# Access Arrangement for the Queensland Network

## Allgas Energy Pty Ltd

**(ABN 52 009 656 446)**

**7 June 2006**

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# 1 INTRODUCTION

## 1.1 Purpose and Scope

This Access Arrangement, submitted by Allgas Energy Pty Ltd ABN 009 656 446 (“Allgas”) to the Queensland Competition Authority (“QCA” or “the Regulator”), has been approved in accordance with the requirements of the *Gas Pipelines Access (Queensland) Act 1998* which applies the Gas Pipelines Access Law as a law of Queensland. Schedule 2 of the Gas Pipelines Access Law contains the *National Third Party Access Code for Natural Gas Pipeline Systems* (“the Code”).

For the Toowoomba and Oakey regions of the Network, the Access Arrangement is filed on behalf of Allgas Energy Toowoomba Pty Ltd ABN 009 655 645, a wholly owned subsidiary of Allgas Energy Pty Ltd.

Any future assigns or successors in title to Allgas are bound by the Access Arrangement approved by the Regulator.

The Access Arrangement describes the policies, terms and conditions applying to Users seeking third-party access to the Covered gas distribution Network within the Area Distribution Authority (No. DA-A-009) as held by Allgas under the Gas Supply Act 2003.

In accordance with section 2 of the Code, this Access Arrangement is submitted to the QCA in conjunction with the Access Arrangement Information that contains information on the Allgas distribution Network and on the derivation of various elements of the Access Arrangement. Maps showing the extent of the Network are also included in the Access Arrangement Information.

Appendices to the Access Arrangement contain:

A: a glossary of terms.

B: the tariff schedule for 2006-07.

C: the Terms and Conditions.

## 1.2 Commencement

This Access Arrangement commences on the date it is approved by the Regulator (the Commencement Date).

## 1.3 Term

The term of this Access Arrangement shall be the period of time from the Commencement Date to 30 June 2011.

## 1.4 Review and Expiry

*3.17 An Access Arrangement must include:*

*(a) a date upon which the Service Provider must submit revisions to the Access Arrangement (a* ***Revisions Submission Date****); and*

*(b) a date upon which the next revisions to the Access Arrangement are intended to commence (a* ***Revisions Commencement Date****).*

*In approving the Revisions Submissions Date and Revisions Commencement Date, the Relevant Regulator must have regard to the objectives in section 8.1, and may in making its* *decision on an Access Arrangement (or revisions to an Access Arrangement), if it considers it necessary having had regard to the objectives in section 8.1:*

*(i) require an earlier or later Revisions Submission Date and Revisions Commencement Date than proposed by the Service Provider in its proposed Access Arrangement;*

*(ii) require that specific major events be defined that trigger an obligation on the Service Provider to submit revisions prior to the Revisions Submission Date.*

*3.18 An Access Arrangement Period accepted by the Relevant Regulator may be of any length; however, if the Access Arrangement Period is more than five years, the Relevant Regulator must not approve the Access Arrangement without considering whether mechanisms should be included to address the risk of forecasts on which the terms of the Access Arrangement were based and approved proving incorrect. These mechanisms may include:*

*(a) requiring the Service Provider to submit revisions to the Access Arrangement prior to the Revisions Submission Date if certain events occur, for example:*

*(i) if a Service Provider's profits derived from a Covered Pipeline are outside a specified range or if the value of Services reserved in contracts with Users are outside a specified range;*

*(ii) if the type or mix of Services provided by means of a Covered Pipeline changes in a certain way; or*

*(b) a Service Provider returning some or all revenue or profits in excess of a certain amount to Users, whether in the form of lower charges or some other form.*

*Where a mechanism is included in an Access Arrangement pursuant to section 3.18(a), the Relevant Regulator must investigate no less frequently than once every five years whether a review event identified in the mechanism has occurred.*

### 1.4.1 Revisions Submissions Date

The Revisions Submission Date will be a date nine (9) months prior to the expiry of the term of this Access Arrangement.

### 1.4.2 Revisions Commencement Date

The Revisions Commencement Date will be 1 July 2011. The Access Arrangement that is current at the time will continue to apply until such time as the Regulator approves any revisions.

## 1.5 Contact Details

Chief Executive Officer
Allgas Energy Pty Ltd
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Brisbane 4001 Australia

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## 1.6 Interpretation

Terms in this Access Arrangement have the meaning given in the glossary in Appendix A and defined terms appear with initial capital letters.

Unless otherwise stated, references to section numbers are references to sections in this Access Arrangement. This does not apply to the boxed text which outlines the requirements of the Code and refers to the relevant sections of the Code.

# 2 SERVICES POLICY

*3.1 An Access Arrangement must include a policy on the Service or Services to be offered (a Services Policy).*

*The Services Policy must comply with the following principles:*

*(a) The Access Arrangement must include a description of one or more Services that the Service Provider will make available to Users or Prospective Users, including:*

*(i) one or more Services that are likely to be sought by a significant part of the market; and*

*(ii) any Service or Services which in the Relevant Regulator's opinion should be included in the Services Policy.*

*(b) To the extent practicable and reasonable, a User or Prospective User must be able to obtain a Service which includes only those elements that the User or Prospective User wishes to be included in the Service.*

*(c) To the extent practicable and reasonable, a Service Provider must provide a separate Tariff for an element of a Service if this is requested by a User or Prospective User.*

The Allgas Services Policy provides for all Reference Services and any additional Services.

This section sets out a description of the Services offered, the types of Users who may access those Services, and the conditions associated with those Services. To the extent practicable and reasonable, Allgas will provide separate tariffs for elements of any Service if requested by a User.

To the extent practicable and reasonable, Allgas may also provide Additional Services not covered under this Access Arrangement where requested by a User. These include non-reference Ancillary Services and Negotiated Services as detailed in section 2.2.

The terms and conditions attached to this Access Arrangement apply to all Reference Services provided to Users.

Each User must enter into an Access Agreement applicable to that Service and that User. These agreements include a:

- standard agreement as covered by the terms and conditions of this Access Arrangement; or
- negotiated agreement where agreed by both the User and Allgas.

## 2.1 Reference Services

The Reference Services available under this Access Arrangement are:

- Volume Customer Service;
- Demand Customer Service; and
- Ancillary Services.

The Volume and Demand Customer Services are for forward haulage of gas and include:

(a) receiving Natural Gas from or for the account of the User at each Receipt Point;

(b) transporting Natural Gas from each Receipt Point through the Network;

(c) delivering Natural Gas to or for the account of the User through each Delivery Point;

(d) provision of data on metered volumes (in energy terms) from Delivery Points at scheduled intervals; and

(e) gas balancing for the Network as required under the Business Rules.

These Reference Services apply to all existing End Users except where pre-existing contractual arrangements provide alternative arrangements. All Prospective Users can request an Access Agreement under the terms and conditions associated with the Reference Services. However, under certain circumstances, including those requiring difficult or lengthy Network extensions, Prospective Users may be required to negotiate specific arrangements outside of the Reference Services. These conditions are detailed in the Allgas Extensions/Expansions Policy in section 6.

Allgas will determine from time to time the category of Reference Service applicable to each End User. The Allgas determination will bind the User. Allgas will not be liable for any costs incurred by the User or the End User as a result of an incorrect determination by Allgas of the End User's Reference Service category.

