



(ABN 19 078 551 685)

ACCESS ARRANGEMENT

for the

Queensland Gas Distribution System

5 June 2006

TABLE OF CONTENTS

1.	INTRODUCTION	1
1.1	PURPOSE OF THIS DOCUMENT	1
1.2	COMMENCEMENT DATE	1
1.3	COMPOSITION OF ACCESS ARRANGEMENT	1
1.4	DEFINITIONS AND INTERPRETATION	1
1.5	CONTACT DETAILS	1
2.	SERVICES POLICY	2
2.1	SERVICES	2
2.2	HAULAGE REFERENCE SERVICES	2
2.3	ANCILLARY REFERENCE SERVICES	3
2.4	NEGOTIATED SERVICES	3
2.5	NETWORK SERVICE STANDARDS	3
3.	REFERENCE TARIFFS.....	3
3.1	REFERENCE TARIFFS	3
3.2	VOLUME HAULAGE SERVICE	4
3.3	DEMAND HAULAGE SERVICE.....	4
3.4	ANCILLARY REFERENCE SERVICE	4
4.	REFERENCE TARIFF POLICY – VARIATION OF REFERENCE TARIFFS.....	4
4.1	ASSIGNMENT OF HAULAGE REFERENCE TARIFFS.....	4
4.2	APPROVED REFERENCE TARIFF VARIATION METHODOLOGIES.....	4
4.3	REFERENCE TARIFF CONTROL FORMULAE	5
4.4	TRIGGER EVENT ADJUSTMENT.....	6
4.5	PROCESS - NEW HAULAGE REFERENCE TARIFF OR COMPONENT.....	7
4.6	WITHDRAWAL OF HAULAGE REFERENCE TARIFF OR COMPONENT	7
4.7	PROCEDURE FOR VARIATIONS IN REFERENCE TARIFFS.....	7
4.8	NOTICE TO USERS.....	7
4.9	NEW TARIFF SCHEDULE	7
4.10	REGULATOR'S DECISION IS CONCLUSIVE.....	7
5.	REFERENCE TARIFF POLICY – REDUNDANT CAPITAL.....	7
6.	TERMS AND CONDITIONS	8
6.1	REFERENCE SERVICES.....	8
6.2	NEGOTIATED SERVICES.....	9
6.3	PRE-CONDITIONS TO NETWORK SERVICES.....	9
6.4	CREDIT POLICY	10
6.5	PRE-EXISTING RIGHTS.....	10
7.	CAPACITY MANAGEMENT POLICY	10
8.	TRADING POLICY	11

8.1	BARE TRANSFERS	11
8.2	OTHER TRANSFERS.....	11
8.3	DELIVERY AND RECEIPT POINTS	11
8.4	PROCEDURE	11
9.	EXTENSIONS AND EXPANSIONS POLICY	12
9.1	INTRODUCTION.....	12
9.2	COVERAGE	12
9.3	EFFECT OF EXTENSION/EXPANSION ON REFERENCE TARIFFS	12
9.4	NO OBLIGATION TO UNDERTAKE EXTENSIONS OR EXPANSIONS	13
10.	REVIEW OF THE ACCESS ARRANGEMENT	13
10.1	REVISIONS SUBMISSION DATE	13
10.2	REVISIONS COMMENCEMENT DATE	13
11.	GLOSSARY	14

1. INTRODUCTION

1.1 Purpose of this Document

In December 2001, the Queensland Competition Authority ("Authority") approved an Access Arrangement in relation to the distribution systems that are identified in Schedule A to the Code as the Envestra Queensland Distribution Systems ("the original Access Arrangement").

The map set out in Annexure A to this Access Arrangement provides an overview of that part of the Network in Brisbane, which comprise most of the Envestra Queensland Distribution Systems.

Under section 9.1 of the original Access Arrangement, Envestra Limited ("Envestra") was required to submit proposed revisions to the original Access Arrangement to the Regulator on or before 1 October 2005. Envestra submitted its revisions on 29 September 2006. The Authority assessed these revisions and released a Draft Decision on 21 December 2005, followed by a Final Decision on 22 May 2006.

