Code; or
- (b) that the extension will not be treated as part of the Covered Pipeline for the purposes of this Access Arrangement and that GGT will lodge a separate Access Arrangement for such extension; or
- (c) that the extension will not be covered, subject to GGT notifying the Regulator of this fact prior to the extension coming into operation.

10.3 Application of Arrangement to Pipeline Expansion

If GGT expands the Capacity of the Pipeline the expanded Capacity will be treated as part of the Covered Pipeline for all purposes under the Code.

10.4 Pipeline Extension/Expansion and Tariffs

- (a) Pipeline extension or expansions which GGT elects to cover under clauses 10.2 or 10.3 will result in no change to the Reference Tariff applied to a User when those extensions or expansions have been fully funded by that User's capital contributions except to contribute to GGT's non-capital costs in connection with those extensions and expansions. Any change to Reference Tariffs may occur only pursuant to the process in Section 2 of the Code for revisions to Reference Tariffs.

- (b) Incremental Users as defined in the Code which have not made capital contributions towards Incremental Capacity as defined in the Code which they use and which has been funded by others will be liable to pay for surcharges as allowed for in Section 8 of the Code.
- (c) Pipeline extensions or expansions funded by GGT and which GGT elects to cover under clauses 10.2 or 10.3 may result in the application of surcharges as allowed for in Section 8 of the Code subject to GGT providing written notice to the Regulator, and the Regulator approving the same, in accordance with Section 8.25 of the Code.

11 CAPACITY MANAGEMENT POLICY

11.1 Contract Carriage Pipeline

The Pipeline is a Contract Carriage pipeline as defined in Section 10.8 of the Code.

SCHEDULE 1 – Reference Tariff Adjustment Mechanism

Variation of Reference Tariffs

GGT has adopted a ‘tariff basket price cap’ approach as the manner in which Reference Tariff Components (as described in Clause 5.2(c)(4)) ("**Tariff Components**") may vary within this Access Arrangement Period. For GGT, this formula applies as some tariffs are specified as a price per “TJkm”. In this case the tariff components would apply for a given number of TJ capacity reservation to an outlet that is a given number of km from the Inlet Facilities.

GGT will vary Tariff Components annually in accordance with the process described below. Subject to the limit on the varied Tariff Components and the limitation on movement of the weighted average price basket described below, GGT may in its discretion vary any Tariff Component for each Variation Year.

The following adjustments relate to tariff changes effective 1 January of each year and are conducted in lieu of the CPI adjustment specified in clause 9.8 of the General Terms and Conditions:

Limit on movement of the weighted average price basket and varied Tariff Components

For each January tariff change, the limitation on movement of the January-on-January weighted average price basket is determined as follows:

$$\frac{\sum_{j=1}^m p_t^{ij} * q_{t-2}^{ij}}{\sum_{j=1}^m p_{t-1}^{ij} * q_{t-2}^{ij}}, i = 1, \dots, n \leq \frac{SepCPI_{t-1}}{SepCPI_{t-2}} * (1-x) * (1+R_t)$$

And, subject to the limitation on movement of the weighted average price basket, a Tariff Component variation must be in accordance with the following:

$$p_t^{ij} \leq p_{t-1}^{ij} * \frac{SepCPI_{t-1}}{SepCPI_{t-2}} * (1-x) * (1+R_t) * (1+Y)$$

where:

p_t^{ij} is the proposed value for Tariff Component j of Reference Tariff i in calendar Year t;

p_{t-1}^{ij}	is the value for Tariff Component j of Reference Tariff i in calendar Year $t-1$;
q_{t-2}^{ij}	is the quantity of Tariff Component j of Reference Tariff i that was sold in calendar Year $t-2$;
x	is $\frac{R}{100}$
R	has the meaning in clause 9.8 of the General Terms and Conditions;
Y	is positive 0.02;
R_t	is the Regulatory Costs factor for calendar Year t and is calculated in accordance with the process described below;
$SepCPI_{t-1}$	is the September quarter CPI for Year $t-1$;
$SepCPI_{t-2}$	is the September quarter CPI for Year $t-2$; and
t	is the Variation Year.

The Regulatory Costs factor R_t is calculated as follows:

(a) for Variation Year 2011:

$$R_t = \frac{1 + \frac{Drc_{t-1} * (1 + WACC)}{Rrev_t}}{1} - 1$$

(b) for each Variation Year other than 2011:

$$R_t = \frac{1 + \frac{Drc_{t-1} * (1 + WACC)}{Rrev_t}}{1 + \frac{Drc_{t-2} * (1 + WACC)}{Rrev_{t-1}}} - 1$$

where:

Drc_{t-1} is the actual Regulatory Costs minus the forecast Regulatory Costs for Year $t-1$, and is calculated as follows:

$$Drc_{t-1} = (Arc_{t-1} - Frc_{t-1})$$

where:

- Arc_{t-1} is the actual Regulatory Costs for Year $t-1$;
- Frc_{t-1} is the forecast Regulatory Costs for Year $t-1$; and
- Drc_{t-2} is the actual Regulatory Costs minus the forecast Regulatory Costs for Year $t-2$ and is calculated as follows:

$$Drc_{t-2} = (Arc_{t-2} - Frc_{t-2})$$

where:

- Arc_{t-2} is the actual Regulatory Costs for Year $t-2$;
- Frc_{t-2} is the forecast Regulatory Costs for Year $t-2$;
- $WACC$ is the nominal pre-tax Weighted Average Cost of Capital used in the determination of the Total Revenue;
- $Rrev_t$ is the Total Revenue applicable to the Covered Pipeline for Year t ;
- $Rrev_{t-1}$ is the Total Revenue applicable to the Covered Pipeline for Year $t-1$;
- $Rrev_{t-2}$ is the Total Revenue applicable to the Covered Pipeline for Year $t-2$; and
- Drc_{t-1}, Drc_{t-2} are each subject to a “deadband” materiality threshold of plus or minus 0.5% of Total Revenue for the Covered Pipeline for the relevant year.

GGT’s Regulatory Costs are defined as:

For the purpose of this Tariff Adjustment Mechanism, **Regulatory Costs** means a cost connected to or associated with:

- (a) GGT’s compliance with new or revised requirements or procedures under the *Petroleum Pipelines Act 1969*, Pipeline Licence 24, the *Energy Coordination Act 1994* (WA), the *Gas Standards Act 1972* (WA), the *Energy Operators (Powers) Act 1979*, *Environmental Protection Act 1986* (WA) and all other applicable laws which affect the operation of the Covered Pipeline or the provision of Services;
- (b) GGT’s participation in regulatory policy or regulatory reform consultation processes;
- (c) the pro rata portion of the Emissions Costs;
- (d) changes to the GGP Act, GGP Agreement, *Gas Pipelines Access (Western Australia) Act 1998* (WA), the Code or the *Economic Regulation Authority Act 2003* (WA);
- (e) the introduction of new or revised requirements under the Code which are more complex or extensive than those applying at 31 December 2008 including the introduction of the *National Gas Access (Western Australia) Act 2008*; and

- (f) participating in legal proceedings before a Court, tribunal, arbitrator or other body of competent jurisdiction relating to this Access Arrangement or revisions (or proposed revisions) thereto.

In this Schedule 1, the following definitions apply:

Direct Costs – see definition of "Enterprise Costs";

Emissions Costs means the Enterprise Costs in respect of:

- (a) the services provided by GGT under the Service Agreement; and
- (b) GGT's business operations, to the extent they relate to those services;

Emissions Permit means a tradeable certificate, credit, permit or similar right or instrument (however described) required to be held, used or surrendered to satisfy a liability of GGT or the Owners under a Greenhouse Gas Law;

Enterprise Costs means

- (a) the value of Emissions Permits required to be held, used or surrendered (the **Direct Costs**); and
- (b) all other reasonable costs, charges and expenses (including, without limitation, taxes and internal and external compliance costs) incurred (the **Indirect Costs**),

from time to time by GGT or the Owners or a related body corporate under or in respect of a Greenhouse Gas Law;

Greenhouse Gases means carbon dioxide (CO₂) and may also include any one or more of methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and other atmospheric gases recognised as being responsible for causing or contributing to global warming or climate change under the United Nations Framework Convention on Climate Change;

Greenhouse Gas Law means a law relating to any scheme designed to encourage, directly or indirectly, reductions in the emissions of Greenhouse Gases (including laws requiring the reporting as to Greenhouse Gas emissions in respect of or in anticipation of any such scheme) including the NGER Act and the Carbon Pollution Reduction Scheme Bill 2009;

Indirect Costs – see definition of "Enterprise Costs"; and

NGER Act means the *National Greenhouse and Energy Reporting Act 2007* (Cth) as amended.

SCHEDULE 2 – GGT Information Package

GOLDFIELDS GAS PIPELINE DETAILS

Goldfields Gas Transmission Pty Ltd
ACN 004 273 241

INTRODUCTION

Where a term is defined in Appendix 1 of the Access Agreement it shall, unless the contrary intention is expressed, bear the same meaning in this GGT Information Package.

The Goldfields Gas Pipeline was constructed by the Goldfields Gas Transmission Joint Venture (**GGTJV**) pursuant to the Goldfields Gas Pipeline Agreement dated 23rd March 1994 between the GGTJV and the State of Western Australia (**GGP Agreement**). This was ratified by the Goldfields Gas Pipeline Agreement Act 1994 (WA).

The Goldfields Gas Pipeline delivers natural gas from the offshore gas fields in the North West of Western Australia to the mineral resource regions of the inland of the State.

The gas transportation service provided to Users of the Goldfields Gas Pipeline to date has been transportation of Gas from the Pipeline's Inlet Point at Yarraloola to a User's Outlet Point. It is anticipated that this will continue to be the gas transportation service required by all or most of the Users of the Goldfields Gas Pipeline.

Should a User or Prospective User of the Goldfields Gas Pipeline have requirements for a gas transportation service which cannot be accommodated by the Reference Service under the approved Access Arrangement, GGT will negotiate with a view to agreeing terms and conditions of a Negotiated Service with a User or Prospective User.

Prospective Users are encouraged to discuss their gas transportation needs with GGT so that, if necessary, new or varied services may be developed to meet Prospective Users' requirements where these cannot be satisfied through a Reference Service.

1. APPLICATION FOR SERVICE

In accordance with clause 6(a) of the Access Arrangement, a Prospective User that wishes to apply for a Service must comply with the procedures outlined in clauses 1.1 to 1.10 of this GGT Information Package.

1.1 Enquiry for Service

A Prospective User applying to GGT for the use of either the Reference Service or a Negotiated Service must provide GGT with a completed Enquiry Form that contains the information required below:

- (a) the Prospective User's name, registered business address and Australian Business Number (ABN);
- (b) an expected Commencement Date and expected initial Termination Date of the Service requested, together with any proposed option to extend the initial Termination Date, the expected option exercise date and the proposed extended Termination Date;
- (c) the proposed Inlet Point;
- (d) the proposed Outlet Point(s);
- (e) the anticipated MDQ at the proposed Inlet Point and the proposed Outlet Point for each Year of the Service being provided;
- (f) any special requirements requested by the Prospective User;
- (g) advice whether enquiry is for a Reference Service or a Negotiated Service;
- (h) the name of Prospective User's contact and contact details to whom all correspondence should be addressed to in connection with the Service enquiry;
- (i) the legal status of the Prospective User together with details of its legal capacity including whether it is acting as a trustee or as agent for any person;
- (j) evidence of the Prospective User's creditworthiness or of its beneficiaries or principals (as the case may be); and
- (k) if applicable, an indication of the preparedness of the Prospective User to contribute to the reasonable costs of GGT (as determined by GGT acting as a reasonable and prudent pipeline owner) undertaking Investigations and the provision of Developable Capacity understanding that such an indication is not binding on the Prospective User.

1.2 Response to Enquiry Form

- (a) If Spare Capacity is available and the Prospective User requires capacity of no more than the available Spare Capacity then within 10 days of receipt of a correctly completed Enquiry Form, GGT will provide the Prospective User with an assessment of the availability of Spare Capacity (**Spare Capacity Response**) that will contain the following information:
 - (1) an indication of whether or not capacity exists to satisfy the Prospective User's request for a Service;
 - (2) a statement of any Spare Capacity;
 - (3) the Conditions to apply to the Service;
 - (4) whether an Outlet Point will be required; and
 - (5) a statement of proposed tariff components and charges that will apply to the Service requested in the Enquiry Form, including:
 - (A) Toll Tariff;
 - (B) Throughput Tariff;
 - (C) Capacity Reservation Tariff;
 - (D) Connection Charge(s);
 - (E) amount of bond/security sum; and
 - (F) other charges pertaining to the proposed Service.
- (b) If the Prospective User requires capacity of more than the available Spare Capacity then GGT within 45 days of receipt of a correctly completed Enquiry Form, GGT will provide the Prospective User with an assessment of the availability of capacity (**Developable Capacity Response**) that will contain the following information:
 - (1) an indication of whether or not capacity exists to satisfy the Prospective User's request for a Service;
 - (2) a statement of any Spare Capacity and Developable Capacity;
 - (3) an indication whether Investigations are required and nature, likely duration and estimated cost of the Investigations;
 - (4) the Conditions to apply to the Service;
 - (5) whether an Outlet Point will be required; and
 - (6) a statement of proposed tariff components (**Indication**) and charges that will apply to the Service requested in the Enquiry Form, including:
 - (A) Toll Tariff;

- (B) Throughput Tariff;
 - (C) Capacity Reservation Tariff;
 - (D) Connection Charge(s);
 - (E) amount of bond/security sum; and
 - (F) other charges pertaining to the proposed Service.
- (c) Where GGT receives an Enquiry Form from a Prospective User that is deemed to be deficient in some way by GGT acting reasonably then GGT must within 7 days of receipt of the Enquiry Form provide written notice to the Prospective User detailing the reasons and information regarding the deficiency.

1.3 Completed Order Form for Spare Capacity

- (a) Where the Prospective User receives a Spare Capacity Response under clause 1.2(a) of the GGT Information Package that indicates an Outlet Point is not required and the Prospective User provides advice in writing to GGT that it wishes to proceed to apply for the Service then the Prospective User must submit to GGT, within 30 days of such advice a completed Order Form that contains:
- (1) a restatement of the information required by clause 1.1 of this GGT Information Package together with notification of any changes of the Prospective User's requirements or particulars which may have occurred since the date the Enquiry Form was submitted to GGT; and
 - (2) the tariff components and charges provided by GGT in its Spare Capacity Response together with confirmation by the Prospective User that it understands the tariff components and charges.
- (b) Where the Prospective User receives a Spare Capacity Response under clause 1.2(a) of the GGT Information Package that indicates an Outlet Point is required and the Prospective User provides advice in writing to GGT that it wishes to proceed to apply for the Service and confirms that it will contribute to the costs for GGT to undertake the Outlet Point Investigations then GGT will within 21 days of such advice provide the Prospective User with a letter of intent for execution by the Prospective User for the cost of the Outlet Point Investigations (**Outlet Investigations Letter of Intent**).

- (c) Where the Prospective User receives a Spare Capacity Response under clause 1.2(a) of the GGT Information Package that indicates an Outlet Point is required and the Prospective User provides advice in writing to GGT that it wishes to proceed to apply for the Service but declines to contribute to the costs for GGT to undertake the Outlet Investigations then clauses 7.2(d) and 7.2(e) of the Access Arrangement apply.
- (d) The Prospective User must submit to GGT, within 21 days of receipt of GGT's Outlet Investigations Letter of Intent an executed original of GGT's Outlet Investigations Letter of Intent.
- (e) GGT will complete the Outlet Point Investigations within 30 days of receipt of an executed Outlet Investigations Letter of Intent.
- (f) Within 45 days of receipt of an executed Outlet Investigations Letter of Intent, GGT will provide the Prospective User with the cost and the terms of construction of the Outlet Point or Outlet Facilities, as the case may be.
- (g) The Prospective User must submit to GGT, within 30 days of receipt of the cost and terms provided under clause 1.3(f) of the GGT Information Package a completed Order Form that contains:
 - (1) a restatement of the information required by clause 1.1 of this GGT Information Package together with notification of any changes of the Prospective User's requirements or particulars which may have occurred since the date the Enquiry Form was submitted to GGT; and
 - (2) the tariff components and charges provided by GGT in its Spare Capacity Response together with confirmation by the Prospective User that it understands the tariff components and charges.

1.4 Completed Order Form for Developable Capacity

- (a) Where the Prospective User receives a Developable Capacity Response under clause 1.2(b) of the GGT Information Package that indicates that Developable Capacity is required and the Prospective User provides advice in writing to GGT that it wishes to proceed to apply for the Service and confirms that it will contribute to the costs for GGT to undertake the Developable Capacity Investigations then GGT will within 21 days of such advice provide the Prospective User with a letter of intent for execution by the Prospective User for the Prospective User to contribute to the costs of the Developable Capacity Investigations (**Developable Capacity Investigations Letter of Intent**).

- (b) Where the Prospective User receives a Developable Capacity Response under clause 1.2(b) of the GGT Information Package that indicates Developable Capacity is required and the Prospective User provides advice in writing to GGT that it wishes to proceed to apply for the Service but declines to contribute to the costs for GGT to undertake the Developable Capacity Investigations then clauses 7.2(d) and 7.2(e) of the Access Arrangement apply.
- (c) Where a Prospective user agrees to contribute to the reasonable costs of the Developable Capacity Investigations referred to in clause 1.4(a) then the Prospective User must submit to GGT, within 21 days of receipt of GGT's Developable Capacity Investigations Letter of Intent an executed original of GGT's Developable Capacity Investigations Letter of Intent.
- (d) GGT will complete the Developable Capacity Investigations within 60 days of receipt of an executed Developable Capacity Investigations Letter of Intent.
- (e) Within 90 days of receipt of an executed Developable Capacity Investigations Letter of Intent, GGT will provide the Prospective User with the report as provided for under clause 7.2(g) of the Access Arrangement that will include the cost and the terms of construction of the Developable Capacity.
- (f) The Prospective User must submit to GGT, within 30 days of receipt of the cost and terms provided under clause 1.4(e) of the GGT Information Package a completed Order Form that contains:
 - (1) a restatement of the information required by clause 1.1 of this GGT Information Package together with notification of any changes of the Prospective User's requirements or particulars which may have occurred since the date the Enquiry Form was submitted to GGT; and
 - (2) the tariff components and charges provided by GGT in its Spare Capacity Response together with confirmation by the Prospective User that it understands the tariff components and charges.

1.5 Advice of Capacity and Queue

- (a) If, in the reasonable opinion of GGT, the Order Form submitted by a Prospective User complies with the requirements of either clause 1.3 of this GGT Information Package for an application for Spare Capacity or clause 1.4 of this GGT Information Package for an application for Developable Capacity, or the conditions precedent prescribed by clause 1.6 of this GGT Information Package are or can be satisfied, then, GGT must provide the Prospective User, within 14 days of receipt of the Order Form, written notice of such compliance (**Compliance Notice**).
- (b) Within 7 days of issuance of a Compliance Notice provided under clause 1.5(a) of this GGT Information Package, GGT shall advise the Prospective User in writing of:
 - (1) the Spare Capacity that exists to satisfy the Prospective User's request for the Service and the Prospective User's position on the queue, as determined by Clause 7 of the Access Arrangement; or
 - (2) the proposed schedule for the provision of Developable Capacity by GGT to satisfy the Prospective User's request for Service and the Prospective User's position on the queue, as determined by Clause 7 of the Access Arrangement.

1.6 Conditions Precedent and Acceptance of Order Form

The conditions precedent listed below need to be satisfied before GGT can accept a completed Order Form from the Prospective User:

- (a) each Inlet Point and each Outlet Point has or will have sufficient capability to accommodate the requested Service;
- (c) the Prospective User can demonstrate (to the reasonable satisfaction of GGT) that it has entered into a gas supply agreement and/or has entered into other gas transportation arrangements and that the gas to be delivered into the Goldfields Gas Pipeline by the Prospective User will comply with the Gas Specification;
- (d) the legal status, legal capacity and creditworthiness of the Prospective User complies with the reasonable requirements of GGT;
- (e) the Prospective User has demonstrated to GGT (acting reasonably) that it is in a position to perform its obligations under the Service Agreement or the Negotiated Service Agreement (as the case may be) throughout the term of such agreement, including any extensions thereof;
- (f) in the case where the Prospective User has applied for a Reference Service the Prospective User has agreed to comply with the

requirements of the Fifth Schedule of the General Terms and Conditions; and

- (1) sufficient Spare Capacity is available; or
- (2) where sufficient Spare Capacity is not available:
 - (A) GGT has determined that it is technically feasible and economically viable to install Developable Capacity to provide the requested Service by the Commencement Date; and
 - (B) the Prospective User has agreed to contribute to the provision of Developable Capacity (as determined by GGT acting as a reasonable and prudent pipeline owner).