### 2.1.1 Volume Customer Service

*Description*

The Volume Customer Service is available where the End User is reasonably expected to withdraw a quantity of Natural Gas less than 10TJ per year. This Service provides for the transportation of gas delivered into the Network by or on behalf of the End User. Deliveries of gas may only be curtailed or interrupted in specified circumstances (eg. emergencies, events of force majeure, Network maintenance as described in the Terms and Conditions in Appendix C).

*Qualifications*

End Users at Single Premises existing at the commencement of this Access Arrangement whose total consumption at the Single Premises is less than 10TJ/year qualify for this Service. This Service applies to a single connection facility only.

*Terms and Conditions*

The general Terms and Conditions in Appendix C apply to the Volume Customer Service.

The pricing for the Volume Customer Service will consist of a base fixed charge component and variable volume components. Allgas will charge these components to the User in accordance with the tariff schedule set out in Appendix B, which will be updated on an annual basis.

For End Users utilising the Volume Customer Service, Allgas will provide a guaranteed minimum delivery pressure of 1.125kPa. Minimum delivery pressures in excess of 1.125kPa may be provided on a negotiated basis, at the discretion of Allgas and subject to Network constraints. Allgas does not warrant that appliances requiring minimum delivery pressures above 1.125kPa can be connected and Users should ensure that they contact Allgas before such appliances are connected.

### 2.1.2 Demand Customer Service

*Description*

The Demand Customer Service is available where the End User is reasonably expected to withdraw a quantity of Natural Gas of greater than 10TJ per year. This Service provides for the transportation of gas delivered into the Network by or on behalf of the End User. Deliveries of gas may only be curtailed or interrupted in specified circumstances (eg. emergencies, events of force majeure, Network maintenance as described in the Terms and Conditions in Appendix C).

*Qualifications*

Users must have an annual usage quantity of at least 10TJ at a single Delivery Point. This usage must be based on actual consumption in the past 12 months unless otherwise agreed by Allgas.

End Users at Single Premises that existed prior to 2001 and whose total consumption at the Single Premises is at least 10TJ per annum, qualify for this Service and are considered to have a single Delivery Point for this qualification. For new End Users at new or existing Single Premises this Service applies to a single connection facility only.

*Terms and Conditions*

The general Terms and Conditions in Appendix C apply to the Demand Customer Service.

The pricing for the Demand Customer Service includes a fixed charge component, an Agreed Demand (MHQ) component plus a daily volume component (MDQ). Allgas will charge these components to the User in accordance with the tariff schedule set out in Appendix B, which will be updated on an annual basis.

Reference Tariffs are on a zonal basis with maps of the relevant zones provided in the Allgas Access Arrangement Information.

Users are charged according to the Agreed Demand (MHQ) to be delivered to their Delivery Point. The Agreed Demand shall be nominated and fixed by Allgas for each User's Delivery Point. An End-User's Agreed Demand will only be revised when they require additional capital expenditure spent on the Network or Delivery Point.

Users are also charged based on the required daily throughput to be delivered to each Delivery Point (MDQ). Allgas shall fix the MDQ for each End User prior to the commencement of each Contract Year. For End Users with Interval Metering, the MDQ will be set at the maximum MDQ for that End User in the previous year unless otherwise agreed. For End Users without Interval Metering, the MDQ shall be nominated by Allgas and will be based on the maximum average daily quantity calculated monthly for that End User in the previous year multiplied by a factor of 1.1.

For End Users utilising the Demand Customer Service, Allgas will provide a guaranteed minimum delivery pressure of 1.125kPa. Minimum delivery pressures in excess of 1.125kPa may be provided on a negotiated basis, at the discretion of Allgas and subject to Network constraints. Allgas does not warrant that appliances requiring minimum delivery pressures above 1.125kPa can be connected and Users should ensure that they contact Allgas before such appliances are connected. Other minimum guaranteed delivery pressures must be specifically negotiated with Allgas.

*Unauthorised Overruns*

An End User overruns when the actual MDQ for the End User exceeds the MDQ for that End User at the Delivery Point as fixed by Allgas prior to the commencement of the Contract Year. An overrun can only be considered when Interval Metering is installed at the Delivery Point and is in service and operating normally.

When an overrun occurs within a single billing period, Allgas will not adjust the MDQ for the End User for that Contract Year. However, if an overrun occurs in a second billing period during the same Contract Year, the MDQ for the remainder of the Contract Year will reflect the highest recorded MDQ.

### 2.1.3 Ancillary Services

*Description*

The Ancillary Services classified as Reference Services are the Special Meter Reading Service, Inlet Disconnection and Inlet Reconnection Services. These Service provide for:

- **Special Meter Reading** - at the request of the User, where the Meter reading is not a scheduled Meter reading (including final Meter readings);
- **Inlet Disconnection Service -** physical disconnection of pipe-work joining a Delivery Point to the Network; and
- **Inlet Reconnection Service -** physical reconnection of a Delivery Point - includes relighting any appliances installed at the place or premises to which gas is delivered through the Delivery Point under the Volume Customer Service.

*Qualifications*

No fee will be applied for Meter readings when End Users switch Users.

*Terms and Conditions*

The general Terms and Conditions in Appendix C apply to the Reference Ancillary Services.

The costs for the Ancillary Services have been included in the cost base for the determination of Reference Tariffs. The unit cost of providing the Services is met by the fixed charges listed in Appendix B, which will be updated on an annual basis.

## 2.2 Additional Services

Allgas offers a number of other Services in addition to the Reference Services. Users can contact Allgas for a complete list of non-reference Ancillary Services.

In relation to the Allgas Terms and Conditions, Allgas will negotiate other terms and conditions if requested by the User and, if agreement is reached, the resulting Service will be provided as a Service other than a Reference Service.

If requested to do so by a User, Allgas will, to the extent that it is practicable, reasonable and commercially viable to do so, provide a separate tariff for an element of a Negotiated Service.

# 3 REFERENCE TARIFF POLICY

*3.3 An Access Arrangement must include a Reference Tariff for:*

*(a) at least one Service that is likely to be sought by a significant part of the market; and*

*(b) each Service that is likely to be sought by a significant part of the market and for which the Relevant Regulator considers a Reference Tariff should be included.*

*3.4 Unless a Reference Tariff has been determined through a competitive tender process as outlined in sections 3.21 to 3.36, an Access Arrangement and any Reference Tariff included in an Access Arrangement must, in the Relevant Regulator's opinion, comply with the Reference Tariff Principles described in section 8.*

*8.1 A Reference Tariff and Reference Tariff Policy should be designed with a view to achieving the following objectives:*

*(a) providing the Service Provider with the opportunity to earn a stream of revenue that recovers the efficient costs of delivering the Reference Service over the expected life of the assets used in delivering the Service;*

*(b) replicating the outcome of a competitive market;*

*(c) ensuring the safe and reliable operation of the Pipeline;*

*(d) not distorting investment decisions in Pipeline transportation systems or in upstream and downstream industries;*

*(e) efficiency in the level and structure of the Reference Tariff; and*

*(f) providing an incentive to the Service Provider to reduce costs and to develop the market for Reference and other Services.*

*8.2 The factors about which the Relevant Regulator must be satisfied in determining to approve a Reference Tariff and Reference Tariff Policy are:*

*(a) the revenue to be generated from the sales (or forecast sales) of all Services over the Access Arrangement Period (the Total Revenue) should be established consistently with the principles and according to one of the methodologies contained in section 8 of the Code;*

*(b) to the extent that the Covered Pipeline is used to provide a number of Services, that portion of Total Revenue that a Reference Tariff is designed to recover (which may be based upon forecasts) is calculated consistently with the principles contained in section 8 of the Code;*

*(c) a Reference Tariff (which may be based upon forecasts) is designed so that the portion of Total Revenue to be recovered from a Reference Service is recovered from the Users of that Reference Service consistently with the principles contained in section 8 of the Code;*

*(d) Incentive Mechanisms are incorporated into the Reference Tariff Policy wherever the Regulator considers appropriate and such Incentive Mechanisms are consistent with the principles contained in section 8 of the Code; and*

*(e) any forecasts required in setting the Reference Tariff represent best estimates arrived at on a reasonable basis.*

### 3.1 Pricing Principles

The Reference Tariffs are designed to meet the Code's objectives as explained below. The key objectives of the policy include recovering the efficient costs of providing Services, with emphasis on the safety and integrity of the Network, providing price certainty to Users, and signalling appropriate development of the market through extension of the distribution network.