This document is an amended version of the Access Arrangement document submitted on 29 September. It substantially incorporates the amendments detailed in the Final Decision, and is submitted to the Regulator in accordance with section 2.41 of the Code.

1.2 Commencement Date

This document (and the proposed revisions to the original Access Arrangement, as incorporated in this document) will commence on the later of 1 July 2006 and the date on which the Regulator approves the proposed revisions pursuant to the Code.

1.3 Composition of Access Arrangement

This Access Arrangement contains those elements that are required by section 3 of the Code.

1.4 Definitions and Interpretation

In this Access Arrangement and the Access Arrangement Information, unless the context indicates otherwise:

- (a) where a word or phrase begins with a capital letter, it has the meaning given to it in the glossary that is set out in section 11 of this Access Arrangement;
- (b) (if it is not defined in the glossary) it has the meaning given to it in the Code; and
- (c) where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

Headings are for convenience only and do not affect interpretation.

1.5 Contact Details

The contact person for further details in relation to this Access Arrangement is:

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2. SERVICES POLICY

2.1 Services

The Network Services which Envestra will make available to Network Users and Prospective Network Users in accordance with the Code comprise:

- two Haulage Reference Services, which are described in section 2.2;
- one Ancillary Reference Service, which is described in section 2.3; and
- Negotiated Services, which are described in section 2.4.

To the extent practicable and reasonable, a Network User or Prospective Network User may obtain a Network Service which includes only those elements that the Network User or Prospective Network User wishes to be included in the Network Service.

To the extent practicable and reasonable, Envestra will provide a separate Tariff for an element of a Network Service if requested to do so by a Network User or Prospective Network User.

2.2 Haulage Reference Services

2.2.1 *Demand Haulage Service*

The Demand Haulage Service is a Haulage Reference Service that comprises the haulage of Gas to a Demand DP, in accordance with, and subject to, the terms and conditions referred to in section 6.

A DP is a Demand DP at a given time if the Quantity of Gas delivered through that DP during the then most recent Metering Year was equal to or greater than 10TJ.

In this section, a reference to the Quantity of Gas delivered is a reference to Gas delivered whether to or for the account of the Network User or another person or persons.

Where the measurements taken from the Metering Equipment at a Delivery Point do not separately show the Quantity of Gas delivered on particular Network Days, the maximum Quantity of Gas delivered on a Network Day during a Cycle will be deemed to be the average daily Quantity of Gas delivered through that Delivery Point during that Cycle, multiplied by a factor of 1.3.

In this section, a reference to the Quantity of Gas delivered is a reference to Gas delivered to a Delivery Point whether to or for the account of the Network User or another person or persons.

2.2.2 *Volume Haulage Service*

The Volume Haulage Service is a Haulage Reference Service that comprises the haulage of Gas to a Volume Delivery Point (DP) in accordance with, and subject to, the terms and conditions referred to in section 6.

A DP is a Volume DP for a given period if it is not a Demand DP.

2.2.3 *Associated Services*

As a part of each Haulage Reference Service, Envestra will also provide the following services:

- the odourisation of Gas;

- the provision and maintenance of Metering Equipment at Delivery Points; and
- meter reading on a quarterly basis for Volume DPs and on a monthly basis for Demand DPs,

in each case, in accordance with, and subject to, the terms and conditions referred to in section 6.

The Haulage Reference Services do not include any of the Network Services described as Ancillary Reference Services (see section 2.3) or Negotiated Services (see section 2.4).

2.2.4 Reference Tariffs

The Reference Tariffs that will apply to Haulage Reference Services during the Second Access Arrangement Period are described in section 3 of this Access Arrangement.

2.3 Ancillary Reference Services

The Ancillary Reference Service is a Special Meter Reading Service which comprises meter reading for a DP in addition to the scheduled meter readings that form part of the Haulage Reference Services described in section 2.2.3 above.

The Ancillary Reference Service will be provided in accordance with, and subject to, the terms and conditions referred to in section 6.

The Reference Tariff that will apply to the Ancillary Reference Service during the Second Access Arrangement Period is described in section 3 of this Access Arrangement.

2.4 Negotiated Services

Any Network User or Prospective Network User may request Envestra to provide a Negotiated Service. A Negotiated Service is a Network Service that is different from the Haulage Reference Services and the Ancillary Reference Service.