1.7 Notice of Non-Compliance

- (a) If, in the reasonable opinion of GGT, the Order Form submitted by a Prospective User does not comply with the requirements of either clause 1.3 of this GGT Information Package for an application for Spare Capacity or clause 1.4 of this GGT Information Package for an application for Developable Capacity or the conditions precedent prescribed by clause 1.6 of this GGT Information Package are not, or can not, be satisfied, then, GGT must provide the Prospective User, within 14 days of receipt of the Order Form, written notice of such non-compliance including details and information as to why the Order Form is non-compliant (**Non-compliance Notice**).
- (b) If GGT fails to provide a Non-compliance Notice within the period provided for in clause 1.7(a) of this GGT Information Package then the Prospective User will be deemed to have received a Compliance Notice given under clause 1.5(a) of this GGT Information Package and clause 1.5(b) of this GGT Information Package applies to this Order Form.

1.8 Amended or Rejected Order Form

- (a) Upon receipt of a Non-compliance Notice issued by GGT pursuant to clause 1.7(a) of this GGT Information Package, the Prospective User may issue GGT with a notice within 30 days of receipt of the Non-compliance Notice:
 - (1) stating whether or not the Prospective User intends to re-submit an amended Order Form; or
 - (2) stating that the Prospective User disputes the Non-compliance Notice and identifying the matters the subject of the dispute.

- (b) Upon receipt of a notice pursuant to clause 1.8(a)(2) of this GGT Information Package, GGT and the Prospective User will designate a representative for the negotiation who will have authority to settle the dispute on behalf of that party and those representatives will meet promptly and use their best endeavours to resolve the dispute by negotiation.
- (c) If, after 21 days of receipt of the notice provided pursuant to clause 1.8(a)(2) of this GGT Information Package, GGT and the Prospective User have been unable to resolve the matter, or agree a method of resolving the matter, by negotiation, then either party can refer the matter to the Regulator, as provided for in s.6.1 of the Code.
- (d) If the Prospective User notifies GGT pursuant to clause 1.8(a)(1) of this GGT Information Package that it intends to re-submit an amended Order Form, the Prospective User must re-submit the amended Order Form to GGT within 14 days of notifying GGT of its intention to do so.
- (e) For the avoidance of doubt, if the Prospective User fails to or does not notify GGT of its intention pursuant to clause 1.8(a) of this GGT Information Package or fails to or does not re-submit an amended Order Form pursuant to clause 1.8(d) of this GGT Information Package, then GGT, in its absolute discretion, may reject the Prospective User's Order Form and any priority that the Prospective User had for allocation of Spare Capacity or Developable Capacity will be lost.
- (f) If the amended Order Form submitted by the Prospective User pursuant to clause 1.8(d) of this GGT Information Package is materially different from the Order Form submitted originally (**Original Order Form**), and if due to any amendment, it would cause GGT to be unable to provide a Service to another Prospective User whose Order Form has a date of priority subsequent to the Original Order Form, then:
 - (1) if it is reasonable to construe the amended Order Form as a combination of the Original Order Form and a notional supplementary Order Form, the Original Order Form will, pursuant to Clause 7 of the Access Arrangement, retain its priority and the notional supplementary Order Form will, pursuant to Clause 7 of the Access Arrangement, have priority as from the date the amended Order Form was received by GGT; or

- (2) if it is not reasonable to construe the amended Order Form as a combination of the Original Order Form and the notional supplementary Order Form, the Original Order Form will be rejected and the amended Order Form will have priority as from the date the amended Order Form was received by GGT.

1.9 Execution of Reference Service Agreement or Negotiated Service Agreement

Within 42 days of GGT's advice provided under clause 1.5(b) of this GGT Information Package, GGT must indicate acceptance of the Prospective User's Order Form by executing and delivering the Reference Service Agreement or Negotiated Service Agreement as the case may be to the Prospective User and notify the Prospective User of the likely Commencement Date.

1.10 Confidential Information

The parties acknowledge and agree that in the course of negotiations each party will disclose to each other confidential information and therefore agree to enter into a mutual confidentiality agreement as a condition precedent prior to entering into such negotiations.

Appendix 1: Definitions and Interpretation

1 INTERPRETATION

1.1 Definitions

Expressions used in the Access Arrangement and any Service Agreement have the following meanings, unless the context otherwise requires:

Access Arrangement means the document entitled "Access Arrangement - Goldfields Gas Pipeline" and all appendices and schedules to that document, as may be amended or revised from time to time, and as is approved by the Regulator under the Code;

Accumulated Imbalance has the meaning in clause 7.2(b) of the General Terms and Conditions;

Accumulated Imbalance Charge has the meaning in item 5(b) of the Fourth Schedule of the General Terms and Conditions;

Accumulated Imbalance Tolerance has the meaning in clause 7.2(c) of the General Terms and Conditions;

Application for Service Contract Variation means written notice for a User requesting amendments to the Service Agreement relating to:

- (a) an increase in the MDQs to be applied after the Date of Service Agreement; or
- (b) an extension to the Term of the Agreement;

Authority means the Economic Regulation Authority established under the *Economic Regulation Authority Act 2003 (WA)*;

Bare Transfer has the meaning in clause 20.6(a) of the General Terms and Conditions;

Billing Period means the period:

- (a) from 8.00am on the first Gas Day the User receives Gas under the Service Agreement up to 8:00 am on the first calendar day in the next Month; and
- (b) thereafter from 8:00 am on the first calendar day in one Month up to 8:00 am on the first calendar day in the next Month;

Bill Rate means, on any Business Day, the 90 Business Day domestic dealer's bill rate as published in the *Australian Financial Review* on the last Business Day of the preceding Month, or if that rate is not published, then the rate agreed by the parties or, if either party is a defaulting party, as determined by the non-defaulting

party in good faith to be representative of the domestic dealer's bill rate on that Business Day;

Business Day means a day that is not a Saturday, Sunday or a gazetted public holiday in Perth, Western Australia;

Capacity means the measure of the potential of a Covered Pipeline as currently configured to deliver a particular Service between a Receipt Point and a Delivery Point at a point in time;

Capacity Reservation Charge is calculated in accordance with clause 9.4(b) of the General Terms and Conditions;

Capacity Reservation Tariff has the meaning in item 1 of the Fourth Schedule of the General Terms and Conditions;

Change in Imposts is:

- (a) a change in an existing Impost; or
- (b) a new Impost,

which increases GGT's cost of owning or operating the Covered Pipeline as referred to in clause 9.9 of General Terms and Conditions;

Code means the National Third Party Access Code for Natural Gas Pipeline Systems, as adopted by the Natural Gas Pipelines Access Agreement dated 7 November 1997 between the Commonwealth, State and Territory Governments and as enacted in Western Australia by the *Gas Pipelines Access (Western Australia) Act 1998* (WA);

Commencement Date means the date for commencement of the Service as specified in the applicable Service Agreement;

Common Stream Gas User has the meaning respectively in clauses 11.1(b) and 11.2(b) of the General Terms and Conditions;

Conditions means the conditions to apply to the Service referred to in clause 8.3 of the Access Arrangement;

Connection Charge means the amount payable by a User to enable Outlet Facilities to be connected to the Pipeline pursuant to item 3 of the Fourth Schedule of the General Terms and Conditions;

Corporations Act means the *Corporations Act 2001* (Cth);

Covered Pipeline means that part of the Pipeline as described in the Access Arrangement Information System Description.

CPI means the Consumer Price Index (All Groups Weighted Average of Eight Capital Cities) as published by the Australian Bureau of Statistics for any Quarter and if such index ceases to be published, any official replacement index published by the Australian Bureau of Statistics and, in the absence of any official replacement index, an index nominated by GGT which is prepared and published

by a Governmental Authority or independent third party and which most closely approximates the Consumer Price Index;

Cubic Metre or **m³** means the amount of gas which will occupy a volume of one cubic metre when such gas is at a temperature of 15°C and at a pressure of 101.325 kPa;

Daily Imbalance has the meaning in clause 7.2(a) of the General Terms and Conditions;

Daily Overrun Charge has the meaning in item 5(c) of the Fourth Schedule of the General Terms and Conditions;

Daily Overrun Quantity has the meaning in clause 7.3(a) of the General Terms and Conditions;

Date of Service Agreement means the date of acceptance by GGT of an Order Form for a Service which has been signed by or on behalf of the User;

DBNGP means the gas transmission pipeline system that runs between Dampier and Bunbury in Western Australia, as expanded or amended from time to time to the extent that it is geographically located within the DBNGP pipeline corridor created under Part 4 of the *Dampier to Bunbury Pipeline Act 1997* (WA);

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

direct losses has the meaning in clause 18.2 of the General Terms and Conditions;

Effective Date means the date on which the revised Access Arrangement comes into effect, as specified by the Regulator;

Enquiry Form means an enquiry for a Service completed in the form of Appendix 2.1 of the Access Arrangement and submitted by a Prospective User pursuant to the process outlined in the GGT Information Package;

Existing Contracts means all contracts for the provision of Gas transportation services whether or not in conjunction with other services entered into before the Relevant Date;

Expert means a person who is appointed in accordance with clause 22.4 of the General Terms and Conditions;

Firm Service has the meaning in clause 4.1 of the Access Arrangement and is as described in clause 4 of the General Terms and Conditions;

Firm Service Reserved Capacity means that part of the Capacity of the Covered Pipeline which has been contracted for Firm Service and for the avoidance of doubt excludes the Initial Committed Capacity;

Force Majeure means an event or circumstance beyond the reasonable control of the Owners, GGT or the User, as the case may be, which results in or causes a failure by such party in the performance of any obligations imposed on it by the Service Agreement notwithstanding the exercise by such party of due diligence but excluding any measures which are not economically feasible to the party, and shall include but shall not be limited to acts of God, earthquakes, floods, storms, tempests, washaways, fire, explosions, breakage of or accident to machines, pipelines, or associated equipment, nuclear accidents, acts of war, acts of public enemies, riots, civil commotions, strikes, lockouts, stoppages, pickets, industrial boycotts, restraints of labour or other similar acts (whether partial or general) acts or omissions of the Commonwealth of Australia or the State, shortages of labour or essential materials, reasonable failure to secure contractors, delays of contractors or factors due to overall world economic conditions or factors due to action taken by or on behalf of any Governmental Authority;

Gas means natural gas meeting the Gas Specification, and Non-Specification Gas knowingly accepted for receipt as Non-Specification Gas by GGT pursuant to clause 10 of the General Terms and Conditions;

Gas Day means a period of 24 consecutive hours, beginning and ending at 8:00 am. When referring to a particular Gas Day the date of that Gas Day shall be the date on which that Gas Day begins;

Gas Specification means the Inlet Gas Specification and Delivery Gas Specification set out in the Second Schedule of the General Terms and Conditions and any amendments to the Second Schedule of the General Terms and Conditions subsequently approved by the Regulator;

General Terms and Conditions means:

- (a) in the Access Arrangement - the General Terms and Conditions forming Appendix 3 to the Access Arrangement, as amended from time to time with the approval of the Regulator; and
- (b) in a Service Agreement - those General Terms and Conditions forming Appendix 3 to the Access Arrangement as applicable at the Date of Service Agreement (with such variation as may occur under its terms during the Term) or as are otherwise varied by written agreement of the parties;

GGP Act means the *Goldfields Gas Pipeline Agreement Act 1994* (WA);

GGP Agreement means the agreement scheduled to the GGP Act;

GGT has the meaning in clause 1.1 of the Access Arrangement;

GGT Information Package means the information contained in Schedule 2 of the Access Arrangement, which describes amongst other things the procedure for applications by a Prospective User for a Service under the GGT Access Arrangement;

GGTJV means the unincorporated joint venture between the Owners known as the Goldfields Gas Transmission Joint Venture;

GJ or Gigajoule means one gigajoule and is equal to one thousand MJ;

Goods and Services Tax or **GST** means the tax payable on taxable supplies under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) and as that Act is varied in its effect on the event, matter, thing, agreement, transaction or the like by a *New Tax System (Goods and Services Tax Transition) Act 1999*;

Governmental Authority means a government, governmental authority or department, statutory authority, administrative authority or regulatory agency;

Gross Heating Value or **GHV** expressed in MJ/m³ means the energy produced by the complete combustion of one Cubic Metre of Gas with air, at a temperature of 15°C and at an absolute pressure of 101.325 kPa, with the Gas free of all water vapour, the products of combustion cooled to a temperature of 15°C and the water vapour formed by combustion condensed to the liquid state;

Hourly Overrun Charge has the meaning in item 5(d) of the Fourth Schedule of the General Terms and Conditions;

Hourly Overrun Quantity has the meaning in clause 7.4(a) of the General Terms and Conditions;

Impost means any royalty (based on value, but not profit or otherwise), petroleum resource rent tax, environmental tax, excise, sales tax, use tax, consumption tax, levy or duty imposed by or payable to any Government Authority affecting the transportation and supply of Gas at or upstream of the Outlet Point but does not include any income taxes;

Individual Share means the Owners' respective interests, for the time being, in the GGTJV which at the date of acceptance of an Order Form will be notified to the User by GGT;

Initial Committed Capacity has the meaning in subclause (3) of clause 8 of the GGP Agreement and for the avoidance of doubt such capacity may from time to time be utilised or unutilised;

Initial Customers Agreements means:

- (a) any agreements of the kind referred to in subclause (1) of clause 8 of the GGP Agreement by which each Joint Venturer reserved to itself, for such period and on such terms as the Joint Venturers agreed, access to such of the transmission capacity of the Pipeline as it requires for the transmission of such gas as each Joint Venturer or its associates (as defined in the GGP Agreement) may require;
- (b) any commitments procured under subclause (2) of clause 8 of the GGP Agreement by which Third Parties (as defined in the GGP Agreement and including (but not limited to) any one or more of the Joint Venturers, acting independently of the other Joint Venturers and outside the scope of

the joint venture between them) gave binding commitment to purchase transmission capacity on terms and conditions acceptable to the Joint Venturers; and

- (c) any amendments, modifications, restatements or substitutions to each of the foregoing, including by way of any assignment or novation, made prior to the Relevant Date;

Inlet Facilities means the facilities referred to in clause 6.2(b) of the General Terms and Conditions.

Inlet Point means the point or points at which the User supplies Gas to GGT, being the flange on the outlet or downstream side of the Inlet Facilities where the Pipeline connects to the Inlet Facilities;

Insolvency Event means the happening of any of these events:

- (a) a party (being a natural person) becomes bankrupt or in any way takes advantage of or seeks relief under any statute relating to bankruptcy or the relief of debtors; or
- (b) an application is made to a court for an order or an order is made that a body corporate be wound up, or a body corporate resolves to wind itself up, or otherwise dissolve itself or gives notice of intention to do so, except to reconstruct or amalgamate while solvent or is otherwise wound up or dissolved; or
- (c) an application is made to a court for an order appointing a liquidator or provisional liquidator in respect of a body corporate, or one of them is appointed, whether or not under an order; or
- (d) a meeting is convened or a resolution is passed to appoint an official manager in respect of a body corporate; or
- (e) except to reconstruct or amalgamate while solvent, a body corporate enters into, or resolves to enter into, a scheme of arrangement or composition with, or assignment for the benefit of, all or any class of its creditors, or it proposes a reorganisation, moratorium or other administration involving any of them; or
- (f) a body corporate is, or makes a statement from which it may be reasonably deduced that the body corporate is, the subject of an event described in section 585 of the Corporations Act; or
- (g) a party becomes an insolvent under administration as defined in section 9 of the Corporations Act or action is taken which could result in that event; or
- (h) any execution or other process of any court or authority is issued against or levied upon any material part of the body corporate's property or assets and is not satisfied within 30 days; or

- (i) a receiver or receiver and manager or controller (as defined in the Corporations Act) of the undertaking or any material part of the undertaking of a body corporate is appointed or any steps are taken for such appointment by any person; or
- (j) an administrator of a body corporate is appointed or the board of directors of a body corporate passes a resolution or convenes a meeting for the purpose of considering a resolution to the effect of that specified in section 436A(1) of the Corporations Act; or
- (k) a body corporate fails (as defined by section 459F of the Corporations Act) to comply with a statutory demand; or
- (l) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction;

Interest Rate means the Bill Rate plus five percentage points;

Interruptible Service means the provision of Gas pipeline services by GGT, on a basis which in the sole discretion of GGT acting reasonably may be curtailed or interrupted from time to time.

Investigations means those investigations required to be undertaken prior to GGT responding to a Prospective User's request for Service (including a description of the nature of the investigations, the expected programme for completing those investigations and an indicative cost of those investigations that the Prospective User may be required to meet in respect of the investigations);

Joint Venturers has the meaning in the GGP Agreement and at the Relevant Date means the Owners and includes their respective predecessors in title;

Joule or **J** means the amount of work done when the point of application of a force of one newton is displaced a distance of one metre in the direction of the force;

kPa means one kilopascal and is equal to one thousand Pascals absolute;

Liable Party has the meaning in clause 18.2 of the General Terms and Conditions;

Licensed Area means that area as described in Part 1 of the schedule to the pipeline licence issued to the Owners pursuant to the *Petroleum Pipelines Act 1969 (WA)*;

Maximum Daily Quantity or **MDQ** means the maximum quantity of Gas per Gas Day which GGT has agreed, subject to the Service Agreement, to accept receipt of at an Inlet Point from the User or to deliver at an Outlet Point to the User as is:

- (a) specified in the Order Form; and
- (b) is varied under clause 7.3(d) of the General Terms and Conditions;

Maximum Hourly Quantity or **MHQ** means the maximum quantity of Gas per hour which GGT has agreed to accept receipt of at an Inlet Point from the User or to delivery at an Outlet Point to the User and is determined as the Maximum Daily Quantity divided by 24 and multiplied by 1.2;

Measurement Variance means the difference in the total quantity of Gas measured at the Inlet Point and the total quantity of Gas measured at the Outlet Point(s) (taking into account Used Gas and changes in linepack) due solely to the measurement inaccuracies within the prescribed limits of accuracy of the meters as set out in the First Schedule of the General Terms and Conditions;

MJ means one megajoule and is equal to one million Joules;

Month means the period beginning on the first Gas Day of a calendar month and ending at 8:00 am on the first Gas Day of the next calendar month;

Negotiated Service has the meaning in clause 4.2 of the Access Arrangement;

Negotiated Service Agreement means an agreement between the Owners and the User for the provision of a Negotiated Service, which arises under and in accordance with the Access Arrangement and is constituted by:

- (a) the executed and accepted Order Form and all attachments to it, as documented in Items 20 and 21 of the Order Form;
- (b) any Conditions that may apply (whether on the Order Form or otherwise); and
- (c) the terms and conditions and any other special conditions negotiated by the Owners and the User;

Negotiated Service Reserved Capacity means that part of the Capacity of the Covered Pipeline which has been contracted for Negotiated Service and for the avoidance of doubt excludes the Initial Committed Capacity;

New User has the meaning in clause 20.6(a) of the General Terms and Conditions;

Nominations Form means a form provided by GGT whereby the User provides details of nominations including such matters as date, quantity and Inlet/Outlet Point;

Non-Specification Gas means substances with one or more characteristics outside the limits defined in the Gas Specification;

Order Form means an order form and any documents incorporated into the Order Form completed in the form of Appendix 2.2 of the Access Arrangement and submitted by a Prospective User pursuant to GGT's Information Package, which when completed and signed by GGT is an acceptance of that offer and forms part of the Service Agreement;

Outlet Facilities means the facilities to be nominated by or provided for the User in the vicinity of the Outlet Point in accordance with clause 6.4 of the General Terms and Conditions;

Outlet Point means the point at which GGT delivers Gas to the User, being:

- (a) the flange on the outlet or downstream side of the Outlet Facilities in the case where the Outlet Facilities are owned by GGT; or
- (b) the flange on the outlet or downstream side of the offtake constructed by GGT in the case where the Outlet Facilities are owned by the User or a third party,

and as specified in the Order Form;

Owners has the meaning in clause 1.3 of the Access Arrangement;

party means GGT (in its capacity as agent for each of the Owners) and the User, respectively;

Pascal has the same meaning as in regulation 35 of the *National Measurement Regulations* (Cth);

Pipeline or **Goldfields Gas Pipeline** means the pipeline as defined in Pipeline Licence 24 issued under the *Petroleum Pipelines Act 1969* (WA), being the pipeline or pipeline system for the transmission of natural gas from the North-West of Western Australia into the inland Pilbara and Goldfields regions, together with all structures for protecting or supporting the pipeline or pipeline system and associated facilities for the compression of gas, the maintenance of the pipeline and the inlet and outlet of gas and all fittings, appurtenances, appliances, compressor stations, scraper stations, mainline valves, telemetry systems (including communication towers) works and buildings used in connection with the pipeline or pipeline system and includes the lateral pipeline to Newman;

Pipeline Capacity Notice means a notice published from time to time by GGT advising the availability of Spare Capacity in the Covered Pipeline;

Pre-existing Contractual Right has the meaning in section 2.25 of the Code and the date referred to therein as the "date the proposed Access Arrangement was submitted (or required to be submitted)" for the purposes of the Access Arrangement is the Relevant Date and for avoidance of doubt includes any contractual right (other than an Exclusivity Right (as defined in the Code) which arose on or after 30 March 1995) in existence prior to the Relevant Date as evidenced by the Initial Customers Agreements and the Existing Contracts;