The Reference Tariffs have been determined using a Cost of Service approach where the Total Revenue is calculated on the basis of a rate of return on the capital base plus depreciation of the capital base plus the operating, maintenance and other non-capital costs of the Network.

- **Cost Reflectivity** – The Reference Tariffs reflect a recovery of efficient costs associated with delivering the Services of the Network. Benchmarking these costs against other providers shows that Allgas' costs are comparable given the scale of the organisation. Built into the forecasts are efficiency gains and these will pass directly to Users within this regulatory period.

  Forecast operating and maintenance costs deliver efficiency gains each year over the five-year term of the Access Arrangement as described in the Access Arrangement Information.

- **Efficient Pricing Signals** – The revenues associated with the Reference Tariffs reflect economically efficient pricing principles. That is, the revenues for each of the Reference Tariffs have been set so that they are between incremental and stand-alone prices. If revenue falls below the incremental cost of supply for an End User the incentive for Allgas to connect similar Prospective End Users is removed. If revenue per End User exceeds the stand-alone costs of replicating the Reference Service there is a risk of bypass resulting in inefficient use of resources.

  Thus the Reference Tariffs have been structured to avoid these situations arising.

  Within each of these Reference Tariffs some re-balancing will be required over a transitional period to ensure that the pricing for individual End Users also complies with efficiency criteria.

  Section 3.3 provides for tariff variations from Year to Year within the term of the Access Arrangement. Typically prices are increased for inflation and then adjusted downwards to reflect projected cost savings. Some re-balancing of the tariffs is also proposed. This enables a progressive movement towards fully cost reflective prices. The Volume Customer Service adjustments in section 3.3 include a side-constraint on price for each End User to ensure that no single End User faces significant price movements.

- **Price Stability** – The Reference Tariffs have been designed to provide certainty and stability of pricing for all Users. Reference Tariffs have been smoothed over the term of the Access Arrangement to avoid shocks in any year.

- **Replicating competitive market outcomes** – The Reference Tariffs are designed to reflect the most efficient use of the distribution system resources. Operating and other non-capital costs are allocated to the appropriate assets and specific assets are allocated to each customer class according to their use. Costs are benchmarked and the tariff policy incorporates an incentive mechanism where Reference Tariffs are forecast to deliver real gains in productivity to Users. The Access Arrangement Information provides benchmarking data for operating and maintenance costs.

- **Safe and reliable operation** – Capital expenditure forecasts place a high degree of importance on the safety and integrity of the Network as Users are entitled to the safe use of the distribution system. Forecasts are also designed to deliver benefits both in reduced Unaccounted for Gas ("UAG") and reduced corrective maintenance expenditure.

- **Appropriate investment decisions** – The Reference Tariffs are modelled so as to provide appropriate investment signals for the development and growth of the Network. The fixed and variable components of pricing for both the Volume and Demand Customer Services have been designed to maximise the utilisation of the Network but also to ensure the provision of connection assets of the correct capacity. Increased utilisation drives a lower unit cost for the usage of such assets and also results in a tariff which represents an efficient Network design to supply that End User.

  The Reference Tariff for the Demand Customer Service has also been designed to avoid uneconomic duplication of the Network. The pricing approach for the Demand Customer Service incorporates the prudent discount approach identified in section 8.43 of the Code.

## 3.2 Reference Tariffs – General

The Reference Tariff Policy for Allgas is designed to recover forecast Network capital costs and efficient operating costs, and to provide Allgas with an appropriate commercial rate of return comparable to recent regulatory decisions.

Allgas has applied the Weighted Average Cost of Capital ("WACC") approach and the Capital Asset Pricing Model in determining a nominal post tax WACC. The values considered for the various parameters of the WACC are detailed in the Access Arrangement Information.

Under a Cost of Service approach, the Total Revenue for each year in the Access Arrangement is calculated as the sum of the following components:

- Return on Assets, which is determined by applying the WACC to the capital base;
- Return of Assets (depreciation), which is determined using a straight-line depreciation approach;
- Non-capital Costs, which are costs associated with operation, maintenance and administrative overheads; and
- UAG Costs, which are the costs for the gas necessary for the efficient operation of the Network.

Further details of each of the Cost of Service components are provided in the Access Arrangement Information.

This Total Revenue is then smoothed using a Net Present Value approach. Details of these revenue calculations are provided in section 7 of the Access Arrangement Information.

Once the Total Revenues are determined in each year of the Access Arrangement, costs are allocated to various categories of End Users. This cost allocation approach recognises the need to allocate asset related costs and non-capital costs in a cost reflective and transparent manner. Some costs are directly attributable to specific categories of End Users, while others need to be allocated across End Users. The principles and mechanisms of the cost allocation process are outlined in detail in section 8 of the Access Arrangement Information.

Following allocation of costs, it is necessary to determine Reference Tariffs for Users. These Reference Tariffs are fixed in a manner that recovers the allocated cost, and provides signals for efficient Network usage and appropriate incentive for investment.

Typically, Reference Tariffs include some element of fixed charge plus some variable components that depend on actual Metered Quantities for a period. In this way signals about fixed costs are reflected through to End Users, but at the same time they are given incentives about the manner in which they control their consumption.

Further details of the design of the Reference Tariffs are provided in section 9 of the Access Arrangement Information.

All Reference Tariffs in the Access Arrangement are expressed for the Contract Year commencing 1 July 2006. The Reference Tariffs for 2006-07 are set out in Appendix B. Reference Tariffs apply to End Users once the Regulator has made a final decision.

Reference Tariffs for later years are to be determined in accordance with the mechanisms described in section 3.3.

In the case of the Demand Customer Service, the Reference Tariffs vary according to the zone in which the Delivery Point is located. There are three zones in the Brisbane region, two in Toowoomba, two in Oakey and three on the South Coast. Maps of the pricing zones are provided in Appendix A of the Access Arrangement Information.

## 3.3 Reference Tariff Variations

*8.3 Subject to section 8.3A and to the Relevant Regulator being satisfied that it is consistent with the objectives contained in section 8.1, the manner in which a Reference Tariff may vary within an Access Arrangement Period through the implementation of a Reference Tariff Policy is within the discretion of the Service Provider. For example, the Reference Tariff Policy may specify that Reference Tariffs will vary within an Access Arrangement Period through the implementation of:*

*(a) a Cost of Service Approach;*

*(b) a Price Path Approach;*

*(c) a Reference Tariff Control Formula Approach;*

*(d) a Trigger Event Adjustment Approach; or*

*(e) any variation or combination of the above.*

*8.3A A Reference Tariff may vary within an Access Arrangement Period only through implementation of the Approved Reference Tariff Variation Method as provided for in sections 8.3B to 8.3H.*

All rates and charges for Reference Services will be adjusted prior to and effective from the commencement of each Contract Year at 1 July in accordance with the approach set out in this section.