The terms and conditions on which Envestra will provide Negotiated Services will be the same as the terms and conditions referred to in section 6, where Envestra determines that those terms and conditions are appropriate and applicable to the Negotiated Service requested by the Network User or Prospective Network User.

2.5 Network Service Standards

Envestra will provide each Network Service, including each Reference Service, in accordance with, and subject to, the requirements of any Distribution Licence or applicable law.

3. REFERENCE TARIFFS

3.1 Reference Tariffs

The Reference Tariffs for Reference Services will be set out in Tariff Schedules that Envestra will publish from time to time on its website at "www.envestra.com.au".

The Tariff Schedule set out as Annexure B to this Access Arrangement shows the initial Reference Tariffs that will apply to Reference Services from the commencement of the Second Access

Arrangement Period until those Reference Tariffs are varied in accordance with section 4 of this Access Arrangement.

3.2 Volume Haulage Service

The Reference Tariff for the Volume Haulage Service is known as "Tariff V". The initial Tariff V is set out in Table 1 of the Tariff Schedule in Annexure B. Tariff V will increase by CPI + 1.1% each year.

3.3 Demand Haulage Service

The Reference Tariff for the Demand Haulage Service is known as "Tariff D". The initial Tariff D is set out in Table 2 of the Tariff Schedule in Annexure B. Tariff D will increase by CPI + 1.6% each year.

The Charges payable under Tariff D vary according to the Zone of the Network in which the Demand Delivery Point is located.

The Network comprises two Regions. They are the Brisbane Region and the Northern Region. These are shown on the map set out in Annexure C. The Brisbane Region is comprised of two tariff Zones, the Brisbane Zone and the Dinmore Zone, while the Northern Region has only one Zone.

3.4 Ancillary Reference Service

The initial Reference Tariff for the Ancillary Reference Service is set out in Table 3 of the Tariff Schedule in Annexure B. The Ancillary Reference Tariff will increase by CPI annually.

4. REFERENCE TARIFF POLICY – VARIATION OF REFERENCE TARIFFS

4.1 Assignment of Haulage Reference Tariffs

Where Envestra is charging a particular Haulage Reference Tariff in respect of a particular DP, then that particular Haulage Reference Tariff is to be regarded as being "assigned" to that DP.

Haulage Reference Tariffs will be assigned to DPs in accordance with the criteria set out in sections 2.2.1 and 2.2.2 of this Access Arrangement.

4.2 Approved Reference Tariff Variation Methodologies

Section 8.3B of the Code allows the Reference Tariffs to vary within an Access Arrangement Period through the implementation of an Approved Reference Tariff Variation Methodology as provided for in sections 8.3B to 8.3H of the Code.

The Reference Tariffs for Haulage Reference Services will be varied through the implementation of four Reference Tariff Variation Methodologies, namely through:

- a Reference Tariff Control Formula, which is described in section 4.3.1;
- a Trigger Event Adjustment, which is described in section 4.4;

- the introduction of a new Reference Tariff or Reference Tariff Component, which is described in section 4.5; and
- the withdrawal of a Reference Tariff or Reference Tariff Component, which is described in section 4.5.

The Reference Tariff for Ancillary Reference Service will also be varied through the implementation of two Reference Tariff Variation Methodologies, namely:

- a Reference Tariff Control Formula Approach, which is described in section 4.3.2; and
- a Trigger Event Adjustment Approach, which is described in section 4.4.

Envestra will publish a revised Tariff Schedule on its website at www.envestra.com.au whenever the Reference Tariffs are varied in accordance with the Approved Reference Tariff Variation Methodology.

4.3 Reference Tariff Control Formulae

4.3.1 Haulage Reference Tariffs

Envestra will have the right to vary the Reference Tariff for any Haulage Reference Service annually (with effect from an anniversary of the commencement of the Second Access Arrangement Period), in accordance with the procedure set out in sections 8.3B to 8.3H of the Code, subject to compliance with the two Haulage Reference Tariff Control Formulae, which are set out in Annexure E to this Access Arrangement. However, where a cost path-through is approved by the relevant regulator, prices may be adjusted accordingly between annual price approvals.