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

Quantity Variation Charges are as described in item 5 of the Fourth Schedule of the General Terms and Conditions;

Quarter means a period of 3 Months commencing on the first day of the Months of July, October, January and April and **Quarterly** has a corresponding meaning;

reasonable and prudent pipeline operator means a person, firm or body corporate who, in the conduct of its undertaking, exercises that degree of diligence, prudence and foresight reasonably and ordinarily exercised by skilled and experienced operators engaged in the same type of undertaking under the same or similar circumstances and conditions in accordance with applicable laws, regulations and standards, and any reference to the **standard of a reasonable and prudent pipeline operator** shall mean such degree of diligence, prudence and foresight;

Reference Service has the meaning in clause 4.1 of the General Terms and Conditions;

Reference Service Agreement means an agreement between the Owners and the User for the provision of the Reference Service, which arises under and in accordance with the Access Arrangement and is constituted by:

- (a) the executed and accepted Order Form and all attachments to it, as documented in Items 20 and 21 of the Order Form;
- (b) any Conditions that may apply (whether on the Order Form or otherwise); and
- (c) the General Terms and Conditions;

Reference Service Revenue means that portion of the Total Revenue for the Covered Pipeline which is to be recovered through Reference Tariffs;

Regulator means in respect to the Code the Relevant Regulator for Western Australia;

Related Body Corporate in relation to a body corporate, means a body corporate that is related to the first mentioned body by virtue of section 50 of the Corporations Act;

Relevant Date means 23 March 2009;

Revisions Commencement Date has the meaning in clause 3.2(b) of the Access Arrangement;

Revisions Submission Date has the meaning in clause 3.2(a) of the Access Arrangement;

SCADA means the supervisory control and data acquisition system for data gathering, monitoring and controlling of the Pipeline operations;

Schedule means a schedule to the General Terms and Conditions;

Section 6 Dispute means a dispute notified to the Regulator under section 6 of the Code;

Service means:

- (a) a Reference Service; or
- (b) a Negotiated Service;

Service Agreement means a Reference Service Agreement or a Negotiated Service Agreement, as the context requires;

Service Period means the period from the Commencement Date until the Termination Date;

Service Provider has the meaning in clause 1.4 of the Access Arrangement;

Spare Capacity in respect of the Covered Pipeline means at any time the aggregate of:

- (a) any difference between:
 - (1) the Capacity of the Covered Pipeline; and
 - (2) the total of:
 - (A) the Firm Service Reserved Capacity;
 - (B) the Negotiated Service Reserved Capacity; and
 - (C) the Initial Committed Capacity; plus
- (b) any difference between:
 - (1) the Firm Service Reserved Capacity; and
 - (2) the Firm Service Reserved Capacity then being used; plus
- (c) any difference between:
 - (1) the Negotiated Service Reserved Capacity; and
 - (2) the Negotiated Service Reserved Capacity then being used; plus
- (d) any difference between:
 - (1) the Initial Committed Capacity; and
 - (2) the Initial Committed Capacity then being utilised,

to the extent that this does not deprive any person of a Pre-existing Contractual Right;

SQO Notice has the meaning in clause 4.4(b) of the General Terms and Conditions;

State means the State of Western Australia;

Statement of Tariffs and Charges means the applicable list of tariffs and charges for the provision by GGT of the Service;

Supplementary Quantity Option or **SQO** has the meaning in clause 4.4(a) of the General Terms and Conditions;

Supplementary Quantity Option Charge has the meaning in item 4 of the Fourth Schedule of the General Terms and Conditions;

Supplementary Quantity Option Quantity or **SQOQ** has the meaning in item 4 of the Fourth Schedule of the General Terms and Conditions;

Surety has the meaning in clause 9.13(a) of the General Terms and Conditions;

Taxes means taxes, charges, levies, duties, imposts and fees imposed or levied by, or payable to a Governmental Authority;

Term of the Agreement means the period from the Date of Service Agreement until the Termination Date, subject to early termination pursuant to relevant provisions of the Service Agreement;

Terminated Capacity has the meaning in clause 16.3(a) of the General Terms and Conditions;

Termination Date means the earlier of the date for termination of the Service as specified in the applicable Order Form (as such date may be extended from time to time) or the date on which the Service Agreement is terminated;

Throughput Charge is calculated in accordance with clause 9.4(c) of the General Terms and Conditions;

Throughput Tariff has the meaning in item 1 of the Fourth Schedule of the General Terms and Conditions;

TJ means one terajoule and is equal to one thousand GJ;

Toll Charge is calculated in accordance with clause 9.4(a) of the General Terms and Conditions;

Toll Tariff has the meaning in item 1 of the Fourth Schedule of the General Terms and Conditions;

Transferred Capacity has the meaning in clause 20.6(a) of the General Terms and Conditions;

Transportation Charges means charges as determined in clause 9 of the General Terms and Conditions;

Transportation Tariff means the transportation tariff applicable under the Service Agreement;

Used Gas means Gas used, consumed or lost by GGT acting as a reasonable and prudent pipeline operator in the operation of the Pipeline, including Measurement Variance, instrument gas, compressor fuel, line loss and Gas which has been vented;

Used Gas Charge has the meaning in item 2 of the Fourth Schedule of the General Terms and Conditions;

User means the person who has a current Service Agreement;

Variance Charge has the meaning in item 5(e) of the Fourth Schedule of the General Terms and Conditions;

Variance Notice has the meaning in clause 5.3(b) of the General Terms and Conditions;

Variance Quantity has the meaning in clause 7.5(a) of the General Terms and Conditions;

Variance Tolerance has the meaning in clause 7.5(b) of the General Terms and Conditions; and

Year means a period commencing at 8:00 am on the Commencement Date or, thereafter, each anniversary of the Commencement Date and ending at 8:00 am on the 1st anniversary of the Commencement Date or, thereafter, each subsequent anniversary of the Commencement Date.

1.2 Definitions - Arithmetic Operations and Mathematical Functions

In the Access Arrangement and any Service Agreement:

+ denotes addition;

- denotes subtraction;

x denotes multiplication;

/ or \div denotes division;

parentheses () define the hierarchy of arithmetic operations; and

abs denotes the absolute value function.

1.3 Definitions in Other Documents

Except if defined elsewhere in the Access Arrangement and then only to the extent of any inconsistency, words defined in the Code have the same meaning when used in the Access Arrangement.

Except if the context requires otherwise, words which are defined in any part of the Access Arrangement (including the preceding clauses of this Appendix 1 or in the General Terms and Conditions) have the same meaning where used in any other part of the Access Arrangement.

1.4 Interpretation

In the Access Arrangement and any Service Agreement, unless the context otherwise requires:

(a) a reference to a clause or part is a reference to a clause or part of the document in which the reference appears;

(b) the singular includes the plural and vice versa;

- (c) references to any statute, regulation, standard, instrument or by-law includes all statutes, regulations, standards, instruments and by-laws amending, consolidating or replacing them, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (d) references to any agreement, deed, instrument, or publication includes all amendments or supplements to, or replacements or novations of, that agreement, deed, instrument or publication;
- (e) headings and boldings are inserted for convenience only and shall not affect interpretation;
- (f) expressions referring to writing shall be construed as including references to words printed, type-written, facsimiled or otherwise traced, copied or reproduced;
- (g) references to "dollars" and "\$" are references to Australian dollars;
- (h) terminology used to describe units shall be, unless otherwise stated, in accordance with Australian Standard AS1000-1979 "The International System of Units (SI) And Its Application", the *National Measurement Act 1960* (Cth) and Regulations thereunder and the Australian Gas Association booklet titled "Metric Units And Conversion Factors For Use In The Australian Gas Industry";
- (i) a reference to a party shall include a reference to its successors in title and permitted assigns;
- (j) an agreement, representation or warranty on the part of two or more Users binds them jointly and severally or if given in favour of the Owners or GGT may be enjoyed by the Owners jointly, severally or jointly and severally;
- (k) where a term is defined in an Order Form it shall, unless the contrary intention is expressed, bear that same meaning in the Service Agreement;
- (l) references to a quantity or volume of Gas are, unless the contrary intention is expressed, references to the equivalent energy content of that quantity or volume of Gas; and
- (m) references to time are references to the time in the State.

1.5 Precedence of Documents

If there is any conflict, discrepancy, error or omission between the documents comprising the Service Agreement, then unless otherwise agreed in writing between the User and the Owners, the documents shall rank in order of interpretative precedence as follows:

- (a) Order Form;
- (b) General Terms and Conditions; and

- (c) Access Arrangement.

1.6 Applicability of Standards and Codes

Wherever references are made in the Service Agreement to Australian Standards or codes, the edition or revision of the standards or codes current on the Date of Service Agreement shall apply.

1.7 Interpretation of Standards and Codes

If there is any conflict between standards and codes referred to in the Service Agreement (or parts thereof) GGT shall determine which standard or code shall govern.

1.8 GGT acts as agent for Owners

GGT is the agent for each of the Owners in proportion to its Individual Share and is not a party to the Service Agreement in its personal capacity. All:

- (a) rights expressed to arise under the Service Agreement in favour of GGT; and
- (b) obligations expressed under the Service Agreement to be performed by GGT,

are not personal to GGT, and are held and performed by GGT as agent for and on behalf of the Owners.

1.9 GGT acts for Owners

All consents, reports, communications, notices, approvals or other action to be given under the Service Agreement must be made in writing, and received or taken by GGT in either its own name, the name of the GGTJV or in the name of the Owners. In dealing with the Owners, the User must deal only with GGT.

1.10 Obligations of Owners Several

Each Owner is liable for the performance of the obligations of GGT under the Service Agreement, but only to the extent of a portion of such liability equal to its Individual Share and that liability is several, not joint nor joint and several.

1.11 Notice of changes

GGT must notify the User promptly of any change in the Individual Shares of the Owners. Until such notification is given, the User must deal with GGT and the Owners as if no such change had occurred.

APPENDIX 2.1 - ENQUIRY FORM

SERVICE ENQUIRY FORM

As required by clause 6 of the Access Arrangement, a Prospective User that wishes to apply for a Service must observe the process outlined in the GGT Information Package.

TO: Goldfields Gas Transmission Pty Ltd

Level 8, Australia Place

15-17 William Street

PERTH WA 6000

1. PROSPECTIVE USER (Name): _____
2. ABN: _____
3. REGISTERED ADDRESS: _____

4. ESTIMATED COMMENCEMENT DATE: _____
5. EXPECTED INITIAL TERMINATION DATE: _____
6. PROPOSED OPTION EXERCISE DATE: _____
7. PROPOSED EXTENDED TERMINATION DATE: _____
8. PROPOSED INLET POINT (complete Attachment A). _____
9. PROPOSED OUTLET POINT(S) (complete Attachment B). _____
10. ANTICIPATED MDQ for acceptance at Inlet Point (complete Attachment A).
11. ANTICIPATED MDQ to be delivered at Outlet Point (complete Attachment B).
12. ANY SPECIAL REQUIREMENTS REQUESTED BY PROSPECTIVE USER:

NOTE: Any requests for changes to the General Terms and Conditions or any other special conditions will make this an enquiry for a Negotiated Service.

13. REFERENCE SERVICE OR NEGOTIATED SERVICE

Signify by ticking the appropriate box below whether this is an enquiry for a Reference Service or a Negotiated Service:

Reference Service

☐ Negotiated Service

14. RELEVANT CONTACT AND CONTACT'S DETAILS WITHIN THE PROSPECTIVE USER:

Contact Name: _____

Facsimile No: _____

E-Mail Address: _____

Phone No: _____

15. LEGAL STATUS, LEGAL CAPACITY AND CREDITWORTHINESS

The following documents are attached to and form part of this Enquiry Form as evidence of the Prospective User's legal status, legal capacity and creditworthiness.

16. COSTS OF INVESTIGATIONS

Signify by ticking appropriate box below whether or not the Prospective User is prepared to contribute to the reasonable costs of GGT undertaking Investigations as referred to in clause 1.1(k) in the GGT Information Package understanding that such an indication is not binding on the Prospective User.

Yes ☐ No

17. COSTS OF DEVELOPABLE CAPACITY

Signify by ticking appropriate box below whether or not the Prospective User is prepared to contribute to the reasonable costs of GGT providing Developable Capacity as referred to in clause 1.1(k) in the GGT Information Package understanding that such an indication is not binding on the Prospective User.

Yes ☐ No

DATED the day of

SIGNED BY _____ [name of person signing, please print]

Signature _____

Office held _____

Address _____

**SERVICE
ENQUIRY FORM
ATTACHMENT A**

(Complete a separate Attachment A for each Inlet Point)

Maximum Daily Quantity (**MDQ**) for acceptance by GGT at the following Yarraloola Inlet Point:

Inlet Point is: _____

		MDQ (TJ/day)
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____

**SERVICE
ENQUIRY FORM
ATTACHMENT B**

(Complete a separate Attachment B for each Outlet Point)

Maximum Daily Quantity (**MDQ**) for acceptance by GGT at the following Outlet Point:

Outlet Point is: _____

Pipeline distance from Inlet Point: _____ km

		MDQ (TJ/day)
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____

APPENDIX 2.2 - ORDER FORM

SERVICE ORDER FORM

As required by clause 6 of the Access Arrangement, a Prospective User that wishes to apply for a Service must observe the process outlined in the GGT Information Package.

TO: Level 8, Australia Place
15-17 William Street
PERTH WA 6000

1. USER (Name): _____
2. ABN: _____
3. REGISTERED ADDRESS: _____

4. COMMENCEMENT DATE: _____
5. INITIAL TERMINATION DATE: _____
6. OPTION EXERCISE DATE (IF ANY): _____
7. EXTENDED TERMINATION DATE (IF ANY): _____
8. INLET POINT (refer Attachment A). _____
9. OUTLET POINT(S) (refer Attachment B). _____
10. MDQ for acceptance at Inlet Point (refer Attachment A).
11. MDQ to be delivered at Outlet Point (refer Attachment B).
12. CONNECTION CHARGE: \$ _____
13. ACCOUNT ESTABLISHMENT CHARGE: \$ _____
14. ANNUAL ACCOUNT MANAGEMENT CHARGE: \$ _____
15. TOLL TARIFF \$ _____
16. THROUGHPUT TARIFF \$ _____
17. CAPACITY RESERVATION TARIFF \$ _____
18. AMOUNT OF SECURITY SUM \$ _____

19. ADDRESS FOR SERVICE OF NOTICES:

GGT:

Level 8, Australia Place
15-17 William Street
PERTH WA 6000

USER:

20. SUPPORTING DOCUMENTS

The following documents that were attached to the Enquiry Form form part of this Order Form as evidence of the User's legal status, legal capacity and creditworthiness (as required by clause 1.6(c) of the GGT Information Package).

21. USER'S ACCESS TO GAS SUPPLIES AND DELIVERIES

The following documents form part of this Order Form as evidence of the User's ability to meet its obligations under the Service Agreement (as required by clause 1.6(d) of the GGT Information Package).

22. INVESTIGATION COSTS

In accordance with clause 1.1(k) of the GGT Information Package, signify by ticking appropriate box below whether or not User is prepared to contribute to the reasonable costs for GGT to undertake the types of Investigations referred to in clauses 1.3(b) or 1.4(a) of the GGT Information Package, as the case may be.

Yes ☐ No

23. DEVELOPABLE CAPACITY COSTS

In accordance with clause 1.1(k) of the GGT Information Package, signify by ticking appropriate box below whether or not User is prepared to contribute to the reasonable costs of GGT providing Developable Capacity as referred to in clause 1.4(e) of the GGT Information Package.

Yes ☐ No

24. WARRANTY

The User warrants that all information provided to GGT relating to any Enquiry Form or this Order Form, or to satisfy any Conditions under or for the purposes of a Service Agreement (including the information contained in any documents attached to and forming part of this Order Form) is true and accurate and is not misleading in any material way (whether by omission or otherwise).

25. ACCESS ARRANGEMENT BINDING

By signing and lodging this Order Form the User acknowledges and agrees that it has read and is bound by the terms and conditions of the Access Arrangement.

26. REFERENCE SERVICE AGREEMENT

In the case of a Reference Service, if this Order Form is accepted by GGT and the User agrees or is deemed to have agreed to be bound by any Conditions notified under clause 8.3 of the Access Arrangement and clause 1.2 of the GGT Information Package (as detailed in Item 28 of the Order Form or otherwise), the User is bound by the terms of the Reference Service Agreement as constituted by:

- (a) this Order Form and all attachments to it, as documented in Items 20 and 21 of the Order Form;
- (b) any Conditions notified by GGT (whether on this Order Form or otherwise); and
- (c) the General Terms and Conditions.

27. NEGOTIATED SERVICE AGREEMENT

In the case of a Negotiated Service, if this Order Form is accepted by GGT and the User agrees or is deemed to have agreed to be bound by any Conditions notified under clause 8.3 of the Access Arrangement and clause 1.2 of the GGT Information Package (as detailed in Item 28 of the Order Form or otherwise), the User is bound by the terms of the Negotiated Service Agreement as constituted by:

- (a) this Order Form and all attachments to it, as documented in Items 20 and 21 of the Order Form;
- (b) any Conditions notified by GGT (whether on this Order Form or otherwise); and
- (c) the terms and conditions and any other special conditions negotiated by the Owners and the User.

DATED the day of

THE COMMON SEAL of [name of User
company and ABN] is affixed in
accordance with its constitution in the
presence of:

.....

Signature of authorised person

.....

Signature of authorised person

.....

Office held

.....

Office held

.....

Name of authorised person
(block letters)

.....

Name of authorised person
(block letters)

~~28. CONDITIONS (refer to clause 8.3 of the Access Arrangement and clause 1.2 of the GGT Information Package) [to be completed by GGT]~~

The following Conditions (which are to be satisfied by the User, at its own cost, unless expressly stated otherwise) apply to this Service Agreement:

This **REFERENCE SERVICE AGREEMENT/NEGOTIATED SERVICE AGREEMENT***

(*Delete whichever is inapplicable)

Dated the day of

The Owners and their respective Individual Shares at the date of acceptance of the Order Form are:

Owners	Percentage
Southern Cross Pipelines Australia Pty Limited (ACN 084 521 997)	62.664%
Southern Cross Pipelines (NPL) Australia Pty Ltd (ACN 085 991 948)	25.493%
Alinta DEWAP Pty Ltd (ACN 058 070 689)	11.843%

Accepted for the Owners by GGT as authorised signatory of the Owners

Authorised Signatory of GGT

Position Held

Date

**The User must execute this Order Form under Power of Attorney, common seal or under section 127 of the Corporations Law. If executed under Power of Attorney, the attorney must give an undertaking that they have received no notice of revocation of the Power of Attorney under which they were appointed.*

SERVICE

ORDER FORM
ATTACHMENT A

(Complete a separate Attachment A for each Inlet Point)

Maximum Daily Quantity (**MDQ**) for acceptance by GGT at the following Yarraloola Inlet Point:

Inlet Point is: _____

		MDQ (TJ/day)
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____

**SERVICE
ORDER FORM
ATTACHMENT B**

(Complete a separate Attachment B for each Outlet Point)

Maximum Daily Quantity (**MDQ**) for acceptance by GGT at the following Outlet Point:

Outlet Point is: _____

Pipeline distance from Inlet Point: _____ km

		MDQ (TJ/day)
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____
For Year Commencing	()	_____

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1 INTRODUCTION - TERMS AND CONDITIONS

1.1 General Terms and Conditions

These are the General Terms and Conditions applicable to the provision by GGT of the Reference Service to the User under and for the purposes of the Access Arrangement and a Service Agreement.

The definitions and interpretation provisions in Appendix 1 to the Access Arrangement form part of the Service Agreement (including these General Terms and Conditions).

2 AGREEMENT TO PROVIDE AND TO ACCEPT SERVICE

Upon acceptance of an Order Form by GGT, GGT agrees to provide and the User agrees to accept the Reference Service requested in the Order Form on the terms and conditions set out in the Service Agreement.

3 TERM OF SERVICE AGREEMENT

3.1 Term and Termination

The Service Agreement shall come into force on the Date of Service Agreement and, subject to termination pursuant to clauses 3.2, 3.3, 6.4(f)(3), 16.1(b) or 17.4 shall terminate on the Termination Date.

3.2 Enhancements not Operational

If any additions or enhancements to the Pipeline which are required to provide the Service are not operational following the expiry of 12 Months from the Commencement Date the parties may:

- (a) agree to defer the date for commencement of that Service to another date; or
- (b) agree to the provision of a reduced scope of the Service which is feasible with the available Capacity; and
- (c) if either clause 3.2(a) or 3.2(b) applies, agree the charges that will apply to reflect the new date for commencement or the reduced scope for the Service.

If the parties are unable to agree in accordance with either clause 3.2(a), (b) or (c) then either party may refer the matter for dispute resolution as provided for in clause 22 of the General Terms and Conditions. In the event that neither party has referred the matter for dispute resolution within 30 days after the date of expiry of

the period of 12 Months, the Service Agreement may be terminated by written notice by either party without penalty or cost to either party.