Unless otherwise indicated, the following definitions apply in this section:

| | | |
|---|---|---|
| **Rate** | = | rate or charge applying immediately before the Adjustment Date |
| **Revised Rate** | = | rate or charge to be applied from the Adjustment Date |
| **$CPI_n$** | = | CPI published in the quarter immediately before the Adjustment Date |
| **$CPI_{n-1}$** | = | CPI published in the equivalent quarter in the year before the Adjustment Date |
| **$CPI_{\%}$** | = | $[CPI_n – CPI_{n-1}]/ CPI_{n-1}$ |

### 3.3.1 Price Adjustments for Volume Customer Service

The price for the Volume Customer Service will be submitted to the Regulator for approval at least one Month prior to the commencement of each Contract Year, with revised prices to become effective from the commencement of the Contract Year. The following formula defines the change to the rate expressed in $/GJ terms. The individual tariff components may be separately adjusted by different amounts provided that the average $/GJ price adjustment is in accordance with the following formula.

$$\text{Revised Rate} = \text{Rate} * (1 + CPI_{\%} - X_{\text{Volume Customer Service}})$$

where $X_{\text{Volume Customer Service}}$ = 0% for the duration of the Access Arrangement.

This X factor results in the price movement forecast to deliver Total Revenues for this customer class. The higher X factor is a result of re-balancing the tariffs to move towards cost reflectivity. The maximum increase in the price for any individual End User for an annual price adjustment, expressed in $/GJ terms will be limited to a maximum of $CPI_{\%}$ + 3%. However, a higher increase may be approved by the Regulator where this can be demonstrated to result in prices becoming more cost reflective.

### 3.3.2 Price Adjustments for Demand Customer Service

The price for the Demand Customer Service will be submitted to the Regulator for approval at least one Month prior to the commencement of each Contract Year, with revised prices to become effective from the commencement of the Contract Year. The following formula defines the change to the rate expressed in $/GJ of MDQ. The individual tariff components may be separately adjusted by different amounts provided that the average $/GJ of MDQ price adjustment is in accordance with the following formula.

$$\text{Revised Rate} = \text{Rate} * (1 + CPI_{\%} – X_{\text{Demand Customer Service}})$$

where $X_{\text{Demand Customer Service}}$ = 0.2% for the duration of the Access Arrangement.

The Agreed Demand and MDQ quantities of the Demand Customer Service will not be adjusted by this formula. Agreed Demand remains unchanged while MDQ is adjusted after review of actual meter readings for the previous 12 Months.

This X factor results in the price movement to deliver Total Revenues for this customer class.

### 3.3.3 Price Adjustments for Ancillary Services

The charges for the Reference Ancillary Services will be submitted to the Regulator for approval at least one Month prior to the commencement of each Contract Year, with revised prices to become effective from the commencement of the Contract Year. The charge for the Reference Ancillary Services will be adjusted in accordance with CPI.

$$\text{Revised Rate} = \text{Rate} * (1 + CPI_{\%})$$

### 3.3.4 Pass-through for Uncontrollable Costs

It is possible that Imposts will be changed or implemented within the Access Arrangement period. If these new Imposts or changes in existing Imposts are demonstrably unforeseen and Material, then Allgas will provide a notice to the Regulator for approval of a variation to the Reference Tariffs in accordance with section 8.3(d) of the Code. Allgas will submit the notice to the Regulator at least one Month prior to the commencement of each Contract Year.

Note that only costs associated with gas retail contestability for customers consuming at least 1TJ per annum have been incorporated into this Access Arrangement. The form of full retail contestability is unknown at this time.

Allgas will bear the cost or benefit from any reduction in Imposts for the duration of the Access Arrangement Period if they are not considered Material.

## 3.4 Incentive Mechanisms

### 3.4.1 Total Revenue Incorporates Significant Cost Reductions

The Total Revenue requirement detailed in the Access Arrangement Information (section 7) incorporates considerable cost reductions. By virtue of these forecasts within the Access Arrangement, Allgas has a powerful incentive to contain costs to forecast levels.

The Total Revenue will not be adjusted to reflect differences between forecast and actual:

- gas deliveries; and/ or
- business costs;

subject to the provisions in section 3.3.4.

## 3.5 Redundant Capital Policy

In accordance with section 8.27 of the Code, the capital base shall be reduced based on the following principles:

- any assets that cease to contribute to the delivery of Services to Users shall be removed from the capital base; and
- costs associated with a decline in the volume of sales of Services provides by means of the Covered Pipeline will be shared between Allgas and Users.

If assets that are the subject of Redundant Capital subsequently contribute, or make an enhanced contribution, to the delivery of Services, the assets may be treated as a New Facility having New Facilities Investment (for the purposes of sections 8.16, 8.17, 8.18 and 8.19 of the Code) equal to the value of the Redundant Capital increased annually on a compounded basis by the Rate of Return from the time the Redundant Capital was removed from the Capital Base.

# 4 TERMS AND CONDITIONS

| | |
|---|---|
| *3.6* | *An Access Arrangement must include the terms and conditions on which the Service Provider will supply each Reference Service. The terms and conditions included must, in the Relevant Regulator's opinion, be reasonable.* |

The Allgas Terms and Conditions are included as Appendix C.

# 5 TRADING POLICY

*3.9 The Access Arrangement for a Covered Pipeline which is described in the Access Arrangement as a Contract Carriage Pipeline must include a policy that explains the rights of a User to trade its right to obtain a Service to another person (a Trading Policy).*

*3.10 The Trading Policy must comply with the following principles:*

*(a) A User must be permitted to transfer or assign all or part of its Contracted Capacity without the consent of the Service Provider concerned if:*

*(i) the User's obligations under the contract with the Service Provider remain in full force and effect after the transfer or assignment; and*

*(ii) the terms of the contract with the Service Provider are not altered as a result of the transfer or assignment (a Bare Transfer).*

*In these circumstances the Trading Policy may require that the transferee notify the Service Provider prior to utilising the portion of the Contracted Capacity subject to the Bare Transfer and of the nature of the Contracted Capacity subject to the Bare Transfer, but the Trading Policy must not require any other details regarding the transaction to be provided to the Service Provider.*

*(b) Where commercially and technically reasonable, a User must be permitted to transfer or assign all or part of its Contracted Capacity other than by way of a Bare Transfer with the prior consent of the Service Provider. The Service Provider may withhold its consent only on reasonable commercial or technical grounds and may make its consent subject to conditions only if they are reasonable on commercial and technical grounds. The Trading Policy may specify conditions in advance under which consent will or will not be given and conditions that must be adhered to as a condition of consent being given.*

*(c) Where commercially and technically reasonable, a User must be permitted to change the Delivery Point or Receipt Point from that specified in any contract for the relevant Service with the prior written consent of the Service Provider. The Service Provider may withhold its consent only on reasonable commercial or technical grounds and may make its consent subject to conditions only if they are reasonable on commercial and technical grounds. The Trading Policy may specify conditions in advance under which consent will or will not be given and conditions that must be adhered to as a condition of consent being given.*

*3.11 Examples of things that would be reasonable for the purposes of section 3.10(b) and (c) are:*

*(a) the Service Provider refusing to agree to a User's request to change its Delivery Point where a reduction in the amount of the Service provided to the original Delivery Point will not result in a corresponding increase in the Service Provider's ability to provide that Service to the alternative Delivery Point; and*

*(b) the Service Provider specifying that, as a condition of its agreement to a change in the Delivery Point or Receipt Point, the Service Provider must receive the same amount of revenue it would have received before the change.*

In accordance with the Code, Allgas provides for the transfer or assignment of Contracted Capacity between Users. This policy facilitates the maximum utilisation of capacity and encourages flexibility for Users to effect their supply arrangements. Allgas undertakes to act in a non-discriminatory manner and will provide all Users with equal treatment in regard to trading and other capacity management issues.