The first Haulage Reference Tariff Control Formula is designed to ensure that the average revenue (in \$/GJ) that Envestra receives from all Haulage Reference Services does not increase, as a result of any proposed variation to Reference Tariffs, at a rate that is greater than the change in CPI – X (where X is the factor described in Annexure E).

The second Haulage Reference Tariff Control Formula is designed to ensure that the average revenue (in \$/GJ) that Envestra receives from any single type of Haulage Reference Service, after any proposed variation to Reference Tariffs, does not increase by more than CPI plus 3%.

Both Reference Tariff Control Formulae set out in Annexure E compare the revenue from the pre-existing Reference Tariffs with revenue from the Reference Tariffs as varied, based on the Quantities of Gas (or other units of measurement, such as GJs or MDQ) that applied in the year two years prior to the year in which the Reference Tariffs are to be varied.

Subject to compliance with the two Reference Tariff Control Formulae, Envestra will have the ability to vary the Reference Tariffs for Haulage Reference Services within its discretion, in accordance with the procedure set out in sections 8.3B to 8.3H of the Code.

Changes in the Reference Tariffs may be effected:

- through changes in the components, elements or variables comprised within any Reference Tariff

(such as a change in the base charge or fixed charge within the Reference Tariff or a change in the steps, or the level of the steps, within the Reference Tariff);

- through the introduction of a new Reference Tariff for any Haulage Reference Service (to apply in place of any pre-existing Reference Tariff, either in all circumstances or in certain circumstances);
- through the withdrawal of any Reference Tariff; or
- through any combination of these changes.

4.3.2 Ancillary Reference Services

Envestra will have the right to vary the Reference Tariff for Ancillary Reference Service annually (with effect from an anniversary of the commencement of the Second Access Arrangement Period), in accordance with the procedure set out in sections 8.3B to 8.3H of the Code, on the basis of the following Reference Tariff Control Formula:

$$ART_t = ART_{t-1} \bullet (1 + CPI_t)$$

where:

ART_t is the Reference Tariff that will apply to an Ancillary Reference Service in year t ;

ART_{t-1} is the Reference Tariff that applied to that Ancillary Reference Service in year $t-1$; and

CPI_t is the percentage change in CPI over the four quarters ending with the March quarter prior to year t .

Where the Reference Tariff for an Ancillary Reference Service (as varied) is less than \$20, the Reference Tariff (as varied) will be rounded to the nearest ten cents (with five cents rounded upwards). Where the Reference Tariff for an Ancillary Reference Service (as varied) is \$20 or more, the Reference Tariff (as varied) will be rounded to the nearest dollar (with 50 cents rounded upwards).

4.4 Trigger Event Adjustment

Section 8.3 of the Code allows a Reference Tariff Policy to specify that Reference Tariffs will vary through the implementation of a Trigger Event Adjustment Approach, whereby Reference Tariffs are varied in the manner specified in the Reference Tariff Policy upon the occurrence of a Specified Event.

For the purposes of this Access Arrangement, the Specified Event is a Change in Imposts that increases or decreases the cost to Envestra of providing a Reference Service.

If there is a Change in Imposts that increases or decreases the cost to Envestra of providing a Reference Service then the Reference Tariff for that Reference Service will be varied, in accordance with the procedure set out in sections 8.3B to 8.H of the Code, so that the estimated or forecast increase or decrease in the cost of providing that Reference Service is passed through to the relevant Network Users and so that Envestra is expected to be kept neutral to the financial effects of the Change in Imposts.

For the purposes of section 8.3B of the Code, if Envestra wishes to vary a Reference Tariff as a result of a Change in Imposts, then the notice required under section 8.3B must be given to the Regulator within 6 months after the Change in Imposts.

4.5 Process - New Reference Tariff or Component

The process outlined in section 8.3 of the Code shall be followed in relation to any proposal for a new Reference Tariff or Reference Tariff Component. As part of that process, Envestra shall supply to the Regulator all relevant information necessary for the Regulator to assess the reasonableness of the proposed changes. Such information shall include the principles and data used in the formulation of the proposal.