3.3 Termination for Failure to Lodge Bond

- (a) If the deposit or bond which is required pursuant to clause 9.13 is not lodged with GGT prior to the Commencement Date, or such other date as is specified in the Order Form, then GGT may terminate the Service Agreement by a notice at any time given to the User without penalty or cost to either party.
- (b) Notwithstanding the provisions in clause 3.3(a) the User is still liable for any costs that it has agreed to pay for Investigations and/or Developable Capacity under Items 22 and 23 of the Appendix 2.2 - Order Form.

4 SERVICE

4.1 Reference Service

The Reference Service which GGT offers to provide to the User is a Firm Service.

4.2 Availability

A User whose executed Firm Service Order Form has been accepted and signed by GGT is entitled to Firm Service on the terms and conditions of the Service Agreement.

4.3 Applicability and Character Of Service

- (a) The objective of the Firm Service is to transport energy in the form of natural gas between the Inlet Point and the Outlet Point(s).
- (b) GGT will receive into the Pipeline from the User quantities of Gas up to the MDQ as specified in the Firm Service Order Form and MHQ at the Inlet Point and deliver from the Pipeline quantities of Gas up to the MDQ as specified in the Firm Service Order Form and MHQ at the Outlet Point(s).
- (c) The Outlet Point(s) shall be downstream of the Inlet Point where the direction of flow is defined by GGT.
- (d) The Firm Service will be provided on a firm basis and not be subject to curtailment or interruption except as provided in the Service Agreement.

4.4 Supplementary Quantity Option

- (a) In order that Users may correct imbalances or transport Gas in excess of their MDQ on an occasional basis, a User who has a Service Agreement

for the Firm Service and who is not in default thereunder may apply to GGT at any time to take up a Supplementary Quantity Option (**SQO**).

- (b) A notice of application to take up a SQO ("**SQO Notice**") must be received by GGT no later than 18 hours prior to the commencement of the Gas Day to which the SQO Notice relates.
- (c) The SQO Notice must include the following information:
 - (1) the quantities of Gas required to be received at the Inlet Point;
 - (2) the quantities of Gas required to be delivered at the Outlet Point;
 - (3) the Gas Day the SQO is required; and
 - (4) any other information reasonably required by GGT.
- (d) GGT will provide a SQO solely at its discretion. A SQO will be provided only to the extent that operating circumstances and requirements of the Pipeline permit. GGT will not provide a SQO in circumstances including, but not limited to, where to do so would restrict GGT from meeting all of its transportation services obligations and Used Gas requirements, or would restrict GGT from operating the Pipeline in a prudent manner.
- (e) If GGT elects to provide an SQO, it shall give notice to the User to this effect and in order to provide the SQO, GGT will, at its sole discretion, accept from the User at the Inlet Point or deliver to the User at the Outlet Point(s) those quantities of Gas specified in the SQO Notice. Upon GGT giving notice to the User that it will provide a SQO, the User becomes bound to pay the applicable Toll Charge and Capacity Reservation Charge whether or not the User delivers or accepts Gas in respect to the SQO.
- (f) A SQO is interruptible in nature and if GGT interrupts, or intends to interrupt the SQO then GGT shall give notice as soon as is reasonably practical to the User and may interrupt the SQO in accordance with such notice.
- (g) GGT will provide a SQO on a first-come, first-served priority set by the time and date of the SQO Notice.

5 FORECASTS AND NOMINATION PROCEDURE

5.1 Monthly Forecasts

Not later than 15 Gas Days prior to the start of each Year the User will give notice to GGT of the quantities of Gas forecast to be required for delivery under the Service Agreement during each Month of the subsequent Year. Such forecasts are to be based on the User's reasonable estimate of the daily quantities required during each Month of that Year at each Outlet Point but are not to exceed the MDQ for any Gas Day for that Outlet Point.

5.2 Daily Nominations

- (a) Not later than 7 days prior to the start of each Month, the User will give to GGT a nomination of the quantities of Gas required by the User to be received at each Inlet Point and delivered at each Outlet Point, on each Gas Day of that Month, which quantities shall not exceed the MHQ or the MDQ for that Inlet Point or that Outlet Point, respectively.
- (b) The User, unless otherwise agreed, shall make nominations referred to in clause 5.2(a) using the Nominations Form as provided by GGT.
- (c) If the User fails to make a nomination then the User's previous valid nomination shall apply.

5.3 Variance Notice

- (a) The User's nominations provided to GGT pursuant to clause 5.2 shall be made in good faith.
- (b) If GGT acting as a reasonable and prudent pipeline operator believes that the User is not making nominations pursuant to clause 5.2 in good faith, then GGT may give a notice to the User ("**Variance Notice**") requiring the User to nominate in good faith.
- (c) If on any Gas Day after the expiry of 21 Gas Days from receipt of a Variance Notice:
 - (1) the quantity of Gas supplied by the User at an Inlet Point on a Gas Day; or
 - (2) the quantity of Gas delivered to the User by GGT at an Outlet Point on a Gas Day,varies by more than the greater of:
 - (A) 8% of the User's nomination at that Inlet Point or that Outlet Point on that Gas Day; and
 - (B) one TJ,then the User shall pay GGT the Variance Charge as determined in item 5(e) of the Fourth Schedule until such time as the Variance Notice is withdrawn under clause 5.3(d).
- (d) If GGT has issued the User with a Variance Notice, GGT:
 - (1) may withdraw that Variance Notice at any time in its discretion; and
 - (2) shall withdraw that Variance Notice if a period of three consecutive Months has elapsed without the User incurring the Variance Charge.

5.4 Notification of Imbalances

- (a) GGT shall determine each Gas Day:
 - (1) a Daily Imbalance for each User,
 - (2) the Accumulated Imbalance for each User.
- (b) GGT will notify each User of its Daily Imbalance and Accumulated Imbalance before 11:00 am on each Gas Day.
- (c) Users may, at any time and on any terms they may agree, exchange all or part of their Accumulated Imbalances with other Users, which shall not take effect until both Users give notice in writing of any such exchange to GGT. On receipt of such notices GGT must adjust each User's Accumulated Imbalance and relevant charges to reflect the exchange.

5.5 Changes to Nominations

- (a) The User may at any time before or during a Month (but not less than 18 hours notice before the Gas Day) give notice to GGT of any change which is required in the quantities of Gas nominated under clause 5.2.
- (b) If a notice of change of nomination is given with less than 18 hours notice, GGT shall use reasonable endeavours consistent with the standard of a reasonable and prudent pipeline operator to comply with the change in the nomination so requested but will not be obliged to comply with the changed nomination.

5.6 Metered Quantities of Gas Used for Purposes of Service Agreement

The parties acknowledge and agree that from time to time there may be Measurement Variance. For the purposes of the Service Agreement, the quantities of Gas as measured at the Inlet Point or the Outlet Point(s), or as Used Gas, shall be deemed to be the true and correct measure of the quantity of Gas so measured unless it is shown that the measurements are incorrect by more than is allowed by the prescribed limits of accuracy of the meters as set out in the First Schedule.

6 CONNECTION, INLET POINT AND OUTLET POINTS

6.1 Connection to the Pipeline

GGT will provide for the benefit of the User at the User's cost unless otherwise specified:

- (a) advice in respect of the engineering and planning for the connection of the User's facilities to the Pipeline;

- (b) a remotely actuated shut off valve and a remotely actuated flow control valve at the Outlet Facilities at each Outlet Point;
- (c) supervision of connection activities for connection to the Pipeline or to the Outlet Facilities;
- (d) services related to the commissioning of the Outlet Facilities; and
- (e) access to data as specified by GGT acting reasonably and supplied from GGT's SCADA and other systems in a manner as determined by GGT acting reasonably,

as necessary for the commencement and provision of the Service to the User.

6.2 Inlet Point

- (a) Gas shall be delivered by the User to, and received by GGT into the Pipeline at, the Inlet Point.
- (b) The Pipeline has Inlet Facilities at Yarraloola for receiving Gas from:
 - (1) the Harriet and East Spar Joint Ventures' pipelines at Yarraloola in the vicinity of the inlet to the Pipeline; and
 - (2) the DBNGP in the vicinity of the inlet to the Pipeline.
- (c) The cost of operation and maintenance of the Inlet Facilities will be borne by GGT.

6.3 Temperature and Pressure of Gas at Inlet Point

- (a) The User shall deliver Gas to GGT at temperature not exceeding 45°C and not less than 2°C.
- (b) Any Gas delivered by the User to GGT at the Inlet Facilities referred to in clause 6.2(b) will be at a pressure of between 7,800 kPa and 10,200 kPa.

6.4 Outlet Points

- (a) Gas shall be delivered by GGT to, and received by the User from the Pipeline at, the Outlet Point(s).
- (b) Where new Outlet Facilities are required at the Outlet Point(s), the User must elect one of the following options as provided for in clauses 6.4(c) to 6.4(f).
- (c) Where the User elects to construct, own, operate and maintain the Outlet Facilities then the User shall:
 - (1) locate the Outlet Facilities outside the Licensed Area;
 - (2) install the Outlet Facilities adjacent to and downstream of the Outlet Point(s);

- (3) provide GGT with copies of the User's designs of the Outlet Facilities in a format acceptable to GGT;
- (4) ensure that the Outlet Facilities comply with the specifications provided by GGT;
- (5) in addition to clause 6.4(c)(4) the User shall ensure that the design and construction of the Outlet Facilities are completed in accordance with the Fifth Schedule and all applicable:
 - (A) licensing obligations;
 - (B) laws;
 - (C) relevant standards and codes (including, but not limited to AS2885); and
 - (D) regulatory approval processes;
- (6) ensure that the Outlet Facilities are constructed by a contractor that is approved by GGT, which approval shall not be unreasonably withheld;
- (7) consent to GGT being an observer and participant in all:
 - (A) design reviews;
 - (B) HAZOP studies;
 - (C) risk assessments;
 - (D) construction reviews; and
 - (E) commissioning of the Outlet Facilities,all of which will be at the User's cost;
- (8) consent to GGT inspecting the Outlet Facilities prior to the introduction of first Gas;
- (9) acknowledge, that notwithstanding that GGT or its representative may have inspected or reviewed the User's Outlet Facilities or indicated that they satisfy the requirements of clause 6.4 the User accepts that it remains solely responsible and liable to ensure that the design and construction of the Outlet Facilities has been completed in accordance with the requirements of clause 6.4(c)(5);
- (10) pay the Connection Charge;
- (11) be responsible for all costs associated with owning, operating and maintaining the Outlet Facilities including all spare parts and components necessary for the safe and reliable operation and maintenance of the Outlet Facilities in accordance with the Fifth Schedule and all applicable:
 - (A) licensing obligations;

- (B) laws;
 - (C) relevant standards and codes (including, but not limited to AS2885); and
 - (D) regulatory approval processes;
- (12) provide such unrestricted access to the Outlet Facilities as GGT may reasonably require for the purposes of performing its obligations under the Service Agreement, which includes but is not limited to:
 - (A) SCADA access to metering and measurement information:
and
 - (B) access to the metering and measurement facilities for:
 - (i) verification purposes;
 - (ii) witnessing calibration processes; and
 - (iii) access and provision of the results in a form suitable for GGT; and
- (13) comply with the requirements of clause 19 during the Term of the Agreement.
- (d) Where the User elects for a third party to construct, own, operate and maintain the Outlet Facilities then the User shall in addition to paying the Connection Charge, notify the third party that:
 - (1) the Outlet Facilities must be located outside the Licensed Area;
 - (2) the Outlet Facilities must be installed adjacent to and downstream of the Outlet Point(s);
 - (3) GGT must be provided with copies of the Outlet Facilities designs in a format acceptable to GGT;
 - (4) the Outlet Facilities must comply with the specifications provided by GGT;
 - (5) the design and construction of the Outlet Facilities are to be completed in accordance with the Fifth Schedule and all applicable:
 - (A) licensing obligations;
 - (B) laws;
 - (C) relevant standards and codes (including, but not limited to AS2885); and
 - (D) regulatory approval processes;

- (6) where the Outlet Facilities are constructed by a contractor that contractor must be approved by GGT and such approval will not be unreasonably withheld;
- (7) it must consent to GGT being an observer and participant in all:
 - (A) design reviews;
 - (B) HAZOP studies;
 - (C) risk assessments;
 - (D) construction reviews; and
 - (E) commissioning of the Outlet Facilities,all of which will be at the third party's cost;
- (8) it must consent to GGT inspecting the Outlet Facilities prior to the introduction of first Gas;
- (9) it must acknowledge that, notwithstanding that GGT or its representative may have inspected or reviewed the third party's Outlet Facilities or indicated that they satisfy the requirements of clause 6.4, the third party accepts that it remains solely responsible and liable to ensure that the design and construction of the Outlet Facilities has been completed in accordance with the requirements of clause 6.4(d)(5);
- (10) it will be responsible for all costs associated with owning, operating and maintaining the Outlet Facilities including all spare parts and components necessary for the safe and reliable operation and maintenance of the Outlet Facilities in accordance with the Fifth Schedule and all applicable:
 - (A) licensing obligations;
 - (B) laws;
 - (C) relevant standards and codes (including, but not limited to AS2885); and
 - (D) regulatory approval processes;
- (11) it must procure such unrestricted access to the Outlet Facilities as GGT may reasonably require for the purposes of performing its obligations under the Service Agreement, which includes but is not limited to:
 - (A) SCADA access to metering and measurement information; and
 - (B) access to the metering and measurement facilities for:
 - (i) verification purposes;

- (ii) witnessing calibration processes; and
 - (iii) access and provision of the results in a form suitable for GGT;
- (12) it must procure and maintain at its own expense throughout the period that GGT delivers Gas to the User at the Outlet Point, the following insurances with reputable insurers:
 - (A) workers compensation insurances in accordance with the Workers Compensation and Rehabilitation Act 1981;
 - (B) all risks property insurance to indemnify it against damage, loss or destruction of Outlet Facilities owned by the third party; and
 - (C) public liability insurance for an amount of not less than \$20,000,000 to indemnify it against the risk of damage, death or injury to the property or personnel of third parties; and
- (13) it must arrange for the:
 - (A) endorsement on the policy in clauses 6.4(d)(12)(B) and 6.4(d)(12)(C) of the interests of the Owners and GGT such that those interests are effectively insured under those policies and for the insurers to waive rights of subrogation against them; and
 - (B) provide GGT with certificates of currency of these insurances and endorsements on or prior to the Commencement Date and prior to the commencement of each Year thereafter.
- (e) Where the User elects that GGT should own, operate and maintain the Outlet Facilities then the User shall:
 - (1) pay the Connection Charge;
 - (2) be responsible for all reasonable costs incurred by GGT in connection with the purchase and installation of the Outlet Facilities and operation and maintenance of the Outlet Facilities (including all spare parts and components as GGT considers necessary for the safe and reliable operation and maintenance of the Outlet Facilities); and
 - (3) comply with the requirements of clause 19 during the Term of the Agreement.
- (f) Where the User elects that GGT should own the Outlet Facilities and that a User or third party will operate and maintain the Outlet Facilities then the User shall:

- (1) pay the Connection Charge;
- (2) be responsible for all costs incurred by the User or third party associated with operating and maintaining the Outlet Facilities (including all spare parts and components necessary for the safe and reliable operation and maintenance of the Outlet Facilities in accordance with the Fifth Schedule and all applicable:
 - (A) licensing obligations;
 - (B) laws;
 - (C) relevant standards and codes (including, but not limited to AS2885); and
 - (D) regulatory approval processes;
- (3) agree that if the third party or User is found by GGT to not be operating and maintaining the Outlet Facilities in accordance with all applicable:
 - (A) licensing obligations;
 - (B) laws;
 - (C) relevant standards and codes (including, but not limited to AS2885); and
 - (D) regulatory approval processes,then the third party or User will be in default of its obligations under the operations and maintenance agreement and unless such default is capable of being cured and is cured as required under this agreement, then GGT may terminate this agreement immediately and without further notice to the User;
- (4) procure and provide such unrestricted access to the Outlet Point and the Outlet Facilities as GGT may reasonably require for the purposes of performing its obligations under the Service Agreement, which includes but is not limited to:
 - (A) SCADA access to metering and measurement information; and
 - (B) access to the metering and measurement facilities for:
 - (i) verification purposes;
 - (ii) witnessing calibration processes; and
 - (iii) access and provision of the results in a form suitable for GGT;
- (5) ensure that the third party must procure and maintain at its own expense throughout the period that GGT delivers Gas to the User

at the Outlet Point the following insurances with reputable insurers:

- (A) workers compensation insurances in accordance with the Workers Compensation and Rehabilitation Act 1981;
 - (B) all risks property insurance to indemnify it against damage, loss or destruction of Outlet Facilities owned by the third party; and
 - (C) public liability insurance for an amount of not less than \$20,000,000 to indemnify it against the risk of damage, death or injury to the property or personnel of third parties; and
- (6) ensure that the third party arranges for the:
- (A) endorsement on the policy in clauses 6.4(f)(5)(B) and 6.4(f)(5)(C) of the interests of the Owners and GGT such that those interests are effectively insured under those policies and for the insurers to waive rights of subrogation against them; and
 - (B) provide GGT with certificates of currency of these insurances and endorsements on or prior to the Commencement Date and prior to the commencement of each Year thereafter;
- (7) pay GGT all reasonable costs incurred by GGT in connection with the purchase and installation of the Outlet Facilities; and
- (8) comply with the requirements of clause 19 during the Term of the Agreement.
- (g) Where the User contracts with a third party to operate and maintain the Outlet Facilities the User acknowledges that its contractual obligations pursuant to the Service Agreement remain in full force and effect.
- (h) If the User elects under clause 6.4(g) to contract out the operation and maintenance of the Outlet Facilities to a third party then it must seek GGT consent which consent shall not be unreasonably withheld.

6.5 Pressure of Gas at Outlet Point

GGT will use reasonable endeavours consistent with the standard of a reasonable and prudent pipeline operator to deliver Gas to the User at a pressure in excess of 3,000 kPa at any Outlet Point.

6.6 Ownership, Possession and Access to Outlet Facilities

- (a) Where the User elects under clause 6.4(e) that GGT should own, operate and maintain the Outlet Facilities, the User at its cost:

- (1) grants GGT the exclusive right to operate, maintain and control access to the Outlet Facilities;
- (2) will provide to GGT or ensure that GGT has unrestricted access to and across any land and into or through any buildings, and unrestricted access (including electronic access) to all readings and information generated by User's instruments that handle, process or measure the flow, characteristics of or quantity of User's Gas; and
- (3) will provide to GGT reasonable electric power necessary for any instrumentation required to be installed as required by technical specifications of a reasonable and prudent pipeline operator.

6.7 Compliance

Where the User has made an election under clauses 6.4(c) or 6.4(d) and prior to acceptance of, and as a condition of GGT's obligation to accept, any Gas, the User will:

- (a) provide to GGT such certificates and documentation as may be required by GGT to satisfy it that the Outlet Facilities comply with the Fifth Schedule and all applicable:
 - (1) licensing obligations;
 - (2) laws;
 - (3) relevant standards and codes (including, but not limited to AS2885); and
 - (4) regulatory approval processes;
- (b) pay GGT the reasonable costs incurred by GGT in verifying compliance with this clause; and
- (c) provide evidence to GGT demonstrating that any other preconditions for provision of the Service, as set out in the Service Agreement, have been satisfied.

6.8 New Outlet Facilities

If new Outlet Facilities are required by the User, the Outlet Facilities installed by GGT (at the User's cost) will comply with the technical specifications required by a reasonable and prudent pipeline operator.

6.9 Alternative or Additional Outlet Points

The User may, by giving GGT at least 14 days prior notice, request that GGT transfers all or part of that User's MDQ with effect from the date specified in the notice, from the Outlet Point nominated in the applicable Order Form to another Outlet Point subject to:

- (a) the User having complied with any other preconditions for the Service to the new Outlet Point including the payment of a further Connection Charge for any new Outlet Point, as required by clauses 6.4 (c)(10) 6.4(d), 6.4(e)(1) or 6.4(f)(1) as applicable;
- (b) the User remaining liable under the Service Agreement to pay a Capacity Reservation Charge and Toll Charge which, in total, is not less than the aggregate Capacity Reservation Charge and Toll Charge payable prior to the operation of the new Outlet Point;
- (c) where the distance between the Inlet Point and the new Outlet Point is greater than the distance between the Inlet Point and the Outlet Point prior to the operation of the new Outlet Point, the User under the Service Agreement shall pay the Toll Charge, Capacity Reservation Charge and Throughput Charge for the greater distance;
- (d) the Pipeline, in the opinion of GGT, having the capacity to transport Gas from the Inlet Point and deliver Gas to the new Outlet Point; and
- (e) there being no reasonable commercial and technical grounds which, in the opinion of GGT, prevent the delivery of Gas to the new Outlet Point.

6.10 Response by GGT

Within 30 days of receipt of a notice under clause 6. 9, GGT shall advise the User of its acceptance of the MDQ of the proposed alternative or additional Outlet Point, or an alternative MDQ that will apply, giving reasons for the alteration to the MDQ.