## 5.1 Bare Transfers

A User may make a Bare Transfer without the consent of Allgas provided that the transferee notifies Allgas prior to utilising the portion of the Contracted Capacity subject to the Bare Transfer and the nature of the Contracted Capacity subject to the Bare Transfer.

## 5.2 Other Transfers

A User may only transfer or assign all or part of its Contracted Capacity other than by way of a Bare Transfer with the prior consent of Allgas, which will only be withheld on reasonable commercial or technical grounds, or given subject to reasonable commercial or technical conditions. Examples of the basis by which Allgas could refuse a transfer are contained in section 3.11 of the Code. Allgas will reply to any request from a User for consent to a transfer within 10 Business Days of receiving the request (where that request is accompanied by information reasonably necessary to enable Allgas to consider the request). If the User informs Allgas that due to hardship the User requires an urgent reply to its request, Allgas will use reasonable endeavours to respond within two Business Days of receiving the request.

## 5.3 Delivery and Receipt Points

A User may only change the Delivery Point or Receipt Point from that specified in the Access Agreement with the prior consent of Allgas, which will only be withheld on reasonable commercial or technical grounds, or given subject to reasonable commercial or technical conditions. Examples of the basis by which Allgas could refuse a transfer are contained in section 3.11 of the Code. Allgas will reply to any request from a User for consent to a change in Receipt Point or Delivery Point within 10 Business Days of receiving the request (where that request is accompanied by information reasonably necessary to enable Allgas to consider the request).

## 5.4 Procedures and Conditions of Transfer and Assignment

In the case of a transfer / assignment (other than a Bare Transfer) the following procedure shall apply:

- Allgas must be given adequate notification to consider the transfer /assignment application;
- the party requesting the transfer / assignment must bear the cost to Allgas of investigating the technical and commercial feasibility of the application. These fees will vary depending on the complexity of the transfer analysis but Allgas must charge on a reasonable cost basis for such requests. Allgas will provide quotes if requested;
- the party requesting the transfer / assignment must provide Allgas with all relevant details of the transfer / assignment; and
- after analysing the request, Allgas must advise the relevant parties without undue delay.

Where a transfer / assignment is affected:

- the transferee will be required to enter into a new Contract, the terms and conditions of which will be consistent with section 2 and in accordance with section 5.2 of this Access Arrangement; and
- Allgas will deal only with the User.

# 6 EXTENSIONS / EXPANSIONS POLICY

*3.16 An Access Arrangement must include a policy (an Extensions/Expansions Policy) which sets out:*

*(a) the method to be applied to determine whether any extension to, or expansion of the Capacity of, the Covered Pipeline:*

*(i) should be treated as part of the Covered Pipeline for all purposes under the Code; or*

*(ii) should not be treated as part of the Covered Pipeline for any purpose under the Code; (for example, the Extensions/Expansions Policy could provide that the Service Provider may, with the Relevant Regulator's consent, elect at some point in time whether or not an extension or expansion will be part of the Covered Pipeline or will not be part of the Covered Pipeline);*

*(b) specify how any extension or expansion which is to be treated as part of the Covered Pipeline will affect Reference Tariffs (for example, the Extensions/Expansions Policy could provide:*

*(i) Reference Tariffs will remain unchanged but a Surcharge may be levied on Incremental Users where permitted by sections 8.25 and 8.26; or*

*(ii) specify that a review will be triggered and that the Service Provider must submit revisions to the Access Arrangement pursuant to section 2.28);*

*(c) if the Service Provider agrees to fund New Facilities if certain conditions are met, a description of those New Facilities and the conditions on which the Service Provider will fund the New Facilities.*

Allgas provides the following policy to cover the expansion or extension of the Network. This policy is intended to ensure that any expansion or extension of the Allgas Network meets the efficiency requirements of the Code and delivers appropriate pricing signals to Prospective Users. Further, it ensures that equity is retained between existing and Prospective Users through the provision of extensions in accordance with the philosophy upon which the Reference Tariff Policy is based. An extension or expansion is intended to cover any capital works undertaken by Allgas or its agent.

## 6.1 Network Extensions

A Network extension is defined as being any addition to the Network within the term of the Access Arrangement.

An extension that is directly connected to an existing covered Network will be automatically treated as part of the Covered Pipeline upon the extension coming into service, unless the following circumstances apply.

An extension which is directly connected to an existing Covered Network will not be treated as part of the Covered Pipeline if:

- the extension is a Significant Extension (or where Allgas can demonstrate the extension represents a special case); and
- Allgas obtains the QCA's written approval to exclude the extension from the Network.

A Significant Extension means an extension of the Network to connect one or more Delivery Points, where the anticipated quantity of gas delivered exceeds 10TJ per year and the anticipated capital expenditure for the extension exceeds $1,000,000.

In the case of a Significant Extension which is directly connected with an existing Covered Pipeline, and for which written consent has been provided by the Regulator to treat the extension as an Excluded Extension, Allgas will negotiate with the Regulator to ensure that some portion of the revenue generated from that extension is offset against the Total Revenue calculation in recognition of the role of common or joint assets that form part of the Covered Pipeline. Allgas will also explicitly identify any such extension in its Access Arrangement. There are presently no such extensions.

Any extension that is not directly connected with the existing Covered Pipeline may be excluded from the Covered Pipeline (an Excluded Extension), subject to the prior written consent of the Regulator.

Where an extension meets the test detailed in section 8.16 of the Code there will be no adjustment to the prevailing tariff prior to the extension.

Where an extension, either covered or excluded, is for the purpose of supplying an additional End User or group of End Users and the extension does not meet the economic feasibility test in section 8.16(a)(ii)(A) of the Code, a Capital Contribution or Surcharge may be charged by Allgas. Neither the Capital Contribution amount nor the net present value of the Surcharge amounts shall exceed the capital cost of constructing the extension. In these circumstances no adjustment will be made to the prevailing tariff prior to the extension and the End User will pay the prevailing tariff plus the Capital Contribution or Surcharge amount as determined by Allgas.

Allgas will only provide written notice to the Regulator where it elects to charge a Surcharge.

## 6.2 Network Expansions / Augmentations

A Network Augmentation will be automatically treated as part of the Covered Pipeline upon the Augmentation coming into service.