4.6 Withdrawal of Reference Tariff or Component

The process outlined in section 8.3 of the Code shall be followed in relation to any proposal for the withdrawal of a Reference Tariff or Reference Tariff Component. As part of that process, Envestra shall supply to the Regulator all relevant information necessary for the Regulator to assess the reasonableness of the proposed changes. Such information shall include the principles and data used in the formulation of the proposal.

4.7 Procedure for Variations in Reference Tariffs

The process outlined in section 8.3 of the Code will apply in relation to changes to Reference Tariffs or Reference Tariff Components. If Envestra gives a notice to the Regulator under section 8.3B of the Code to vary any Reference Tariff, then, unless the Regulator disallows the variation under section 8.3E of the Code, the variation will take effect on and from the later of:

- (a) the date specified in Envestra's notice under section 8.3B; or
- (b) the date that is 35 days after the date of that notice.

4.8 Notice to Users

Envestra will notify Users in writing as soon as practicable if it intends to change Reference Tariffs or Haulage Reference Tariff Components.

4.9 New Tariff Schedule

Whenever any Reference Tariff is varied in accordance with the procedure set out in sections 8.3B to 8.3H of the Code, Envestra will publish a Tariff Schedule on its website at www.envestra.com.au, showing the Reference Tariffs (as varied) for the Reference Services.

4.10 Regulator's Decision is Conclusive

The Regulator's decision to allow a proposed variation in Reference Tariffs will be binding and conclusive on Network Users as to the Reference Tariffs that apply to Reference Services. Network Users will not have the right to challenge or otherwise dispute the Reference Tariffs as allowed from time to time by the Regulator or the basis on which those Reference Tariffs were calculated or determined.

5. REFERENCE TARIFF POLICY – REDUNDANT CAPITAL

When reviewed, the Capital Base may be reduced in the following circumstances and in accordance with the following approach:

- where assets dedicated to providing Network Services to a specific Delivery Point cease to contribute in any way to the delivery of Network Services, the value attributable to those assets may be removed;
- where any other assets in the Capital Base cease to contribute in any way to the delivery of Network Services, the value attributable to those assets may be removed; and
- the value attributable to assets that are sold shall be removed.

If assets that have been declared Redundant Capital subsequently contribute or make an enhanced contribution to the delivery of Network Services, the assets will be treated as a New Facility, having New Facilities Investment equal to the Redundant Capital Value increased annually on a compounded basis by the Rate of Return (applicable to that period) from the time the Redundant Capital Value was removed from the Capital Base.

6. TERMS AND CONDITIONS

6.1 Reference Services

Reference Services will be provided to Network Users under this Access Arrangement on and subject to the terms of an Agreement that will comprise:

- the Specific Terms and Conditions, in the form set out in Annexure F; and
- the terms and conditions set out in Annexure G (**the General Terms and Conditions**).

The Specific Terms and Conditions is a standard form document that contains details which will vary from Network User to Network User and from Agreement to Agreement. The blank spaces in the standard form are to be completed and the document signed by Envestra and the Network User to evidence the Agreement between them.

As is apparent from the form of the Specific Terms and Conditions set out in Annexure F, the details to be completed are as follows:

- details of each User Receipt Point at which Gas is to be delivered to Envestra by or for the account of that Network User pursuant to the Agreement;
- details of each User DP at which Gas is to be delivered by Envestra to or for the account of that Network User pursuant to the Agreement;
- the period for which the Agreement is to remain in force (assuming it is not terminated earlier in accordance with the General Terms and Conditions);
- the date on which Envestra is to commence providing Reference Services pursuant to the Agreement;
- where required, details of the maximum Quantity of Gas Envestra is obliged to deliver through each User Demand DP to or for the account of the Network User during any Network Day and during any period of sixty minutes; and
- an address and facsimile number for the purposes of the service of notices on the Network User pursuant to the Agreement.