7 QUANTITY VARIATIONS

7.1 Effect of Quantity Variations

- (a) Quantity variations of the types described in this clause 7 may cause operational disturbances which may potentially disadvantage all other Users of the Pipeline. Such disadvantage may derive from shortages or surpluses of Gas in the Pipeline which can inhibit or otherwise compromise the receipt of Gas at the Inlet Point, compromise the safe and efficient transport of Gas through the Pipeline, inhibit or otherwise compromise the delivery of Gas at the Outlet Point(s), and compromise the management of the Pipeline.
- (b) Prevention of operational disturbances which may potentially disadvantage other Users promotes the efficient use of the Pipeline.
- (c) GGT acting as a reasonable and prudent pipeline operator will to the extent reasonably practicable provide Users with specific information on a timely basis sufficient for the User to assess potential liability for Quantity Variation Charges and take action to avoid those charges.

7.2 Gas Balancing

- (a) The **Daily Imbalance** for a User for a particular Gas Day is the quantity of Gas calculated as follows:

$$DI_n = DGR_n - DGD_n;$$

Where:

DI_n is the Daily Imbalance for the User in TJs for the Gas Day n ;

DGR_n is the daily quantity of Gas received for the User at the Inlet Point in TJs for the Gas Day n ; and

DGD_n is the daily quantity of Gas delivered to the User at the Outlet Point(s) in TJs for the Gas Day n .

The Daily Imbalance may be a positive or a negative number. A positive Daily Imbalance means the quantity of Gas received was greater than the quantity of Gas delivered for the Gas Day in question. A negative Daily Imbalance means that the quantity of Gas received was less than the quantity of Gas delivered for the Gas Day in question.

- (b) The **Accumulated Imbalance** is the arithmetic sum of all Daily Imbalances corrected for any adjustments made by trading of gas imbalances or purchase or sale of Gas to correct gas imbalances.
- (c) The **Accumulated Imbalance Tolerance** means that quantity of Gas which is calculated as the greater of:

$$AIT = MDQ \times AITF \text{ or}$$

$$AIT = AITV$$

Where:

AIT is the Accumulated Imbalance Tolerance in TJs;

MDQ is the Maximum Daily Quantity in TJs;

$AITF$ has the value **0.08**; and

$AITV$ has the value **1 TJ**.

- (d) If at the end of any Gas Day the absolute value of the Accumulated Imbalance is greater than the Accumulated Imbalance Tolerance, GGT may at its discretion, require the User to pay to GGT an Accumulated Imbalance Charge on the difference between the absolute value of the Accumulated Imbalance and the Accumulated Imbalance Tolerance.
- (e) The User shall make all reasonable efforts to maintain an Accumulated Imbalance of zero.
- (f) Users may, at any time and on any terms they may agree, exchange all or part of their Accumulated Imbalances with other Users, which shall not

take effect until both Users give notice in writing of any such exchange to GGT. On receipt of such notices GGT must adjust in each User's Accumulated Imbalance and relevant charges to reflect the exchange.

- (g) GGT reserves the right to interrupt or reduce receipts and deliveries in and out of the Pipeline if the absolute value of a User's Accumulated Imbalance is greater than the Accumulated Imbalance Tolerance and the safety or the operation of the Pipeline or the rights of other users are prejudiced or likely to be prejudiced by the User's Accumulated Imbalance.
- (h) At the conclusion of the Term of the Agreement, the Accumulated Imbalance shall be set to zero. This may be accomplished by the User trading the Accumulated Imbalance with another User or with GGT within 7 days. If this is not achieved within 7 days, GGT will issue an invoice or refund for the value of the Accumulated Imbalance at gas prices reasonably nominated by GGT, which may vary from time to time.
- (i) In the event that the User is liable for an Accumulated Imbalance Charge for 7 or more consecutive Gas Days, the User shall agree to GGT either purchasing or selling Gas on the User's behalf in order to set the User's Accumulated Imbalance to zero if GGT so desires.
- (j) In the event that:
 - (1) GGT purchases Gas to set a User's Accumulated Imbalance to zero the User will be invoiced for that Gas at a rate of twice the prevailing Used Gas price; or if
 - (2) GGT sells Gas to set a User's Accumulated Imbalance to zero the User will be credited for that Gas at a rate of half the prevailing Used Gas price.

7.3 Daily Overrun

- (a) When the daily quantity of Gas received at the Inlet Point is greater than the User's MDQ (which shall where relevant include the SQOQ), and/or the daily quantity of Gas delivered at the Outlet Point(s) is greater than the User's MDQ (which shall where relevant include the SQOQ), the **Daily Overrun Quantity** for a particular Gas Day means that quantity of Gas which is calculated as follows:

$$DOQ_n = DG_n - [MDQ + SQOQ];$$

Where:

DOQ_n is the Daily Overrun Quantity for the User in TJs for the Gas Day n ;

DG_n is the daily quantity of Gas received for the User at the Inlet Point and/or Gas delivered to the User at the Outlet Point(s) in TJs for the Gas Day n ;

MDQ is the User's Maximum Daily Quantity in TJs; and

$SQOQ$ is the Supplementary Quantity Option Quantity in TJs.

- (b) If at the end of any Gas Day User's daily quantity of Gas delivered at the Outlet Point(s) is greater than the User's MDQ, GGT may at its discretion require the User to pay to GGT a Daily Overrun Charge.
- (c) The User shall use all reasonable efforts to ensure that the daily quantity of Gas received and/or Gas delivered is not more than the User's MDQ.
- (d) If for a period of 30 Gas Days the Daily Overrun Quantity at the Outlet Point for each of those Gas Days is positive then GGT may give a notice to the User ("**Overrun Notice**"). If on any Gas Day after the expiry of 7 Gas Days from receipt of the Overrun Notice, the User's Daily Overrun Quantity at the Outlet Point is positive then with effect from the next Gas Day then the User's Maximum Daily Quantity will be increased by either:
 - (1) the average of the Daily Overrun Quantity at the Outlet Point for a period of 12 Months; or
 - (2) if the Service Agreement has been in force for less than 12 Months then the average of the Daily Overrun Quantity at the Outlet Point between the Commencement Date and the date of the Overrun Notice,
 and the Service Agreement will be deemed to be amended accordingly.
- (e) If for a period of 5 consecutive Gas Days, the Daily Overrun Quantity at the Outlet Point for each of those Gas Days is positive then GGT may in its sole discretion, acting as a reasonable and prudent pipeline operator, without any liability to GGT and until such time that the User ceases to have overruns, restrict the User's gas take to the User's MDQ.

7.4 Hourly Overrun

- (a) When the hourly quantity of Gas received at the Inlet Point is greater than the User's MHQ (which shall where relevant include the SQOHQ), and/or the hourly quantity of Gas delivered at the Outlet Point(s) is greater than the User's MHQ (which shall where relevant include the SQOHQ), the **Hourly Overrun Quantity** for a particular hour means that quantity of Gas which is calculated as follows:

$$HOQ = HG - [MHQ + SQOHQ];$$

Where:

HOQ is the Hourly Overrun Quantity in TJs;

HG is the hourly quantity of Gas received from the User at the Inlet Point and/or Gas delivered to the User at the Outlet Point(s) in TJs;

MHQ is the User's Maximum Hourly Quantity in TJs; and

SQOHQ is the Supplementary Quantity Option Quantity divided by 24 and multiplied by 1.2 in TJs.

- (b) If at the end of any hour the hourly quantity of Gas delivered at the Outlet Point(s) is more than the User's **MHQ**, GGT may at its discretion require the User to pay to an Hourly Overrun Charge.
- (c) The User shall use all reasonable efforts to ensure that the hourly quantity of Gas received and/or delivered is not more than the User's **MHQ**.

7.5 Variance

- (a) When the daily quantity of Gas received at the Inlet Point is less than or greater than the User's nomination for the Inlet Point and/or the daily quantity of Gas delivered at the Outlet Point(s) is less than or greater than the User's nomination for the Outlet Point(s), the **Variance Quantity** for a particular Gas Day means that quantity of Gas which is calculated as follows:

$$VQ_n = abs(DG_n - NOM_n);$$

Where:

VQ_n is the Daily Variance Quantity in TJs for the Gas Day ***n***;

DG_n is the daily quantity of Gas received for the User at the Inlet Point and/or Gas delivered to the User at the Outlet Point(s) in TJs for the Gas Day ***n***; and

NOM_n is the User's nomination for the Inlet Point or Outlet Point(s) in TJs for the Gas Day ***n***.

- (b) **Variance Tolerance** means that quantity of Gas which is calculated as the greater of:

$$VT = NOM_n \times VTF \text{ or}$$

$$VT = VTV$$

Where:

VT is the Variance Tolerance in TJs;

NOM_n is the User's nomination for the Inlet Point and/or Outlet Point(s) in TJs for the Gas Day ***n***;

VTF has the value **0.08**; and

VTV has the value **1 TJ**.

- (c) If at the end of any Gas Day the absolute value of the Variance Quantity is more than the Variance Tolerance, then clause 5.3 applies.
- (d) The User shall use all reasonable efforts to ensure that the daily quantity of Gas received is not more or less than the User's nomination at the Inlet Point and that the daily quantity of Gas delivered is not more or less than the User's nomination at the Outlet Point(s).

8 INTERRUPTION OF SERVICE

8.1 Pipeline Operations

Subject to its obligations at law, GGT reserves the right to decide the manner in which it may operate, shut in, enhance, maintain or expand all or any part of the Pipeline.

8.2 Interruption for Maintenance

Subject to clause 8.3, in addition to the rights of the Owners or GGT otherwise provided for in the Service Agreement, GGT may without penalty or cost interrupt or reduce the Service either totally or partially for any period which, in its opinion as a reasonable and prudent pipeline operator, is necessary for the purposes of testing, adding to, altering, repairing, replacing, cleaning, upgrading or maintaining any part of the Pipeline (including without limitation, pipelines, compressors, valves and monitoring equipment) or for any other purpose which in GGT's opinion as a reasonable and prudent operator requires interruption or reduction of the Service.

8.3 GGT's Obligations

GGT shall:

- (a) be non-discriminatory in the interruption of the transportation services effected as a result of clause 8.2;
- (b) use all reasonable endeavours to give the User notice when any of the activities in clause 8.2 are likely to interrupt or reduce the Service which shall be:
 - (1) in the case of planned activities, then the User will be given at least 30 days notice; and
 - (2) in the case of unplanned or emergency activities, then the User will be given notice as early as reasonably practicable, consistent with the standard of a reasonable and prudent pipeline operator;
- (c) use all reasonable endeavours consistent with the standard of a reasonable and prudent pipeline operator to minimise the period of interruption or reduction of transportation services; and

- (d) when practicable, consult with the User regarding the timing of the interruption or reduction so as to minimise the disturbance to the User's business and other Users' businesses.

8.4 Emergency Interruption

- (a) GGT shall have the right without penalty or cost to immediately interrupt or reduce transportation services in situations of emergency or risk of injury or damage to any person or property, including the Pipeline, without notice and for such period as in the opinion of GGT is necessary.
- (b) GGT shall as soon as reasonably practicable inform the User and other Users of the circumstances giving rise to the interruption or reduction.

8.5 Force Majeure Interruption

If due to a Force Majeure occurrence referred to in clause 17.1 transportation services are interrupted or reduced, then GGT shall use all reasonable endeavours consistent with the standard of a reasonable and prudent pipeline operator to maintain transportation services so that a User who has an agreement for transportation services in the nature of a Firm Service can deliver and take Gas in such quantities as is pro-rated between all Users who have entered into agreements for transportation services in the nature of a Firm Service on the basis of their respective MDQs, unless GGT and all such Users otherwise agree. In doing so GGT will, in a fair and reasonable manner, take account of the location of the Force Majeure occurrence, the relative location of the Inlet Point and Outlet Point(s), the health and safety requirements within the facilities of the Owners, GGT, Users and Users' gas customers and the potential for damage to those facilities resulting from the interruption or curtailment to transportation services and the Service under the Service Agreement.

9 TRANSPORTATION TARIFF AND CHARGES

9.1 Transportation Tariff and Charges

The User shall pay to GGT the Transportation Tariff and Charges defined in this clause 9 for provision of the Firm Service.

9.2 Transportation Tariff Components

The Transportation Tariff for the Reference Service consists of three components:

- (a) Toll Tariff;
- (b) Capacity Reservation Tariff; and
- (c) Throughput Tariff,

as set out in the Fourth Schedule.

9.3 Basis of Charges

Unless otherwise agreed, all charges that rely on measurement are to be computed on measured quantities and qualities of Gas generated by the measuring equipment installed at the Inlet Point and Outlet Points. The Toll Charge and the Capacity Reservation Charge are fixed charges and are payable monthly during the Service Period by the User whether or not the User delivers or accepts Gas under the Service Agreement, except where:

- (a) the User is unable to deliver or accept Gas due to an event of Force Majeure claimed by GGT; or
- (b) GGT has interrupted or reduced the Services for a period which was not a consequence of an emergency interruption as referred to in clause 8.4 and where GGT did not provide notice as stipulated in clause 8.3(b).

9.4 Transportation Charges

The Transportation Charges resulting from the application of the Transportation Tariff for the Firm Service is the sum of the components:

(a) **Toll Charge**

During the Service Period the Toll Charge in any Billing Period is the applicable Toll Tariff multiplied by the MDQ expressed in GJs for the Outlet Point multiplied by the number of Gas Days in the relevant Billing Period;

(b) **Capacity Reservation Charge**

Subject to clause 9.7, during the Service Period the Capacity Reservation Charge in any Billing Period is the product of:

- (1) the applicable Capacity Reservation Tariff;
- (2) the distance, in pipeline kilometres, from the Inlet Point to the Outlet Point; and
- (3) the MDQ expressed in GJs for the Outlet Point multiplied by the number of Gas Days in the relevant Billing Period;

(c) **Throughput Charge**

Subject to clause 9.7, during the Service Period the Throughput Charge for any Billing Period is the product of:

- (1) the quantity of Gas delivered during that Billing Period measured in GJs;
- (2) the applicable Throughput Tariff set out in the Firm Service Order Form; and
- (3) the distance, in pipeline kilometres, from the Inlet Point to the Outlet Point;

(d) **Used Gas Charge**

The User shall pay the Used Gas Charge which is the product of:

- (1) the quotient of the User's actual quantity of Gas delivered at all Outlet Points in a Billing Period and the total quantity of Gas delivered from the Pipeline in the same Billing Period; and
- (2) GGT's reasonable assessment of its cost incurred for Used Gas in a Billing Period;

(e) **Supplementary Quantity Option Charge**

The User shall pay the Supplementary Quantity Option Charge as defined in the Fourth Schedule; and

(f) **Quantity Variation Charge**

The User will pay the Quantity Variation Charge as defined in the Fourth Schedule.

9.5 Other Charges

In addition the User shall pay the charges set out below (and as further described in the Fourth Schedule) as specified in the relevant Order Form:

(a) **Connection Charge**

for the commencement of a Firm Service, a once-only Connection Charge, payable on the Date of Service Agreement, for each new Outlet Point and, a once-only Connection Charge for each additional Outlet Point nominated or provided during the Service Period, being the costs reasonably incurred by GGT in establishing the new Outlet Point(s) or additional Outlet Point(s) nominated or provided during the Service Period; and

- (b) all other relevant charges under the Service Agreement.

9.6 Quantity Variation Charges

- (a) Quantity Variation Charges are intended to maximise the safe and efficient utilisation of the Pipeline in the manner intended. Operational disturbances caused by such Users may risk the integrity of the Pipeline or may cause commercial disadvantage or loss to GGT or other Pipeline Users.
- (b) GGT may impose Quantity Variation Charges relating to the imbalance or overrun where, in the reasonable opinion of GGT acting as a reasonable and prudent pipeline operator, the conduct contemplated by those charges:
 - (1) causes GGT or any User of the Pipeline loss or damage; or
 - (2) exposes the Pipeline to significant risk (whether or not that risk becomes manifest) that threatens the integrity of the Pipeline.

- (c) Subject to clause 9.6(b), the Quantity Variation Charges as defined in the Fourth Schedule may be applied or waived solely at GGT's discretion. Waiver of the application of any such charges at any time does not constitute any precedent for waiver of the application of such charges at any time in the future.
- (d) Notwithstanding clause 9.6(b), GGT will waive a User's liability for an Accumulated Imbalance Charge and a Variance Charge where the liabilities are incurred during a period of interruption or reduction of Services that is the direct responsibility of GGT.
- (e) GGT will rebate 95 percent of Quantity Variation Charges as defined in the Fourth Schedule in excess of GGT's direct costs and expenses associated with and arising from the User's acts or omissions which cause the overruns or imbalances to occur:
 - (1) to any other User of the Reference Service not having caused the particular Quantity Variation Charges to occur; and
 - (2) which rebate will be paid to the non-offending Users, where relevant, at the end of each calendar year.

For the avoidance of doubt, where there is no other User of the Reference Service at the time at which the overruns or imbalances occur then this rebate mechanism will not be activated.

9.7 Multiple Outlet Points

For the purposes of the calculation of the Transportation Tariff, the distance calculation is based on the distance from the Inlet Facilities described in 6.2(b). Where a User has more than one Outlet Point, the Capacity Reservation Charge and the Throughput Charge will be calculated using the distance between the Inlet Point and each Outlet Point and the MDQ for the corresponding Outlet Point.

9.8 Tariffs and Charges Adjustment for Inflation

For the purpose of this clause the component charges of the Reference Tariff are to be determined as follows:

$$C_t = C_{t-1} \times \frac{1}{1+K} \times \frac{CPI_{t-2}}{CPI_{t-3}} ; \quad \text{Where}$$

C_t is the relevant charge in the Quarter t in which the Billing Period occurs.

C_{t-1} is the charge for the Quarter commencing three months prior to the commencement of Quarter t. For the Quarter commencing 1 January 2010, C_{t-1}

is the relevant charge shown in clause 1 of the fourth schedule of this Appendix 3.

CPI_{t-2} is the CPI for the Quarter commencing six months prior to the commencement of Quarter t.

CPI_{t-3} is the CPI for the Quarter commencing nine months prior to the commencement of Quarter t .

$$K = \left[1 + \frac{R}{100} \right]^{0.25} - 1; \text{ and}$$

R is 2.5 (the forecast annual percentage inflation rate in the Final Decision)

9.9 Change in Imposts

In addition to the tariffs and charges payable under this Service Agreement, the User shall pay to the Owners an amount for any Change in Imposts pursuant to clause 5.3(b) of the Access Arrangement.

9.10 Rounding

- (a) All amounts per GJ to be paid pursuant to this clause 9 shall be expressed in dollars to 6 decimal places per GJ of Gas.
- (b) All quantities of Gas shall be rounded to the nearest whole Gigajoule.

9.11 Goods and Services Tax

- (a) Words or expressions used in this clause 9.11 which are defined in the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)* or, if not so defined, then which are defined in the *Trade Practices Act 1974 (Cth)*, have the same meaning in this clause.
- (b) For the purposes of the Service Agreement where the expression GST inclusive is used in relation to an amount payable or other consideration to be provided for a supply under the Service Agreement, the amount or consideration will not be increased on account of any GST payable on that supply.
- (c) Any consideration to be paid or provided for a supply made under or in connection with the Service Agreement, unless specifically described in the Service Agreement as **GST inclusive**, does not include an amount on account of GST.
- (d) Despite any other provision in the Service Agreement, if a party ("**Supplier**") makes a supply under or in connection with the Service Agreement on which GST is imposed (not being a supply the consideration for which is specifically described in this Agreement as **GST inclusive**):
 - (1) the consideration payable or to be provided for that supply under the Service Agreement but for the application of this clause ("**GST exclusive consideration**") is increased by, and the recipient of the supply ("**Recipient**"), must also pay to the Supplier, an amount equal to the GST payable by the Supplier on that supply; and

- (2) the amount by which the GST exclusive consideration is increased must be paid to the Supplier by the Recipient without set off, deduction or requirement for demand, at the same time as the GST exclusive consideration is payable or to be provided.
- (e) If a payment to a party under the Service Agreement is a reimbursement or indemnification, calculated by reference to a loss, cost or expense incurred by that party, then the payment will be reduced by the amount of any input tax credit to which that party is entitled for that loss, cost or expense.
- (f) If the rate of GST is increased above 10 (ten) percent then the parties must agree to adjust the CPI to reflect the real change in the CPI that would have been calculated by the CPI but for the increase in the rate of the GST. If GGT and the User are unable to agree on an appropriate adjustment to the CPI within 90 days, either GGT or the User may refer the matter for resolution under clause 22.

9.12 Charges When Flows are Restricted

Subject to clauses 9.3 and 9.6, where the flow of Gas is restricted in accordance with clauses 8 and 17, all tariffs and charges will continue to apply.