There are three types of Network Augmentation envisaged by Allgas as follows:

- an Augmentation necessary to maintain the safety, integrity or contracted conditions of the Network where such Augmentation meets the test in section 8.16 of the Code. In this instance, there will be no adjustment to the prevailing tariff prior to the Augmentation;
- in accordance with section 8.16(a)(ii)(B) of the Code, if the Augmentation has system wide benefits that justify the approval of a higher Reference Tariff for all Users, Allgas may seek the Regulator's approval of an increase in the Reference Tariff; and
- an Augmentation necessary to maintain the safety, integrity or contracted conditions of the Network for a particular End User or group of End Users where such Augmentation does not meet the test in section 8.16 of the Code. In this instance, Allgas may require the provision of a Capital Contribution or Surcharge to be applied to the End User or group of End Users. In these circumstances no adjustment will be made to the prevailing tariff prior to the Augmentation and the End User will pay the prevailing tariff plus the Capital Contribution or Surcharge amount as determined by Allgas. Allgas will provide written notice to the Regulator where it elects to charge a Surcharge.

# 7 CAPACITY MANAGEMENT POLICY

*3.7 An Access Arrangement must include a statement (a Capacity Management Policy) that the Covered Pipeline is either:*

*(a) a Contract Carriage Pipeline; or*

*(b) a Market Carriage Pipeline.*

*3.8 The Relevant Regulator must not accept an Access Arrangement which states that the Covered Pipeline is a Market Carriage Pipeline unless the Relevant Minister of each Scheme Participant in whose Jurisdictional Area the Pipeline is wholly or partly located has given a notice to the Relevant Regulator permitting the Covered Pipeline to be a Market Carriage Pipeline.*

The Allgas Covered Pipeline is a Contract Carriage Pipeline.

Allgas undertakes to act in a non-discriminatory manner and will provide all Users with equal treatment in regard to capacity management issues.

# APPENDIX A: GLOSSARY

| | |
|---|---|
| **Access Arrangement** | has the meaning given to it in the Code. |
| **Access Arrangement Information** | has the meaning given to it in the Code. |
| **Access Arrangement Period** | has the meaning given to it in the Code. |
| **Adjustment Date** | means the first date of a Contract Year. |
| **Agreed Demand** | is the nominated MHQ as determined by Allgas and detailed in section 2.1.2. |
| **Allgas** | means Allgas Energy Pty Ltd ACN 009 656 446, its subsidiaries, successors in title or assigns. |
| **Ancillary Service** | means a Reference Ancillary Service or Non-reference Ancillary Service. |
| **Augmentation** | means works carried out to reinforce the Network to enable the provision of Services as required under this Access Arrangement. |
| **Bare Transfer** | has the meaning given to it in the Code. |
| **Business Day** | means a day other than a Saturday or Sunday or a gazetted Public Holiday in the State of Queensland. |
| **Business Rules** | refers to the Gas Retail Market Business Rules for consumers using at least 1TJ per year. This is a Code of Conduct for Queensland as legislated under the Gas Supply Regulation 2003. |
| **Capital Contribution** | has the meaning given to it in the Code. |
| **Code** | means the National Third Party Access Code for Natural Gas Pipeline Systems established under the Gas Pipelines Access Law. |
| **Commencement Date** | has the meaning given in section 1.2. |
| **Contract Carriage Pipeline** | has the meaning given to it in the Code. |
| **Contract Year** | means a Year commencing at 8.00am Eastern Standard Time on the date defined by Allgas, typically July 1 in any Year. |
| **Contracted Capacity** | has the meaning given in the Code. |
| **Cost of Service** | Where the initial Reference Tariffs are set on the basis of the anticipated costs of providing the Reference Services. |
| **Covered** | has the meaning given to it in the Code. |
| **Covered Extension** | has the meaning described in section 6.1. |
| **Covered Pipeline** | has the meaning given to it in the Code. |
| **CPI** | means the Consumer Price Index (All Groups Weighted Average for the eight capital cities) as published by the Australian Bureau of Statistics and, if publication of that Index ceases, any official replacement index published by the Australian Statistician. |
| **Day** | means a period of 24 consecutive hours beginning at 8.00 am Australian Eastern Standard Time. |

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| **Delivery Point** | means the point on the Network at which gas is delivered from the Network, through a single Metering installation, to or for the account of any User. |
| **Delivery Point Facilities** | means those facilities installed at a Delivery Point to enable delivery of Natural Gas to a User from the Network including Metering, a tapping point, a remote shut-off valve, any communication facilities and associated power supply. |
| **Demand Customer Service** | is as defined in section 2.1.2. |
| **Developable Capacity** | has the meaning given to it in the Code. |
| **End User** | is a person who acquires or proposes to acquire Natural gas from a User or a Producer; or a person who proposes to acquire Natural Gas from a Prospective User. |
| **Excluded Extension** | has the meaning described in section 6.1. |
| **Extensions / Expansions Policy** | is the policy described in section 6. |
| **Gas Balancing** | refers to the requirements for Allgas to balance the network under the Business Rules. |
| **Gas Pipelines Access Law** | means the laws in the Commonwealth of Australia and Queensland to give effect to the Natural Gas Pipelines Access Agreement between the Commonwealth of Australia, the State of Queensland and other parties. |
| **GJ** | means gigajoule of gas or $10^9$J, as that term is defined in Australian Standard AS 1000-1979. |
| **Impost** | means changes in taxation or other statutory charge; or other major changes in government policy (for example, the costs associated with the introduction of full retail contestability). |
| **Interval Metering** | means Metering that enables the recording of volumes on an hourly or daily basis. Includes flow computers and data loggers. |
| **kPa** | is a unit of measurement for pressure, also used to measure atmospheric pressure |
| **Market Operator** | means the market operator appointed under the *Gas Supply Regulations 2003 (Qld)*, and includes any person carrying out the functions and duties of that office. |
| **Material** | means 1.0% or more of forecast annual revenue per event, based on the forecast Revenue in the year the event occurred, as set out in the Access Arrangement Information. |
| **MDQ** | means the maximum daily quantity of Natural Gas (in GJ) which Allgas is obliged to receive on behalf of the User and to transport and deliver to Delivery Points on behalf of the User during a Day (net of UAG). |
| **Meter** | means the device used to measure the volume of gas within a period of time.. |
| **Metered Quantities** | are the readings taken from a Meter. |

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| **Metering** | means the Meter and any associated equipment, including filters, regulators, pipework and other equipment used to measure the volume or demand of Natural Gas. |
| **MHQ** | means the maximum hourly quantity of Natural Gas (in GJ) which Allgas is obliged to receive on behalf of the User and to transport and deliver to Delivery Points on behalf of the User during an hour (net of UAG). |
| **MJ** | means a megajoule of gas or one thousandth (1/1000) of a GJ. |
| **Month** | means calendar month. |
| **Natural Gas** | has the meaning given to it in the Code. |
| **Negotiated Service** | means a Service of the type described in section 2.2. |
| **Network** | means the distribution Network owned by Allgas and through which gas will be transported and includes the Receipt Point Facilities and the Delivery Point Facilities that exist from time to time. |
| **New Facilities Investment** | has the meaning given to it in the Code. |
| **Net Present Value** | has the meaning given to it in the Code. |
| **New Facility** | has the meaning given to it in the Code. |
| **Non-Reference Ancillary Service** | means a Service of the type described in section 2.2. |
| **PJ** | means a petajoule of gas or one million (1,000,000) GJ. |
| **Producer** | means a supplier of Natural Gas. |
| **Prospective End User** | means a person who may become an End User. |
| **Prospective User** | has the meaning given to it in the Code. |
| **QCA** | means the Queensland Competition Authority. |
| **Receipt Point** | means the point on the Network at which gas is received into the Network from or on account of any User. |
| **Receipt Point Facilities** | means those facilities installed at a Receipt Point to enable receipt of gas from a User into the Network, including a tapping point, a remote shutoff valve, SCADA and any other communications facilities and associated power supply. |
| **Receipt Point MHQ** | means the maximum quantity of gas (in GJ) which the Service Provider is obliged to receive for and on behalf of a User during an hour at that Receipt Point. |
| **Redundant Capital** | has the meaning given to it in the Code. |
| **Reference Ancillary Service** | means a Service of the type described in section 2.1.3. |
| **Reference Service** | means any or all of the Reference Services referred to in section 2.1. |
| **Reference Tariff** | has the meaning given to it in the Code. |
| **Reference Tariff Policy** | has the meaning given to it in the Code. |
| **Regulator** | means the Queensland Competition Authority. |

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| **Revisions Commencement Date** | has the meaning given in section 1.4.2. |
| **Revisions Submission Date** | has the meaning given in section 1.4.1. |
| **Service** | means a Service provided by the Service Provider in relation to the Network including but not limited to Reference Services. |
| **Service Provider** | has the meaning given to it in the Code. |
| **Services Policy** | has the meaning given to it in the Code. |
| **Significant Extension** | has the meaning given in section 6.1. |
| **Single Premises** | means any of the following if owned or occupied by the End User and used by the End User for the same business or enterprise:<br>the whole of any single building or structure;<br>a part of any single building or structure;<br>two or more adjoining parts of any single building or structure;<br>the whole of two or more buildings or structures that are on the same lot of land or two or more adjoining lots of land. |
| **Special Meter Reading Service** | is as defined in section 2.1.3. |
| **Surcharge** | has the meaning given to it in the Code. |
| **Total Revenue** | has the meaning given to it in the Code. |
| **TJ** | means a terajoule of gas and is equal to 1,000 GJ. |
| **UAG** | means the quantities of gas necessary for the efficient operation of the Network, including gas used for compressors or other equipment, and quantities otherwise lost and unaccounted for in connection with the operation of the Network including as a result of any limitations on accuracy of Metering Facilities. |
| **User** | has the meaning given to it in the Code. |
| **User's Receipt Point** | means a Receipt Point at which the Service Provider is obliged to receive gas delivered by or on account of the User. |
| **Volume Customer Service** | is as defined in section 2.1.1. |
| **WACC** | means the weighted average cost of capital. |
| **Year** | means a period of 365 consecutive Days but, for any Year which contains a date of 29 February, means 366 consecutive Days. |

# APPENDIX B:
# ALLGAS TARIFF SCHEDULE

## B1. Volume Customer Service

**Table 1: Volume Customer Service, 2006/07**

| **Distribution charges (Inclusive of GST)** | | | |
|---|---|---|---|
| Base Charge | ($/day) | $ | 0.38 |
| Up to 1.7 GJ of gas delivered per day | ($/GJ) | $ | 8.25 |
| Next 8.3 GJ of gas delivered per day | ($/GJ) | $ | 6.05 |
| All gas delivered over 10 GJ per day | ($/GJ) | $ | 3.85 |

*Notes*

1. *The total network charge for each billing period are calculated using the daily charges. Each day's charge will comprise:*
   a. *A base charge; plus*
   b. *a charge for the Quantity of Gas delivered (or estimated to have been delivered) during that day to or for the account of the User.*
2. *The charge for the Quantity of Gas delivered (or estimated to have been delivered) to or for the account of the User will be calculated at the rates shown in the above table. The daily quantities will be determined based on the appropriate Metered Quantities and converted to an average daily figure based on the number of days in the metering period.*
3. *Total charges for each billing period are rounded to the nearest cent.*
4. *Charges are inclusive of Goods and Services tax (GST).*
5. *Charges shown in the above table apply in 2006/07 only. Charges for subsequent years will be escalated in accordance with the methodology set out in section 3.3.1.*
6. *In 2005/06, Allgas levied fees on a consumption basis on behalf of the QCA and Queensland Government Departments for Distribution Authority levies, and licence and audit fees from the Petroleum and Gas (Production and Safety) Regulation 2004. As at 2006/07 these fees are now included within the total prices as shown above.*

## B2. Demand Customer Service

**Table 2: Demand Customer Service – Brisbane Region, 2006/07**

| **Network Charges (Inclusive of GST)** | | **Zone 1** | **Zone 2** | **Zone 3** |
|---|---|---|---|---|
| Demand Charge | ($/GJ of MHQ/day) | $1.49 | $2.26 | $1.77 |
| **MDQ Charges** | | | | |
| MDQ of 50GJ or less | ($/day) | $69.63 | $99.40 | $113.78 |
| Greater than 50GJ but not greater than 125GJ of MDQ | ($/day) | $69.63 + $0.76/GJ of MDQ for MDQ over 50GJ | $99.40 + $1.43/GJ of MDQ for MDQ over 50GJ | $113.78 + $2.30/GJ of MDQ for MDQ over 50GJ |
| Greater than 125GJ but not greater than 275GJ of MDQ | ($/day) | $126.63 + $0.55/GJ of MDQ for MDQ over 125GJ | $206.65 + $1.20/GJ of MDQ for MDQ over 125GJ | $286.28 + $1.71/GJ of MDQ for MDQ over 125GJ |
| Greater than 275GJ but not greater than 525GJ of MDQ | ($/day) | $209.13+ $0.24/GJ of MDQ for MDQ over 275GJ | $386.65 + $0.56/GJ of MDQ for MDQ over 275GJ | $542.78 + $0.95/GJ of MDQ for MDQ over 275GJ |
| Greater than 525GJ | ($/day) | $269.13 + $0.20/GJ of MDQ for MDQ over 525GJ | $526.65 + $0.21/GJ of MDQ for MDQ over 525GJ | $780.28 + $0.25/GJ of MDQ for MDQ over 525GJ |

*Notes*

7. *Charges are inclusive of Goods and Services Tax (GST).*

8. *The daily demand charge refers to the customer's nominated MHQ as determined by Allgas.*

9. *The MDQ charges refer to the customer's MDQ for May to April in the previous 12 months.*

10. *For customers without Interval Metering, the MDQ will be calculated by Allgas based on the customer's consumption data, days of operation and a seasonality factor of 1.1.*

11. *The customers' MDQ and MHQ readings remain constant during the financial year except in the case of overruns (see section 3 of Terms and Conditions for details).*

12. *Charges shown in the above table apply in 2006/07 only. Charges for subsequent years will be escalated in accordance with the methodology set out in section 3.3.2.*

13. *In 2005/06, Allgas levied fees on a consumption basis on behalf of the QCA and Queensland Government Departments for Distribution Authority levies, and licence and audit fees from the Petroleum and Gas (Production and Safety) Regulation 2004. As at 2006/07 these fees are now included within the total prices as shown above.*