9.13 Bond/Deposit

- (a) Prior to the Commencement Date, or such other date as may be agreed by the parties, the User shall pay a deposit to GGT or arrange a bank or other person reasonably acceptable to GGT ("**Surety**") to post a bond, deposit or other security for an amount reasonably determined by GGT having regard to:
 - (1) the nature and extent of the User's obligations under the Service Agreement;
 - (2) the financial position of the User and the User's parent company (where applicable);
 - (3) the riskiness of the User's project in regard to which the Service is required; and
 - (4) whether provision of the Service to the User requires expenditure of additional capital.
- (b) In the event that at the end of any Year during the Term of the Agreement:
 - (1) the User increases its MDQ or other obligations in respect of charges, GGT may require (and the User hereby agrees) that the amount of the bond, deposit or other security shall be correspondingly increased from the beginning of the next Year; or
 - (2) the User decreases its MDQ or other obligations in respect of charges, GGT must allow (and GGT hereby agrees) that the

amount of the bond, deposit or other security shall be correspondingly decreased from the beginning of the next Year.

- (c) If a deposit is paid then GGT shall deposit the amount in an interest bearing account maintained with a reputable financial institution to be held pending the complete performance by the User of its obligations under the Service Agreement or any default by the User under clause 16.1. If the User defaults under clause 16.1 then in addition to its remedies thereunder GGT may operate the account and apply all principal and interest therein towards remedying the default, if it is capable of remedy. Upon the expiry of 6 months from the completion of all of the User's obligations GGT will pay to the User the balance of the account less any charges or Taxes but including any accrued interest balance.
- (d) The bond shall be in the form of the performance bond attached as the Third Schedule and the User shall be responsible for all costs and expenses and stamp duty incurred in the preparation and delivery of a duly executed and stamped bond in this form. If the User defaults under clause 16.1 then in addition to its remedies thereunder, GGT may enforce the bond in accordance with its terms towards remedying the default. Upon the expiry of 6 Months from the completion of the User's obligations under the Service Agreement, GGT must discharge and release the Surety from its obligations under the bond.

10 QUALITY AND DELIVERY CONDITIONS

10.1 Conformity with Gas Specification

Subject to the balance of this clause 10, all Gas received at the Inlet Point pursuant to the Service Agreement shall conform to the Inlet Gas Specification.

10.2 Gas Delivery Modifications

All Gas delivered to the Outlet Point(s) pursuant to the Service Agreement shall conform with the Delivery Gas Specification modified to reflect any change in the gas quality arising from the odourisation, compression or transmission of the Gas or the injection of other additives necessary for the operation of the Pipeline.

10.3 Non-Specification Gas

GGT is not obliged to accept delivery of any gas which does not comply with the Inlet Gas Specification and may immediately terminate receipt of such gas and incur no liability whatsoever to the User for any financial or other consequences arising from its refusal to accept Non-Specification Gas. If the gas delivered by the User is in a commingled stream, the specification of the User's gas will be deemed to be the specification of the commingled stream.

10.4 User's Responsibility for Non-Specification Gas

If the User delivers or tenders for delivery Non-Specification Gas into the Pipeline, the User continues to be responsible for all charges as if Gas in accordance with the Inlet Gas Specification had been delivered into the Pipeline and in addition shall be liable for any loss, damage or financial or other consequences flowing therefrom and notwithstanding the limitation in clause 18.2, will indemnify and defend the Owners and GGT against all claims, losses (including direct and indirect and consequential losses), expenses or liabilities arising therefrom and GGT shall have the right to take any necessary action at the User's expense to resolve any problems arising therefrom.

10.5 Gas May Not Match

The User acknowledges and accepts that as one of a number of users of the Pipeline, Gas delivered to it at the Outlet Point(s) may not match exactly the specifications of the gas delivered by the User at the Inlet Point.

10.6 No Warranty

Neither the Owners nor GGT make any warranty regarding the reliability of the supply of Gas to be delivered at the Outlet Point(s), or the merchantability or suitability for any purpose of Gas delivered at the Outlet Point(s) and all implied warranties are hereby excluded to the extent permitted by law from the Service Agreement and in respect of the subject matter thereof.

11 MEASUREMENT OF GAS

11.1 Inlet Point Measurement

- (a) GGT shall operate, at or near the Inlet Point, the Inlet Facilities necessary for GGT to be able to properly establish the quality and quantity of Gas delivered by the User to GGT at the Inlet Point.
- (b) Where more than one User delivers Gas in a commingled stream through common Inlet Facilities, each such User (referred to in this clause as the "**Common Stream Gas User**") shall advise or cause to be advised to GGT, on a daily basis or such other basis as may be required by GGT from time to time, the quantity of Gas allocated to it by the transporter of the Gas to the Inlet Point. Should such advice not be provided within 30 minutes of the end of the Gas Day, GGT shall be entitled to determine the daily Gas quantity delivered by each Common Stream Gas User using the allocation procedure set out in clause 11.1(c) or as it otherwise deems appropriate, acting as a reasonable and prudent pipeline operator. GGT's determination as to quantity and quality shall, in the absence of manifest error, be deemed to be correct.

- (c) Unless GGT is notified otherwise pursuant to clause 11.1(b), each Common Stream Gas User shall be allocated its share of the Gas received by GGT in a commingled stream in proportion to the quantity of Gas nominated by such User at the Inlet Facilities for that Gas Day divided by the sum of the quantities of Gas nominated by the Common Stream Gas Users at the Inlet Facilities, such that the sum of the quantities allocated to each Common Stream Gas User shall equal the total quantity of Gas as measured at the Inlet Facilities.

11.2 Outlet Point Measurement

- (a) The Outlet Facilities installed by GGT or the User or a third party under clause 6.4 will enable GGT to properly establish the quantity and quality of Gas delivered by GGT to the User at the Outlet Point.
- (b) Where more than one User receives Gas in a commingled stream through common Outlet Facilities, each such User (referred to in this clause as the "**Common Stream Gas User**") shall advise or cause to be advised to GGT, on a daily basis or such other basis as may be required by GGT from time to time, the quantity of Gas allocated to it at the Outlet Point. Should such advice not be provided within 30 minutes of the end of the Gas Day, GGT shall be entitled to determine the daily Gas quantity delivered by each Common Stream Gas User using the allocation procedure set out in clause 11.2(c) or as it otherwise deems appropriate, acting as a reasonable and prudent pipeline operator. GGT's determination as to quantity and quality shall, in the absence of manifest error, be deemed to be correct.
- (c) If required by clause 11.2(b), each Common Stream Gas User shall be allocated its share of the Gas delivered by GGT in a commingled stream in proportion to the quantity of Gas nominated by such User at the relevant Outlet Facilities for that Gas Day divided by the sum of the volumes of Gas nominated by the Common Stream Gas Users at those Outlet Facilities, such that the sum of the quantities allocated to each Common Stream Gas User shall equal the total quantity of Gas as measured at those Outlet Facilities.

11.3 Technical Requirements

The measuring equipment comprised in the Inlet Facilities and in each of the Outlet Facilities shall comply in all respects with the standard of a reasonable and prudent pipeline operator.

11.4 Costs to be Borne by User

The costs of installation, operation and maintenance of facilities not owned by the Owners referred to in clauses 11.1 and 11.2 shall be for the account of the User.

11.5 Alternative Arrangements

Where the quantities of Gas to be received through the Inlet Point or delivered through an Outlet Point do not in GGT's reasonable opinion justify the installation of bulk measuring equipment and alternative measuring methods are available or GGT and the User can otherwise agree upon alternative measuring techniques, GGT may waive the requirements of clauses 11.1 or 11.2 or both.

11.6 Check Metering

GGT grants to the User the right to install and maintain check metering equipment subject to this equipment not being installed within the Licensed Area or within Outlet Facilities owned by GGT to enable the User to check the bulk measuring equipment located at any site provided that such check metering equipment shall not interfere in any way with any measuring equipment (or other equipment) and that the cost of installing and maintaining any such check metering equipment shall be borne by the User and such equipment shall meet the accuracies contained in the First Schedule.

11.7 Meter Testing

- (a) The owner of the measuring equipment shall be responsible for its accuracy and unless required by clause 11.8, the owner is not obliged to verify the accuracy of the measuring equipment more than once in any 60 day period.
- (b) Where the accuracy of the measuring equipment is being verified it must be tested in accordance with either the manufacturer's recommendation or, in accordance with good pipeline industry practices.
- (c) The verification of the measuring equipment's accuracy may on request to the owner be carried out in the presence of other interested parties.

11.8 Special Test

The owner of the measuring equipment shall upon receipt of notice from an interested party, that it requires a special test to verify the accuracy of any measuring equipment, as soon as reasonably practical commence the verification process to assess the measuring equipments accuracy. The cost of any such special test shall be borne by the interested party if the equipment is accurate as that term is used in the First Schedule.

11.9 Test Procedures

The procedures outlined in the First Schedule shall apply to tests on equipment carried out pursuant to clauses 11.7 and 11.8.

12 REPRESENTATIONS AND WARRANTIES OF THE USER

12.1 Representations and Warranties

The User represents and warrants as follows:

- (a) it has in full force and effect the authorisations necessary to enter into the Service Agreement, observe obligations under it and allow them to be enforced;
- (b) it has title to the Gas to be delivered to GGT and GGT will receive good and merchantable title to the Gas at the Inlet Point and that all such Gas is owned and will be delivered by the User free from all royalties, charges, liens and adverse claims, including liens to secure payment of any royalties or taxes;
- (c) it has in full force and effect the necessary leases, licences or easements to construct, operate and maintain the metering and other facilities for which it is responsible under the Service Agreement;
- (d) its obligations under the Service Agreement are valid and binding and are enforceable against it in accordance with their terms;
- (e) the Service Agreement and the transactions under it do not contravene its constituent documents or any law, regulation or official directive or any of its obligations or undertakings by which it or any of its assets are bound or cause a limitation on its powers or the powers of its directors to be exceeded;
- (f) its obligations under the Service Agreement rank at least equally with all unsecured and unsubordinated indebtedness of the User except liabilities mandatorily preferred by law;
- (g) neither the User nor any of its Related Bodies Corporate is in default under a law, regulation, official directive, instrument, undertaking or obligation affecting any of them or their respective assets;
- (h) there is no pending or threatened action or proceeding affecting the User or any of its Related Bodies Corporate or any of their respective assets before a court, governmental agency, commission or arbitrator which may materially affect its ability to perform its obligations under the Service Agreement;
- (i) neither the User nor any of its Related Bodies Corporate have immunity from the jurisdiction of a court or from legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise);
- (j) the User has disclosed whether it is or is not a trustee of any trust or settlement in relation to the Service Agreement or the Gas to be delivered under the Service Agreement;

- (k) the User has disclosed whether it is or is not an agent in relation to the Service Agreement or the Gas to be delivered under the Service Agreement; and
- (l) the User's Gas consuming equipment supplied at the Outlet Facilities complies with all relevant laws.

12.2 Timing of Warranties

These representations and warranties are taken to be also made on each Gas Day on which any Gas is delivered by the User to GGT or any amount is or may be outstanding under the Service Agreement.

12.3 Settlements of Royalties

The User shall at all times have the obligation to make settlements or cause settlements to be made for all royalties and overriding royalties due and payments to royalty owners under the authority of which the Gas delivered under the Service Agreement is produced and in accordance with the terms of the relevant production licences and related documents and to make settlements with all other persons having any interest in the Gas delivered under the Service Agreement.

12.4 Indemnity Against Claims for Royalties

The User agrees to indemnify and defend the Owners and GGT against all suits, actions, debts, accounts, damages, costs, losses, liabilities and expenses arising from or out of claims of any or all persons to Gas or to royalties, taxes, or other charges thereon which attach before the title passes to GGT under clause 14.3 or which may be levied and assessed upon the delivery thereof to GGT. In the event of any adverse claim of any character whatsoever being asserted in respect to any of the Gas GGT may not deliver and may retain, as security for the performance of the User's obligations with respect to such claim under this clause, the Gas to be delivered to the User at the Outlet Point without incurring liability for interest, until such claim has been finally determined or until the User shall have furnished to GGT a form of security reasonably acceptable to GGT for the protection of GGT with respect to such claim.

13 INVOICING AND PAYMENT

13.1 Invoicing

On or before the 10th day of each Month GGT shall render to the User an invoice for the Service provided and all charges incurred in the immediately preceding Billing Period, together with any outstanding amounts in respect of any previous Billing Periods.

13.2 Contents of Invoices

The invoices rendered pursuant to clause 13.1 shall include:

- (a) the quantity of Gas received from the User at the Inlet Point in the Billing Period;
- (b) the quantity of Gas delivered to the User at the Outlet Point(s) in that Billing Period;
- (c) a statement of Quantity Variation Charges (if any) used by the User during that Billing Period;
- (d) details of all charges payable pursuant to clause 9 for that Billing Period;
- (e) a statement of adjustments (if any) made pursuant to clauses 9.3, 9.8, 17.2(b) and 18.5 for that Billing Period;
- (f) any additional tariffs and charges payable pursuant to the Service Agreement for that Billing Period;
- (g) any Taxes pursuant to clauses 9.9;
- (h) the quantity of Used Gas used, consumed or lost in the Billing Period and the purchase price(s) paid by GGT for gas for system-use purposes used, consumed or lost in that Billing Period; and
- (i) the additional amount of GST as referred to in clause 9.11.

13.3 Multiple Invoices

GGT may provide more than one invoice in respect of the items in clause 13.2.

13.4 Payment

The User shall pay to the Owners the aggregate amount stated in the invoice by direct credit to the bank account or accounts nominated in the invoice not later than 14 days after the invoice is delivered in accordance with clause 24. In the event that the 14th day is not a Business Day then payment shall be made on the preceding Business Day. When making payment pursuant to this clause, the User shall identify the invoice numbers and the respective amounts to which the payments relate and shall notify GGT of such payments.

13.5 Disputed Invoices

In the event of any dispute concerning an invoiced amount the User shall, within 14 days from the date it receives the invoice, notify GGT in writing identifying the amount in dispute and giving full reasons for the dispute. Notwithstanding this, then:

- (a) unless there is a manifest error whereby the User can elect not to pay the disputed portion of an invoice if acting reasonably and in good faith;
- (b) the User shall pay the full amount of the invoice; and

- (c) the dispute will then be referred to the dispute resolution procedure contained in clause 22.

13.6 Interest on Disputed Amount

Where, as a result of the determination of a dispute of the nature referred to in clause 13.5, either party has to pay money to the other then, in addition to such payment, interest shall be payable thereon from the date of the disputed invoice until actual payment at a rate equal to the Interest Rate calculated on a daily basis.

13.7 Incorrect Invoices

- (a) If it is found at any time that the User has been overcharged or undercharged and the User has actually paid the invoices containing such overcharge or undercharge then, within 30 days after such error has been discovered and the correct amount has been agreed to by the parties or otherwise determined, the Owners shall refund to the User the amount of any such overcharge or the User shall pay to the Owners the amount of any such undercharge.
- (b) In both cases, the payor shall pay interest on the overcharged or undercharged amount at the Interest Rate calculated from the due date for payment of the appropriate invoice to the date of actual payment of the overcharged or undercharged amount provided that there shall be no rights to claim interest attaching to invoices if more than 12 months have elapsed since the date of the invoice before the error is discovered.

13.8 Default Interest

If either party makes default without lawful excuse in the payment of moneys payable on the due date for payment (or, where moneys are payable upon demand) then interest shall be payable on the amount unpaid from the due date for payment until actual payment, at a rate equal to the Interest Rate calculated on a daily basis.

14 POSSESSION, RESPONSIBILITY AND TITLE

14.1 Control and Possession

Control and possession of Gas shall pass from the User to GGT upon delivery of the Gas at the Inlet Point. At the Outlet Point control and possession of the Gas shall pass from GGT to the User.

14.2 No Interference

Whilst Gas is in the control and possession of GGT the User shall not interfere or seek to interfere with the manner in which GGT may compress, clean, process, transmit, heat, cool or control the storage or flow of Gas in the Pipeline.

14.3 Title Transfer

Title to Gas shall pass from the User to GGT at the Inlet Point, free and clear of all liens, encumbrances and claims of any nature.

14.4 Title Re-transfer

At the Outlet Point title to Gas delivered shall pass from GGT to the User provided however that the User's obligations under clause 10.4 survive the delivery of the Gas, and GGT warrants to the User that at the time of delivery (except for any lien for unpaid services rendered and claimed under the Service Agreement) it has no lesser title to the Gas than that received from the User under clause 14.3.

15 RECORDS AND INFORMATION

15.1 Proper Books and Records

Each party shall prepare and maintain proper books, records and inventories of all matters pertaining to the Service Agreement.

15.2 Independent Examination

If any dispute concerning an invoiced amount, measurement or procedure arises and remains unresolved for a period of 60 days then subject always to the right of each party to withhold confidential information or information not related to the performance of the Service Agreement, each party shall have the right to appoint an independent firm of chartered accountants to examine at any reasonable time the books, records and documents of the other to the extent necessary to carry out an audit for the purposes of verifying any statement, computation or claim made under the provisions of the Service Agreement.

15.3 Confidentiality of Information

It is acknowledged by the parties that:

- (a) all information relating to the basis on which the Owners set their charges (other than information required to be disclosed by law) shall be kept confidential;
- (b) in respect of the derivation of the User's fees and charges a certificate prepared by GGT's auditors shall be conclusive evidence of the correctness or otherwise of the calculation of that User's fees and charges based on the applicable Statement of Tariffs and Charges; and
- (c) any firm of chartered accountants appointed under clause 15.2 shall sign a confidentiality undertaking acceptable to GGT prior to commencing their examination.

16 TERMINATION

16.1 Default by the User

- (a) If the User:
 - (1) defaults in payment of any moneys payable under the Service Agreement for a period of 7 days following receipt of a notice of demand from GGT; or
 - (2) defaults in the performance of any other material obligation imposed upon it by the Service Agreement and, where such default is capable of remedy, fails to remedy or remove the cause or causes of default within a period of 30 days from the receipt of a notice from GGT to remedy or remove the default; or
 - (3) suffers an Insolvency Event to occur,then GGT may take action under clause 16.1(b).
- (b) If clause 16.1(a) applies, then GGT may at its sole discretion:
 - (1) suspend Service to the User until such time as all monies in default plus interest at the Interest Rate have been paid, any other default has been remedied or removed, or the Insolvency Event has been remedied or removed, as the case may be; or
 - (2) by notice to the User immediately terminate the Service Agreement.

16.2 Effects of Termination by GGT

The termination of the Service Agreement under clause 16.1 shall not, of itself, relieve the User of its obligations, which must continue to be observed:

- (a) to pay any moneys (including interest) outstanding at that time; and
- (b) subject to clause 16.3, to pay the Toll Charge and the Capacity Reservation Charge for the remainder of the Service Period as set out in the Order Form,

and upon termination GGT and the Owners have no further obligation to the User and the User has no further rights under the Service Agreement.

16.3 Subsequent Agreement Regarding Terminated Capacity

- (a) If GGT subsequently enters into an agreement with a User for the provision of the Firm Service and receives payment from that or any other User for some or all of the capacity made spare by the termination of the Service Agreement (such terminated capacity being referred to in this clause as the **Terminated Capacity**) then the User shall be relieved of its obligation under clause 16.2(b) to continue to pay the Toll Charge and the

Capacity Reservation Charge to the extent that the Terminated Capacity may be reduced from time to time.

- (b) For the purposes of clause 16.3(a), Terminated Capacity is to be deemed to be reduced by an amount equal to the next Spare Capacity between the Inlet Point and a Outlet Point to be the subject of an agreement for Firm Service between the Owners and any User, and any amounts relating to the Toll Charge and the Capacity Reservation Charge received by GGT under an agreement which includes the whole or any part of the Terminated Capacity are to be assumed to be applied firstly to reduce any Terminated Capacity under the terminated Service Agreement.
- (c) For the purposes of clause 16.3(b), where more than one agreement has been terminated, the obligations of each User under clause 16.2(a) of such terminated agreements in respect of Terminated Capacity in the same section of the Pipeline will be reduced in priority according to the date of termination of each agreement, commencing with the earliest termination, until the Terminated Capacity under each such agreement has been extinguished by one or more agreements for the Firm Service with New Users.

16.4 Additional Remedies

The termination rights and remedies set out in clauses 16.1 and 16.2 shall be in addition to and not in substitution for any other rights and remedies available to the Owners and GGT whether pursuant to the Service Agreement, at law, at equity or otherwise.

16.5 Default by the Owners

- (a) If the Owners:
 - (1) default in the performance of material obligations imposed upon them by the Service Agreement and where such default is capable of remedy fail to proceed to remedy or remove the cause or causes of default within a period of 30 days from the receipt of a notice from the User to GGT to remedy or remove the default; or
 - (2) suffers an Insolvency Event to occur,then the User may by notice to GGT, but subject to clause 16.5(b), immediately terminate the Service Agreement.
- (b) Notwithstanding clause 16.5(a):
 - (1) immediately upon receipt of any notice pursuant to clause 16.5(a), GGT must provide a copy of the notice to any mortgagee or chargee of the Owner's interest in the Service Agreement who has notified GGT of its mortgage or charge;

- (2) immediately thereafter, GGT must provide the User with the name, address and facsimile number of each mortgagee or chargee who has been sent a copy of the notice; and
- (3) the User must not take any action to terminate the Service Agreement under clause 16.5(a) without first allowing the mortgagee or chargee a reasonable opportunity to remedy, or remove the causes of, the default.

16.6 Effect of Termination

Termination by a party shall be without prejudice to any accrued rights or remedies of either party as at the Termination Date.

17 FORCE MAJEURE

17.1 Obligations will be Suspended

Notwithstanding the other provisions of the Service Agreement but subject to clause 17.2, the obligations of the Owners, GGT and the User under the Service Agreement will be suspended in the following cases:

- (a) to the extent that on account of Force Majeure the Owners or GGT have failed to accept or deliver Gas in the quantities required by the User or failed to perform any of their other obligations under the Service Agreement; and
- (b) to the extent that on account of Force Majeure the User has failed to take delivery of Gas from GGT pursuant to the Service Agreement or has failed to perform any of its other obligations under the Service Agreement.

17.2 User Obligated to Pay Moneys

- (a) Notwithstanding clause 17.1, if an event of Force Majeure is claimed by the User, then the User shall not be relieved from liability to pay moneys due (including the Toll Charge and the Capacity Reservation Charge which shall continue to accrue and be payable notwithstanding the Force Majeure) or to give any notice which may be required to be given pursuant to the Service Agreement.
- (b) The User is relieved of its obligation to pay the Toll Charge and the Capacity Reservation Charges where the User is unable to deliver or accept Gas due to an event of Force Majeure claimed by GGT and GGT shall include a credit for the value of the Toll Charge and the Capacity Reservation Charges applicable to the period of Force Majeure in the User's next invoice as provided for in clause 13.2(e).

17.3 Notice of Force Majeure

If either party seeks relief under clause 17.1, the party shall:

- (a) as soon as reasonably practicable but in any event within 4 days give notice to the other party of the occurrence of the event or circumstance claimed to be Force Majeure and provide to the other party full particulars relating to the event or circumstance and the cause of such failure (such notice shall also contain an estimate of the period of time required to remedy such failure);
- (b) render the other party reasonable opportunity and assistance to examine and investigate the event or circumstance and the matters which caused the event or circumstance and failure;
- (c) exercise reasonable endeavours to mitigate or remove the effects of the Force Majeure event or circumstances but excluding any measures which are not economically feasible for such party; and
- (d) give notice immediately to the other parties upon termination of the event of Force Majeure.

17.4 Termination for Extended Force Majeure

If despite reasonable endeavours on the part of the party affected by Force Majeure to mitigate or remove the effects of the Force Majeure event or circumstance the situation in clause 17.1 continues substantially unabated for a period of 6 Months from the date of notice under clause 17.3(a), then the parties shall meet to seek to find a resolution of the difficulty and if after a further period of 3 Months they are unable to agree a resolution then either party may terminate the Service Agreement upon 3 Months notice.

18 LIABILITIES

18.1 Limitation of Liability

- (a) Neither party shall be liable to the other party for any loss, injury, or damage arising directly or indirectly from:
 - (1) any act, omission, error, default or delay in respect of the provision, use or termination of Service under the Service Agreement;
 - (2) the failure by a party or one of its directors, officers, employees, contractors or agents to commence acceptance or delivery of Gas or other Services pursuant to the Service Agreement;
 - (3) any failure of any part of the Pipeline, Inlet Facilities or Outlet Facilities;

- (4) any interruption or reduction of Service, receipts or deliveries of Gas or Non-Specification Gas (made in accordance with the Service Agreement or otherwise); or
 - (5) any act or omission of any other customer of a party and any other third party for whom such party is not responsible,
- except, subject to clause 18.1(c), where the loss, injury or damage is the direct or indirect result of a party's negligence or wilful default.
- (b) Nothing in this clause shall operate to limit the liability of the User to pay all appropriate tariffs and charges incurred pursuant to the Service Agreement, for which the User shall remain liable.
 - (c) Notwithstanding anything provided in the Service Agreement, neither party, its contractors, officers, directors, employees and agents shall be liable for:
 - (1) any amount that is more than the equivalent of one Year of charges which would have been payable for the provision of the Service; or
 - (2) any liability or loss including consequential loss suffered by the other party to the extent that the negligence of the other party contributes to this liability or loss.

18.2 Direct Losses Only

Subject to clause 10.4, if for any reason it is determined that a party (**Liable Party**) is liable to the other party for breach of the Service Agreement, the liability of the Liabe Party to the other party shall never exceed the direct loss or damage sustained by the other party resulting from or arising out of that breach (**direct losses**) and under no circumstances will the Liabe Party be liable to the other party:

- (a) in contract, tort (including negligence) or otherwise for any and all loss or damage in the nature of:
 - (1) consequential, special, contingent, penal or other indirect loss or damage, loss of revenue, income, profits, business, opportunity or anticipated savings, loss or anticipated loss of use, production; or
 - (2) business interruption; or
- (b) for any and all claims, demands, actions or proceedings by third parties, (including any person contracting or dealing with or relying upon the provision of goods and services by the other party or having a legitimate expectation as to the reliability of the supply of gas by the other party howsoever caused) and any costs or expenses in connection therewith, that are not otherwise covered by clause 18.2(a).

18.3 Proximate Losses

- (a) Subject to clauses 18.3(b) the User alone will be responsible for and liable to pay any monies by way of compensation, damages or repair which may be or become payable in consequence of the occurrence of the following during the Term of the Agreement in or about, or incidental to activities in or about, the locations specified in clause 18.4:

- (1) injury to or death of or loss to any person, who is employed by the User or by any person contracting or dealing with the User;
- (2) loss of or damage to any property of the User or of any person contracting or dealing with the User; and
- (3) any other loss incurred by the User or by any person contracting or dealing with or relying upon the provision of goods or services by the User, or having legitimate expectations as to the reliability of the supply of gas

and the User shall indemnify the Owners, GGT or any person contracting with the Owners or GGT (except the User) and their respective employees, agents and servants from and against all liabilities and expenses of whatsoever nature for, under or in connection with any claim, demand, action or proceeding whatsoever made or brought by any person in respect of or in relation to any such injury, death, loss or damage.

- (b) Clause 18.3(a) does not operate to require the User to indemnify:

- (1) the Owners;
- (2) GGT;
- (3) any entity related to the Owners or GGT; or
- (4) the employees, agents or servants of the persons listed in paragraphs (1) to (3) above,

from and against any liabilities to the extent that those liabilities are unrelated to any fault, action or omission on the part of the User or persons under the direction or control of the User.

18.4 Locations

The locations specified for the purposes of clause 18.3 are:

- (a) Inlet Facilities;
- (b) Outlet Facilities;
- (c) the Pipeline;
- (d) such other premises, facilities or places used for the storage, transportation, distribution delivery or consumption of Gas, received from or delivered to the User; and

- (e) such other premises or places where any of the following:
 - (1) property of the Owners or GGT or persons employed by or dealing with the Owners or GGT; and
 - (2) property of the User or persons employed by the User; and
 - (3) property of persons relying upon the provision of goods or services of the User,are in proximity with each other.

18.5 Refunds and Credits

Notwithstanding clauses 8.2, 8.4, 8.5, 18.1:

- (a) where the Firm Service is not provided such that the User does not receive Gas for more than 48 consecutive hours and the failure or continuation of the failure to provide Gas is directly or indirectly caused by GGT, GGT will, refund or credit to the User for each period of 24 hours for which the failure continues beyond the 48 consecutive hours; and
- (b) the refund or credit will be calculated as “the sum of the Capacity Reservation Charge and the Toll Charge payable for each 24 hour period in excess of the initial 48 consecutive hours.”

18.6 No Liability for Fault of Others

Notwithstanding anything else contained in the Service Agreement, GGT or the Owners or both shall not be liable for any liability or loss to the extent that it is the fault of any other party or person. Where negligence is found to have been contributory each party will bear responsibility in accordance with that party's proportionate fault.

18.7 Each Limitation Separate

Each limitation or exclusion of this clause 18 and each protection given to the Owners, GGT and to the User or their respective officers, employees, or agents by any provision of this clause 18 is to be construed as a separate limitation or exclusion applying and surviving even if for any reason any of the provisions is held inapplicable in any circumstances.

19 INSURANCES

19.1 Insurances to be Effected

The User shall procure and maintain at its own expense throughout the Term of the Agreement the following insurances with reputable insurers:

- (a) workers compensation insurances in accordance with the *Workers Compensation and Rehabilitation Act 1981*;
- (b) all risks property insurance to indemnify it against damage, loss or destruction of Outlet Facilities owned by the User; and
- (c) public liability insurance for an amount of not less than \$20,000,000 to indemnify it against the risk of damage, death or injury to the property or personnel of third parties.

19.2 Endorsements

The User shall arrange for endorsement on the policy in clauses 19.1(b) and 19.1(c) of the interests of the Owners and GGT such that those interests are effectively insured under those policies and for the insurers to waive rights of subrogation against them.

19.3 Certificates of Currency

The User will provide GGT with certificates of currency of these insurances and endorsements on or prior to the Commencement Date and prior to the commencement of each Year thereafter.

20 ASSIGNMENT AND TRANSFERS OF CAPACITY

20.1 Restriction on Assignment

Either party shall be entitled to assign all or part of its rights arising under the Service Agreement, with the consent in writing of the other party, and otherwise in accordance with this clause 20.

20.2 Owner's Right to Assign

Notwithstanding clause 20.1 an Owner may at any time without the consent of the User (but having first notified the User) assign all or part of its rights under the Service Agreement to:

- (a) any one or more of its Related Bodies Corporate; or
- (b) any one or more of the other Owners; or
- (c) to any assignee who has acquired the whole or any part of the Owner's right or interest in and to the GGTJV.

20.3 Deed of Covenant

Any assignment pursuant to clauses 20.1 or 20.2 shall not take effect until the assignee has executed in favour of the non-assigning party a deed of covenant under which the assignee agrees to comply with the provisions of the Service

Agreement in regard to the matters the subject of the assignment and in the case of an assignment pursuant in clauses 20.2(b) or 20.2(c) or 20.4(b) the assignor thereupon shall be released from its obligations under the Service Agreement to the extent of the assignment.

20.4 GGT May Delegate and Assign

GGT may:

- (a) delegate to one or more third parties that are technically competent and reputable the performance of all or any of its functions under the Service Agreement but will remain responsible for the performance of those obligations; and
- (b) assign all or part of its rights obligations and interests arising under the Service Agreement where:
 - (1) it is replaced as manager for the GGTJV;
 - (2) it is replaced as the Service Provider under the Access Arrangement; or
 - (3) the Owners resolve this is desirable for the better administration of the Pipeline or of the Owners' obligations under the Code or for a corporate reorganisation of the GGT or the GGTJV or both,provided it first notifies the User in writing.

20.5 Owners May Assign Right to Payment

Notwithstanding the foregoing provisions of this clause 20 each of the Owners may at any time without the consent of the User assign in whole or in part any right to payment arising under the Service Agreement. Notice of any such assignment must be given by GGT to the User as soon as reasonably practicable thereafter.

20.6 Bare Transfer of Capacity

- (a) GGT will permit a Bare Transfer in accordance with section 3.10 of the Code and accordingly:
 - (1) a User is permitted to transfer or assign to a third party (referred to as the "**New User**") all or part of its rights and obligations under the Service Agreement (referred to in this clause 20.6 as the "**Transferred Capacity**") without the consent of GGT if:
 - (A) the User's obligations under the Service Agreement remain in full force and effect after the transfer or assignment of the Transferred Capacity; and

- (B) the terms of the Service Agreement are not otherwise altered as a result of the transfer or assignment to the New User (a **"Bare Transfer"**); and
- (2) the New User must notify GGT prior to utilising the Transferred Capacity subject to the Bare Transfer and of the nature of the Transferred Capacity subject to the Bare Transfer.
- (b) GGT may request, prior to the use of the Transferred Capacity by the New User, and the User may, but is not required to provide, the following information to GGT:
 - (1) the portion of the User's Capacity entitlement under the Service Agreement which is to be Transferred Capacity;
 - (2) the identity of the New User;
 - (3) the Inlet Point and the Outlet Point(s) to be utilised by the New User;
 - (4) the respective MDQ and MHQ for the Inlet Point and Outlet Point(s);
 - (5) the term of the assignment or transfer of that Capacity entitlement to the New User; and
 - (6) any rights reserved by the User in the Transferred Capacity with respect to priority to Capacity in the event of an interruption or curtailment to the Service, or any other matter relevant to respective rights of the User and the New User.
- (c) For the avoidance of doubt, the terms of the Service Agreement will be deemed to be altered as a result of the assignment or transfer and the User will not be able to effect a Bare Transfer if in the reasonable opinion of GGT, the Transferred Capacity and the rights retained by the User under the Service Agreement are in excess of the rights originally granted to the User under the Service Agreement.

20.7 Transfer of Capacity other than a Bare Transfer of Capacity

- (a) A User may assign or transfer to a third party ("**New User**") all or part of its Transferred Capacity, other than by way of a Bare Transfer, only with the prior written consent of GGT. GGT may withhold its consent on reasonable commercial or technical grounds or may make its approval subject to conditions that are reasonable on commercial or technical grounds. These conditions may include a requirement that the New User enter into a deed of covenant under which it agrees to be bound by the Service Agreement insofar as it relates to the Transferred Capacity or to pay a deposit or bond in accordance with clause 9.13.
- (b) As a condition to obtaining GGT's consent, a User must advise GGT of the following:

- (1) the portion of the User's Capacity entitlement which is to be Transferred Capacity;
 - (2) the identity of the New User;
 - (3) the Inlet Point and the Outlet Point(s) to be utilised by the New User;
 - (4) the respective MDQ and MHQ for the Inlet Point and Outlet Point(s);
 - (5) the term of the assignment or transfer of that Capacity entitlement to the New User; and
 - (6) any rights reserved by the User in the Transferred Capacity with respect to priority to Capacity in the event of an interruption or curtailment to the Service, or any other matter relevant to GGT's obligations to perform the Service in accordance with the respective rights of the User and the New User.
- (c) The User shall be obliged to pay Connection Charges for any new Outlet Facilities to be used by the New User in respect of Transferred Capacity and the administration charges that GGT would apply to any new User entering into a gas transmission agreement with GGT, in accordance with the Statement of Tariffs and Charges prevailing at the time of the transfer. The User shall ensure that any new Outlet Facilities used by the New User comply with the requirements set out in clause 6.4(c)(5) of the General Terms and Conditions.
- (d) GGT will advise the User within 30 days of its consent to the transfer of the Transferred Capacity or it shall specify reasonable technical or commercial conditions that must be complied with in order for GGT to consent to the transfer of the Transferred Capacity.

20.8 Pipeline Capacity Notices and Public Register of Capacity

GGT:

- (a) may publish a Pipeline Capacity Notice; and
- (b) will establish and maintain a public register which includes:
 - (1) information as to any Spare Capacity that it reasonably expects to exist in relation to the Pipeline (including the quantity, type, and timing of the Spare Capacity and the terms and conditions relating to its supply);
 - (2) information as to any Developable Capacity that it reasonably expects to be available in relation to the Pipeline (including the quantity, type and timing of the Developable Capacity and the terms and conditions relating to its supply); and

- (3) any information provided to GGT by a User in respect of Capacity that the User may wish to transfer or assign in accordance with the Service Agreement, including the quantity, type and timing of such Capacity.

20.9 Security

Either party may charge or mortgage its interest in the Service Agreement as security for the payment of amounts owing or to become owing whether in a contingency or otherwise under or in connection with agreements or arrangements for raising of finance provided that any assignment of the Service Agreement upon enforcement of the charge or mortgage by the chargee or mortgagee is made subject to and conditional upon the proposed assignee agreeing with the other party to be bound by the Service Agreement.

21 CONFIDENTIAL INFORMATION

21.1 Restriction

Subject to clauses 20.8 and 21.2 and except as required by the GGP Agreement (in the case of the Owners only), and in any contracts in respect of which either party is a party as at the Date of Service Agreement neither party shall communicate or comment upon any details contained in the Service Agreement or disclosed in respect of any Enquiry Form or Order Form delivered under clause 6 of the Access Arrangement to third parties without the prior written consent of the other party.

21.2 Permitted Disclosure

A party shall be entitled to disclose any details contained in the Service Agreement without the consent of the other party to such of the following persons who on reasonable grounds have a clear need to know:

- (a) employees, directors, officers, contractors and agents of the party;
- (b) the party's Related Bodies Corporate or employees, officers and agents of the Related Body Corporate;
- (c) any professional consultant or expert retained by the party;
- (d) any person with whom the User is in bona fide negotiations for transfer of capacity;
- (e) a prospective purchaser of an Owner's interest in the GGTJV or GGT;
- (f) a prospective purchaser of any of the issued shares in an Owner, GGT, or User or any Related Body Corporate of an Owner or GGT or User; and
- (g) any financier or prospective financier of an Owner, GGT, the User or any Related Body Corporate of an Owner, GGT or the User,

provided that such parties are bound by a similar obligation of confidentiality.

21.3 Required Disclosure

Nothing in this clause 21 restricts a party's obligation as is required by law, any legally binding order of a court or Governmental Authority or by the listing rules of any stock exchange having jurisdiction over the party or its ultimate holding company.

22 DISPUTE RESOLUTION

22.1 Notice of Dispute

In the event of any dispute or difference arising between the User and GGT as to the construction of the Service Agreement or as to any matter or thing arising under or in connection with the Service Agreement then either party will give to the other written notice identifying the matters the subject of the dispute or difference.

22.2 Reference to Senior Representatives

Upon receipt of a notice pursuant to clause 22.1 each of the User and GGT will designate a representative for the negotiation who will have authority to settle the dispute on behalf of that party and those representatives will meet promptly and use their best endeavours to resolve the dispute by negotiation.

22.3 Reference to Expert or Arbitrator

- (a) If, within 21 days of receipt of the notice, the User and GGT have been unable to resolve the matter, or to agree a method of resolving the matter, by negotiation, then if the dispute or difference is in respect of an amount of \$500,000 or less the parties will refer the matter for determination by an Expert in accordance with clause 22.4.
- (b) If the dispute or difference is in respect of an amount in excess of \$500,000 then, unless the parties agree that the matter should be determined by an Expert in accordance with clause 22.4, the parties will resolve the matter by arbitration in accordance with clause 23.
- (c) Any dispute which is referred to an Expert by the agreement of the parties made under clause 22.3(b) will thereupon cease to be referable to arbitration.

22.4 Determination by an Expert

- (a) If a matter is referred for determination by an Expert pursuant to clause 22.3, an Expert will be appointed by the parties, or in default of agreement

upon such appointment within 10 days of the referral, either party may refer the appointment of the Expert to:

- (1) in the case of financial matters, the President for the time being of the Institute of Chartered Accountants of Australia;
- (2) in the case of technical matters, the President for the time being of the Institution of Engineers, Australia; and
- (3) in the case of any other matters (including without limitation a dispute as to the interpretation of this Service Agreement) the President for the time being of the Law Society of Western Australia.

In all events, the Expert must have reasonable qualifications and commercial and practical experience in the area of dispute and have no interest or duty which conflicts with his or her function as an Expert.

- (b) The Expert will be instructed to:
 - (1) promptly fix a reasonable time and place for receiving submissions or information from the parties or from any other persons as the Expert may think fit;
 - (2) accept oral or written submissions from the parties as to the subject matter of the dispute within 20 days of being appointed;
 - (3) not be bound by the rules of evidence; and
 - (4) make a determination in writing with appropriate reasons for that determination within 20 days of the expiry of the period referred to in clause 22.4(b)(2).
- (c) The Expert will be required to undertake to keep confidential matters coming to the Expert's knowledge by reason of being appointed under this clause 22 and the performance of his or her duties.
- (d) The Expert will have the following powers:
 - (1) to inform himself or herself independently as to facts and if necessary technical and/or financial matters to which the dispute relates;
 - (2) to receive written submissions sworn and unsworn written statements and photocopy documents and to act upon the same;
 - (3) to consult with such other professionally qualified persons as the Expert in his or her absolute discretion thinks fit; and
 - (4) to take such reasonable measures as he or she thinks fit to expedite the completion of the resolution of the dispute.
- (e) Any person appointed as an Expert will be deemed not to be an arbitrator but an expert and the law relating to arbitration will not apply to the Expert

or the Expert's determination or the procedures by which he or she may reach his or her determination.

- (f) The dispute resolution will be held in Perth unless the User and GGT otherwise agree.
- (g) In the absence of manifest error, the decision of the Expert will be final and binding upon the parties.
- (h) The costs of the Expert and any advisers appointed pursuant to clause 22.4(d)(3) will be borne by the User or GGT or both as determined in the discretion of the Expert taking into account the Expert's decision in the dispute.
- (i) The User and GGT will give the Expert all information and assistance that the Expert may reasonably require. The User and GGT will be entitled to be legally represented in respect of any representations that they may wish to make to the Expert, whether orally or in writing.

22.5 Performance of Obligations

Notwithstanding a reference of a dispute or difference to the dispute resolution procedure in this clause 22 the parties will, so far as it is reasonably practicable, continue to perform and comply with their respective obligations under the Service Agreement.