**Table 3: Demand Customer Service – Gold Coast Region, 2006/07**

| Network Charges (Inclusive of GST) | | Zone 4 | Zone 5 | Zone 6 |
|---|---|---|---|---|
| Demand Charge | ($/GJ of MHQ/day) | $1.31 | $2.25 | $2.33 |
| **MDQ Charges** | | | | |
| MDQ of 50GJ or less | ($/day) | $139.94 | $139.87 | $146.66 |
| Greater than 50GJ but not greater than 125GJ of MDQ | ($/day) | $139.94 + $2.54/GJ of MDQ for MDQ over 50GJ | $139.87 + $2.68/GJ of MDQ for MDQ over 50GJ | $146.66 + $2.82/GJ of MDQ for MDQ over 50GJ |
| Greater than 125GJ but not greater than 275GJ of MDQ | ($/day) | $330.44 + $2.18/GJ of MDQ for MDQ over 125GJ | $340.87 + $2.30/GJ of MDQ for MDQ over 125GJ | $358.16 + $2.41/GJ of MDQ for MDQ over 125GJ |
| Greater than 275GJ but not greater than 525GJ of MDQ | ($/day) | $657.44 + $1.83/GJ of MDQ for MDQ over 275GJ | $685.87 + $1.98/GJ of MDQ for MDQ over 275GJ | $719.66 + $2.08/GJ of MDQ for MDQ over 275GJ |
| Greater than 525GJ | ($/day) | $1,114.94 + $1.59/GJ of MDQ for MDQ over 525GJ | $1,180.87 + $1.72/GJ of MDQ for MDQ over 525GJ | $1,239.66 + $1.80/GJ of MDQ for MDQ over 525GJ |

*Notes*

1. *Charges are inclusive of Goods and Services Tax (GST).*
2. *The daily demand charge refers to the customer's nominated MHQ as determined by Allgas.*
3. *The MDQ charges refer to the customer's MDQ for May to April in the previous 12 months.*
4. *For customers without Interval Metering, the MDQ will be calculated by Allgas based on the customer's consumption data, days of operation and a seasonality factor of 1.1.*
5. *The customers' MDQ and MHQ readings remain constant during the financial year except in the case of overruns (see section 3 of Terms and Conditions for details).*
6. *Charges shown in the above table apply in 2006/07 only. Charges for subsequent years will be escalated in accordance with the methodology set out in section 3.3.2.*
7. *In 2005/06, Allgas levied fees on a consumption basis on behalf of the QCA and Queensland Government Departments for Distribution Authority levies, and licence and audit fees from the Petroleum and Gas (Production and Safety) Regulation 2004. As at 2006/07 these fees are now included within the total prices as shown above.*

**Table 4: Demand Customer Service – Toowoomba Region, 2006/07**

| **Network Charges (Inclusive of GST)** | | **Zone 7** | **Zone 8** |
|---|---|---|---|
| Demand Charge | ($/GJ of MHQ/day) | $1.32 | $2.71 |
| **MDQ Charges** | | | |
| MDQ of 50GJ or less | ($/day) | $53.87 | $69.80 |
| Greater than 50GJ but not greater than 125GJ of MDQ | ($/day) | $53.87 + $0.35/GJ of MDQ for MDQ over 50GJ | $69.80 + $0.74/GJ of MDQ for MDQ over 50GJ |
| Greater than 125GJ but not greater than 275GJ of MDQ | ($/day) | $80.12 + $0.28/GJ of MDQ for MDQ over 125GJ | $125.30 + $0.59/GJ of MDQ for MDQ over 125GJ |
| Greater than 275GJ but not greater than 525GJ of MDQ | ($/day) | $122.12 + $0.24/GJ of MDQ for MDQ over 275GJ | $213.80 + $0.40/GJ of MDQ for MDQ over 275GJ |
| Greater than 525GJ | ($/day) | $182.12 + $0.22/GJ of MDQ for MDQ over 525GJ | $313.80 + $0.23/GJ of MDQ for MDQ over 525GJ |

*Notes*

1. *Charges are inclusive of Goods and Services Tax (GST).*
2. *The daily demand charge refers to the customer's nominated MHQ as determined by Allgas.*
3. *The MDQ charges refer to the customer's MDQ for May to April in the previous 12 months.*
4. *For customers without Interval Metering, the MDQ will be calculated by Allgas based on the customer's consumption data, days of operation and a seasonality factor of 1.1.*
5. *The customers' MDQ and MHQ readings remain constant during the financial year except in the case of overruns (see section 3 of Terms and Conditions for details).*
6. *Charges shown in the above table apply in 2006/07 only. Charges for subsequent years will be escalated in accordance with the methodology set out in section 3.3.2.*
7. *In 2005/06, Allgas levied fees on a consumption basis on behalf of the QCA and Queensland Government Departments for Distribution Authority levies, and licence and audit fees from the Petroleum and Gas (Production and Safety) Regulation 2004. As at 2006/07 these fees are now included within the total prices as shown above.*

**Table 5: Demand Customer Service – Oakey Region, 2006/07**

| Network Charges (Inclusive of GST) | | Zone 9 | Zone 10 |
|---|---|---|---|
| Demand Charge | ($/GJ of MHQ/day) | $1.13 | $1.70 |
| **MDQ Charges** | | | |
| MDQ of 50GJ or less | ($/day) | $56.74 | $123.97 |
| Greater than 50GJ but not greater than 125GJ of MDQ | ($/day) | $56.74 + $0.45/GJ of MDQ for MDQ over 50GJ | $123.97 + $2.32/GJ of MDQ for MDQ over 50GJ |
| Greater than 125GJ but not greater than 275GJ of MDQ | ($/day) | $90.49 + $0.38/GJ of MDQ for MDQ over 125GJ | $297.97 + $1.86/GJ of MDQ for MDQ over 125GJ |
| Greater than 275GJ but not greater than 525GJ of MDQ | ($/day) | $147.49 + $0.26/GJ of MDQ for MDQ over 275GJ | $576.97 + $1.15/GJ of MDQ for MDQ over 275GJ |
| Greater than 525GJ | ($/day) | $212.49 + $0.22/GJ of MDQ for MDQ over 525GJ | $864.47 + $0.49/GJ of MDQ for MDQ over 525GJ |

*Notes*

1. *Charges are inclusive of Goods and Services Tax (GST).*
2. *The daily demand charge refers to the customer's nominated MHQ as determined by Allgas.*
3. *The MDQ charges refer to the customer's MDQ for May to April in the previous 12 months.*
4. *For customers without Interval Metering, the MDQ will be calculated by Allgas based on the customer's consumption data, days of operation and a seasonality factor of 1.1.*
5. *The customers' MDQ and MHQ readings remain constant during the financial year except in the case of overruns (see section 3 of Terms and Conditions for details).*
6. *Charges shown in the above table apply in 2006/07 only. Charges for subsequent years will be escalated in accordance with the methodology set out in section 3.3.2.*
7. *In 2005/06, Allgas levied fees on a consumption basis on behalf of the QCA and Queensland Government Departments for Distribution Authority levies, and licence and audit fees from the Petroleum and Gas (Production and Safety) Regulation 2004. As at 2006/07 these fees are now included within the total prices as shown above.*

*B3. Reference Ancillary Services*

**Table 6: Ancillary Services, 2006/07**

| Service Type | Ancillary Service | Ancillary Service Charge |
|---|---|---|
| Reference | Special Meter Reading | $48.90 |
| Reference | Inlet Disconnection | $61.20 |
| Reference | Inlet Reconnection | $91.80 |

*Notes*

1. *Charges are inclusive of Goods and Services Tax (GST).*
2. *Charges shown in the above table apply in 2006/07 only.*
3. *Charges for these Services in subsequent years will be escalated in accordance with the methodology set out in section 3.3.3.*