23 ARBITRATION

23.1 Arbitration in Accordance with the Commercial Arbitration Act 1985

If clause 22.3(b) applies the matter in dispute shall be referred to arbitration in accordance with the *Commercial Arbitration Act 1985 (WA)*.

23.2 Convening the Arbitration

The arbitration shall be convened by either party giving to the other notice in writing stating the subject matter and details of the dispute, including the amount of the dispute for the purposes of clause 22.3(b) and that party's desire to have the matter referred to arbitration.

23.3 Arbitrators

The arbitration shall be by one arbitrator to be agreed upon by the parties or, in the event that a single arbitrator cannot be agreed, then before two arbitrators one to be appointed by each party and their umpire to be appointed by the arbitrators before they enter upon the reference, as provided for in the *Commercial Arbitration Act 1985 (WA)*.

23.4 Legal Representation

The User and GGT will be entitled to be legally represented in respect of any representations that they may wish to make to the Arbitrator, whether orally or in writing.

23.5 Award Binding

The award in the arbitration shall be final and binding on the parties.

23.6 Costs

The apportionment of the costs of and incidental to the reference to arbitration shall be at the discretion of the arbitrator, who may determine the amount thereof and the basis upon which the same shall be ascertained provided that where one party has behaved unreasonably in the view of the arbitrator, that party shall bear the costs of the arbitration. Each party shall bear its own counsel - client costs, and any costs associated with witnesses called by such party (if any).

23.7 Written Reasons to be Given

The arbitrator shall give his determination in writing with reasons.

23.8 Performance of Obligations

Pending resolution of any dispute or difference, the parties shall continue to perform their respective obligations under the Service Agreement.

24 NOTICES

24.1 Notices

All notices, demands, consents and requests required or permitted to be given or made to either party pursuant to the Service Agreement, shall be in writing and shall be deemed to be sufficiently given or made if personally delivered, if sent by registered mail, or facsimile addressed in the case of GGT as set forth in the GGT Information Package and in the case of the User to the address specified in the Order Form or in either case to such other address as the party to be notified shall designate by written notice given to the other party.

24.2 Deemed Delivery

A notice sent by registered mail shall be deemed served on the earlier of the date of receipt or 4 days after the same was committed to post. If sent by facsimile transmission such notice shall:

- (a) if sent prior to 4:00pm on any Business Day, be deemed served on that Business Day; or

- (b) if sent after 4:00pm on any Business Day, it shall be deemed served on the next Business Day.

25 WAIVER

Any failure or delay by either party in exercising any of its rights under the Service Agreement shall not operate as a waiver of its rights and shall not prevent such party from subsequently enforcing any right or treating any breach by the other party as a repudiation of the Service Agreement.

26 ENTIRE AGREEMENT

The Service Agreement constitutes the entire agreement between the parties on the subject matter of the Service Agreement and supersedes all prior negotiations, representations and agreements between the parties.

27 SEVERABILITY

If any clause or provision of the Service Agreement shall be held illegal or unenforceable by any judgment of any court or tribunal having competent jurisdiction, such judgment shall not affect the remaining provisions of the Service Agreement which shall remain in full force and effect as if such clause or provision held to be illegal or unenforceable had not been included in this Service Agreement.

28 GOVERNING LAW

The Service Agreement shall be construed and interpreted in accordance with the law of the State and the parties submit to the exclusive jurisdiction of the courts of the State.

First Schedule: Test Procedures

1. A gas chromatograph or other device used for the determination of Gross Heating Value shall be deemed to be accurate if such equipment shall have an accuracy of $\pm 0.5\%$. Pressure, differential pressure, temperature, specific gravity and density transducers shall be deemed to be accurate if such equipment shall have an accuracy of $\pm 1.0\%$. Meters and correcting instruments shall be deemed to be accurate if such equipment shall have an accuracy of $\pm 2.0\%$. For the purposes of Section 1:
 - (a) the accuracy of any measurement equipment shall be taken to mean the difference in the output reading or signal of the device with respect to that of a suitable calibration standard, expressed as a percentage; and
 - (b) a correcting instrument is any device connected to a meter either directly or indirectly and which incorporates means to convert actual quantities or volume as measured by the meters into quantities or volume at some standard conditions.
2. If, upon testing, any measuring equipment is found to be accurate within the meaning of Section 1, all previous recordings or output of such equipment shall be considered accurate in computing the acceptance, transmission, and delivery of Gas. To the extent that the accuracy of the measuring equipment is not zero the equipment shall be adjusted immediately such that its accuracy is as close as practicable to zero. No adjustment to User's account shall be made.
3. If, upon testing, any measuring equipment shall be found to be inaccurate within the meaning of Section 1, any previous recordings or output of such equipment shall be corrected by the full magnitude of the inaccuracy found for any period wherein it is known definitely that and to what extent the measuring equipment was operating inaccurately. In the event the period or degree of inaccuracy is not known or not agreed upon and no superior information is available from check measuring of other appropriate equipment, such correction shall be for a period extending over one half of the time elapsed since the date of the preceding test. The extent of the adjustment shall be based on procedures incorporating good pipeline industry practice in regard to estimating the circumstances in which meters fail. The equipment shall be adjusted immediately such that its inaccuracy is as close as practicable to zero.
4. To determine the accuracy of any measurement device it shall be tested so that the output signal or reading of the device is as close as possible to the normal operating point or, if the device normally operates within a particular range, at points within that range. In the latter case the accuracy shall be an average across the range.
5. For the purposes of Section 1 a suitable calibration standard shall be any facility or testing device with traceability to a primary standard, or a testing laboratory or facility having appropriate NATA or other accreditation recognised by GGT.

As far as possible, the accuracy of the calibration standard should be at least twice that achievable from the measuring equipment installed in the field.

Second Schedule: Gas Specification

The quality of Gas supplied hereunder at the Inlet Point and delivered to the Outlet Point shall conform to the following.

1. Merchantable Gas

The gas shall be merchantable natural gas comprised primarily of methane and free of impurities, objectionable odours, solid and liquid matters, trace metals, waxes, gums and gum-forming constituents, hydrogen, carbon monoxide, helium, aromatic hydrocarbons, mercury, crude oils, lubricants (including compressor lubricant) which may be injurious to, or unsuitable for use in, pipelines, control equipment, gas turbine or reciprocating engines and associated auxiliaries and equipment and to commercial and domestic appliances which are designed to use natural gas.

2. Additives

(a) Glycols

The gas will not contain glycols in concentration detectable by the test method, unless otherwise agreed.

(b) Methanol

The gas will not contain methanol in concentration detectable by the test method, unless agreed otherwise.

3. Gas Properties

(a) Wobbe Index

The Wobbe Index is defined as the Gross Heating Value of the gas (MJ/m^3) divided by the square root of the specific gravity of the gas.

The specific gravity of the gas is relative to air and is to be determined at a temperature of 15°C and a pressure of 101.325 kPa absolute.

(b) Flammability Limit

The ratio of higher flammability limit to lower flammability limit shall exceed 2.2:1 for the gas.

Flammability limits are the upper and lower extremes of fuel air ratio that will permit ignition and sustain combustion of the fuel air mixture at a temperature of 15°C and a pressure of 101.325 kPa absolute.

4. Test Methods

The suggested methods for testing that gas supplied at the Inlet Point complies with the agreed specification are detailed below.

4.1 Fuel Components

(a) Merchantable Gas

Not applicable.

(b) Oxygen

ASTM D 1945 Chemical analysis of natural gas by gas chromatography.

- (c) Total Inert Gases

To be agreed.

4.2 Gas Contaminants

- (a) Total Sulphur

ASTM D 1072 Test method for total sulphur in fuelled gases.

- (b) Hydrogen Sulphide

ASTM D 2385 Hydrogen sulphide content by methylene blue method.

- (c) Water

ASTM D 1142 Water vapour content of gas fuel by measurement of dew point temperatures.

- (d) Carbon Dioxide

ASTM D 1945 Chemical analysis of natural gas by gas chromatography.

4.3 Additives

- (a) Glycols

Thermal desorption Perkin-Elmer Model ATD-50.

- (b) Methanol

Limits and test method to be advised where use of methanol is agreed.

4.4 Gas Properties

- (a) Gross Heating Value

GPA 2145-92 Calculation method of natural gas parameters from compositional data using gas analysis obtained by ASTM D 1945.

- (b) Wobbe Index

ASTM D 1070 Test methods for specific gravity. Gross Heating Value is to be calculated using the method specified in clause 4.4(a) of this Schedule.

Inlet Gas Specification¹

Component	Units	Minimum	Maximum
Carbon Dioxide	mol %		4.0
Total Inerts	mol %		7.0
Hydroc. Dewpoint 102 to 10,000 kPa	Deg C		0
Oxygen by Volume	mol %		0.2
Total Sulphur	mg/m ³		10.0 ²
Hydrogen Sulphide	mg/m ³		5.0
Wobbe Index	MJ/m ³	46.0	51.5
Water Vapour	mg/m ³		48.0
Gross Heating Value	MJ/m ³	35.5	42.5
Radioactive Components	Becq/m ³		600

Delivery Gas Specification

Component	Units	Minimum	Maximum
Carbon Dioxide	mol %		4.0
Total Inerts	mol %		7.0
Hydroc. Dewpoint 102 to 10,000 kPa	Deg C		0
Oxygen by Volume	mol %		0.2
Total Sulphur	mg/m ³		10.0 ³
Hydrogen Sulphide	mg/m ³		5.0
Wobbe Index	MJ/m ³	46.0	51.5
Water Vapour	mg/m ³		48.0
Gross Heating Value	MJ/m ³	35.5	42.5
Radioactive Components	Becq/m ³		600

1 Separate gas specifications for the Inlet and Delivery as it is expected that there may be different gas specifications for Inlet and Delivery.

2 Including hydrogen sulphide and mercaptans.

3 Including hydrogen sulphide and mercaptans.

Third Schedule: Gas Pipeline Services Performance Bond

INTRODUCTION

1. GGT, as agent for each of the Owners, has entered into a written contract with the User for the provision of the Service (**Service Agreement**).
2. The User is required to provide certain deposit monies to be retained by GGT as more fully set out in the Service Agreement.
3. The User has requested GGT to accept an undertaking from the Surety in the form of this deed as the required security.

NOW THIS DEED WITNESSES AS FOLLOWS:

1. At the request of the User and in consideration of GGT agreeing to accept this undertaking in lieu of lodgement by the User of a cash deposit in the amount of the Security Sum the Surety unconditionally undertakes to pay on demand to GGT any sum which from time to time may be demanded by GGT to a maximum of the Security Sum. GGT may make demand without statement of reason or cause.
2. This undertaking shall continue in force either until 6 months after notification has been received by the Surety from GGT that this undertaking is no longer required by GGT or until payment has been made to GGT of the whole Security Sum.
3. If GGT notifies the Surety in writing that GGT desires payment to be made to it of the whole or any part or parts of the Security Sum it is unconditionally agreed by the Surety that such payment or payments will be made to GGT forthwith to the address for payment specified in the notice and without further reference to the User and notwithstanding any notice given by the User to the Surety not to pay the same.
4. The liability of the Surety will not exceed the Security Sum in the aggregate.
5. The Security Sum, the Surety, the User, the Owners and GGT are as described in the Schedule.

SCHEDULE

Security Sum: [\$]

Surety:

Full Name:

Address:

The User:

Full Name:

Address:

Fax No:

Owners	Percentage
Southern Cross Pipelines Australia Pty Limited (ACN 084 521 997)	62.664%
Southern Cross Pipelines (NPL) Australia Pty Ltd (ACN 085 991 948)	25.493%
Alinta DEWAP Pty Ltd (ACN 058 070 689)	11.843%
GGT	
Goldfields Gas Transmission Pty Ltd (ACN 004 273 241)	

Contract Reference Number:

EXECUTED as a deed this day of

[Execution clause for Surety]

Notes: If executed under power of attorney a certified copy of the Power of Attorney must be annexed and a declaration made by the Attorney that he or she has no notice of revocation of the power under which he or she executed this Deed.

Fourth Schedule: Statement of Tariffs and Charges

1. Transportation Tariffs (exclusive of Goods and Services Tax)

From 1 January 2010 onward the Transportation Tariff (Reference Tariff) for the Firm Service, when applicable is:

Toll \$/GJ	Capacity Reservation \$/GJ km	Throughput \$/GJ km
0.243262	0.001439	0.000401

adjusted in accordance with clause 5 of the Access Arrangement.

2. Used Gas Charge (exclusive of Goods and Services Tax)

The Used Gas Charge is at cost. GGT will make all reasonable endeavours to ensure that the price paid for this Gas is reasonable.

3. Connection Charge (exclusive of Goods and Services Tax)

Users will be charged GGT's direct costs for the installation of facilities associated with the connection of the User's facilities to the Pipeline.

4. Supplementary Quantity Option Charge (exclusive of Goods and Services Tax)

When applied the Supplementary Quantity Option Charge is calculated as follows:

$$SQO_C = SQOQ \times 1000 \times (Trans_Tariff \times SQO_F);$$

Where:

<i>SQO_C</i>	is the Supplementary Quantity Option Charge in \$;
<i>SQOQ</i>	is the Supplementary Quantity Option Quantity in TJs;
<i>Trans_Tariff</i>	is the applicable tariff in \$/GJ as defined in item 5(a); and
<i>SQO_F</i>	is the Supplementary Quantity Option Factor and has the value 1.05 , and may be varied by GGT through notice in writing to all Users.

5. Quantity Variation Charges (exclusive of Goods and Services Tax)

(a) Transportation Tariff

The total Transportation Tariff to be applied to the Daily Overrun Charge, the Hourly Overrun Charge and the Variance Charge and the Supplementary Quantity Option Charge is the aggregate of the following:

$$Trans_Tariff = Toll + CapRes + Thruput;$$

Where:

Trans_Tariff is the total Transportation Tariff;

Toll is the Toll Tariff;

CapRes is the Capacity Reservation Tariff multiplied by *distance*; and

Thruput is the Throughput Tariff multiplied by *distance*.

Where: in accordance with clause 9.7 of the General Terms and Conditions, *distance* is the pipeline distance in kilometres between the Inlet Point and Outlet Point(s) which are the furthest apart.

(b) Accumulated Imbalance Charge

If applied the Accumulative Imbalance Charge is calculated as follows:

$$AI_C = (abs(AI) - AIT) \times 1000 \times AI_T;$$

Where:

AI_C is the Accumulated Imbalance Charge in \$;

AI is the Accumulated Imbalance in TJs;

AIT is the Accumulated Imbalance Tolerance in TJs; and

AI_T is the Accumulated Imbalance Tariff and has the value **\$2.85** per Gigajoule, adjusted by the CPI in accordance with clause 9.8 of the General Terms and Conditions.

(c) Daily Overrun Charge

If applied the Daily Overrun Charge is calculated as follows:

$$DO_C = DOQ \times 1000 \times (Trans_Tariff \times DO_CF);$$

Where:

DO_C is the Daily Overrun Charge in \$;

DOQ is the Daily Overrun Quantity in TJs;

Trans_Tariff is the applicable tariff in \$/GJ as defined in item 5(a); and

DO_CF is the Daily Overrun Charge Factor and has the value **3.5**.

GGT is not able to require a User to pay a Daily Overrun Charge for Daily Overrun Quantities at an Inlet Point. In calculating a Daily Overrun Charge, only quantities delivered at the Outlet Point will be taken into account in calculating the Daily Overrun Charge.

(d) **Hourly Overrun Charge**

If applied the Hourly Overrun Charge is calculated as follows:

$$HO_C = HOQ \times 1000 \times (Trans_Tariff \times HO_CF);$$

Where:

HO_C is the Hourly Overrun Charge in \$;

HOQ is the Hourly Overrun Quantity in TJs;

Trans_Tariff is the applicable tariff in \$/GJ as defined in item 5(a);
and

HO_CF is the Hourly Overrun Charge Factor and has the value **3.5**.

GGT is not able to require a User to pay an Hourly Overrun Charge for Hourly Overrun Quantities at an Inlet Point. In calculating an Hourly Overrun Charge, only quantities delivered at the Outlet Point will be taken into account in calculating the Hourly Overrun Charge.

(e) **Variance Charge**

If applied the Variance Charge is calculated as follows:

$$V_C = (abs(VQ) - VT) \times 1000 \times (Trans_Tariff \times V_CF);$$

Where:

V_C is the Variance Charge in \$;

VQ is the Variance Quantity in TJs;

VT is the Variance Tolerance in TJs;

Trans_Tariff is the applicable tariff in \$/GJ as defined in item 5(a);
and

V_CF is the Variance Charge Factor and has the value **2.0**.

Fifth Schedule: Technical Requirements for Outlet Facilities

Outlet Facilities to Comprise

In this Service Agreement, **Outlet Facilities** are the facilities to be located at the Outlet Point(s), which meet the technical description in this Schedule and include reverse flow protection, Gas quality monitoring and Gas measurement.

The parties recognise that other facilities may be installed upstream of the Outlet Facilities to perform a number of functions including gas conditioning, flow control, and pressure enhancement and regulation, and that those facilities are not Outlet Facilities for the purpose of this Service Agreement.

Outlet Point

The Outlet Point has the meaning in Appendix 1 – Definitions and Interpretation.

Standards

The design and construction of the Outlet Facilities will be in accordance with all relevant Acts, Regulations and Australian Standards applicable at the time of construction, and will be in accordance with good pipeline industry practice.

Site

The site on which the Outlet Facilities are located will be fully enclosed with security fencing, suitable vehicular and personnel access. The Outlet Facilities will be separately fenced from any other User or third party facilities located on the site.

The ground at the site will be concrete, sealed, or gravel to enable access in all weather conditions to the Outlet Facilities.

Telemetry, power supply and other sensitive equipment will be located in a weatherproof, secure, ventilated enclosure, with provision to allow for maintenance of equipment in all weather conditions.

Electrical Equipment

All electrical and electronic equipment on site will comply with the requirements for hazardous locations pursuant to Australian Standards.

Electrical Isolation and Earthing

The Outlet Facilities will include an isolating joint to isolate the Outlet Facilities from the Pipeline. The isolating joint will be fitted with a surge diverter or other approved means of discharging pipeline potentials.

All Outlet Facilities will be connected to an effective earthing system of a type that meets all relevant Acts, Regulations and Australian Standards.

Excess Flow Protection

The Outlet Facilities will include a flow control device. This device will be used by GGT to prevent excess quantities of Gas from being delivered to the User.

The device is to be located on the upstream side of the Outlet Facilities.

Reverse Flow Prevention

The Outlet Facilities will include a reverse flow prevention device designed to prevent the flow of Gas in the reverse direction through the Outlet Facilities.

Gas Quantity Measurement

The Outlet Facilities will include a gas quantity measurement system, comprising a primary volume or mass measurement device (**Meter**), temperature, pressure, and density measuring devices, and a device for the correction of primary measurements to standard conditions.

Provision will be made for redundancy to enable calibration of each component of the measurement system without interruption of measurement. Where the Meter is a mechanical device, such as a turbine meter, provision will be made for in-situ series testing with a calibrated standard meter.

The measurement system will include a gas filter to prevent contamination of the measurement system, and in particular the Meter.

Where a Meter is installed in-line with other components which may result in automatic closure of the Meter piping, systems will be installed to automatically transfer to an alternative Meter.

GGT will require SCADA access to metering and measurement information and access to the metering and measurement facilities for verification purposes, witnessing calibration processes; and access and provision of the results in a form suitable for GGT.

Gross Heating Value Measurement

The Outlet Facilities will include a device for the measurement of Gross Heating Value of the Gas (**GHV Device**). The GHV Device shall be an on-line gas chromatograph.

The tapping point for the GHV Device will be midstream in the vicinity of the Meter. The stream for the GHV Device will not be filtered or treated in any way which could alter the effective GHV of the stream.

Where a gas chromatograph is used, only Alpha grade reference standards shall be used for calibration.

GGT may excuse certain smaller Outlet Facilities from GHV measurement at its sole discretion.

Gas Quality Monitoring

The Outlet Facilities will include devices for the monitoring of the quality of the Gas. Depending on the Gas composition, such devices may include a gas chromatograph, CO₂ monitor, moisture analyser, automatic gas sampler, and other devices.

The tapping point for such devices shall be midstream, in the vicinity of the Meter.

GGT may excuse certain smaller Outlet Facilities from specific Gas quality measurement at its sole discretion.

Instruments

The Outlet Facilities are to be fitted with electronic instrument systems to permit remote monitoring and control of the Outlet Facilities. Instruments must be sufficient to monitor and permanently record:

- meter output;
- pressure, temperature, density, and other measurement input signals;
- GHV;
- corrected instantaneous and totalised Gas volume, mass and energy;
- Gas composition, moisture, and other Gas quality signals; and
- such other parameters as GGT may reasonably require.

Control systems are to control:

- meter run selection (where appropriate); and
- excess flow protection device position.

SCADA

The Outlet Facilities will include a system for transmitting to GGT's SCADA those parameters monitored by the instruments, and receiving from GGT's SCADA signals to adjust those settings which are under the control of GGT.

GGT may require that other parameters and control facilities be available through the SCADA link that are reasonably necessary for the safe and efficient operation of the Pipeline.