As regards paragraphs (a) and (b), it is possible that a Network User will wish to deliver Gas to Envestra through multiple/different Receipt Points that vary over the term of the Agreement or requires Envestra to deliver Gas through multiple/different DPs that will vary over the term of the Agreement. In this case, the Specific Terms and Conditions will describe how those Receipt Points and DPs will be determined and identified from time to time over the term of that Agreement. In the case of retailers who wish to be able

to deliver Gas through multiple/different DPs that vary over the time, Envestra expects that the User DPs will be defined as those DPs in respect of which the Network User is the current user under the Retail Market Rules, where the Retail Market Rules are applicable.

As regards paragraph (e), the MDQ for a User DP will be determined by negotiation between Envestra and the Network User. If no MDQ has been or is agreed for a User DP, then the MDQ will be determined by Envestra acting reasonably, having regard to historical data about the Quantities of Gas delivered through the relevant User DP and any other factors Envestra considers relevant.

6.2 Negotiated Services

A Negotiated Service is a Network Service that is different from the Reference Services. If a Network User or a Prospective Network User requires a Network Service on terms and conditions that differ in any way to the General Terms and Conditions, then the Network User or Prospective Network User requires a Negotiated Service.

The terms and conditions on which Envestra will provide a Negotiated Service (including the Tariff for that Negotiated Service) will be determined through negotiation between Envestra and the Network User who requires that Negotiated Service, or in default of agreement, through dispute resolution in accordance with section 6 of the Code.

The terms and conditions on which Envestra will provide a Negotiated Service will be the same as the General Terms and Conditions to the extent that the General Terms and Conditions are appropriate and applicable to the Negotiated Service requested by the Network User or Prospective Network User.

Once the terms and conditions of a Negotiated Service have been agreed or determined through dispute resolution in accordance with section 6 of the Code, Envestra and the Network User will sign a document to evidence those terms and conditions.

The document will comprise the Specific Terms and Conditions, the General Terms and Conditions (to the extent that they apply to the Negotiated Service) and a schedule setting out the terms and conditions applicable to that Negotiated Service (as agreed or determined through dispute resolution). The schedule is known as the Special Terms and Conditions and will show how the terms and conditions applicable to the Negotiated Service differ from the General Terms and Conditions.

6.3 Pre-Conditions to Network Services

A Prospective Network User that requires a Network Service must satisfy a number of pre-conditions before Envestra is required to provide that Network Service. These pre-conditions are as follows:

- (a) the Network User must satisfy Envestra that the Network User meets the requirements of Envestra's Credit Policy;
- (b) the Network User must satisfy Envestra that the Network User has adequate arrangements in place to ensure that the aggregate Quantity of Gas delivered to Envestra by or for the account of the Network User will be equal at all times to the aggregate Quantity of Gas delivered by Envestra to or for the account of the Network User;
- (c) the Network User must satisfy Envestra that the Network User has adequate arrangements in place to ensure that the Network User will comply with its obligations to Envestra in relation to the Network Service; and
- (d) The Network User must execute a written agreement setting out or incorporating the terms and conditions on which Envestra is to provide the Network User with the Network Service.

6.4 Credit Policy

Envestra will not be required to provide Network Services to a Network User, or Prospective Network User, who does not meet the requirements of Envestra's Credit Policy. The Credit Policy requires that:

- (a) a Network User must be resident in Australia or have a permanent establishment in Australia;
- (b) (if the Network User is incorporated or constituted under any law other than the Corporations Act 2001) the Network User must have provided Envestra with a legal opinion in form and substance satisfactory to Envestra that confirms:
 - (i) the due incorporation and good standing of the Network User;
 - (ii) the legal capacity of the Network User to enter into and perform the Agreement between the Network User and Envestra;
 - (iii) the due execution of that Agreement and the enforceability of that Agreement against the Network User;
- (c) the Network User must be capable of being sued in its own name in courts established under the laws of Queensland and other States;
- (d) the Network User must not enjoy any immunity from legal proceedings or legal process (including, but without limitation, any immunity from execution);
- (e) the Network User must have an acceptable credit rating, or provide Envestra with security acceptable to Envestra, on terms and conditions acceptable to Envestra;
- (f) the Network User must have the necessary financial capability to discharge its present and future obligations in relation to Network Services; and
- (g) the Network User must not be an externally-administered body corporate or an insolvent under administration (as defined in the Corporations Act 2001) or under a similar form of administration under any laws applicable to the Network User in any jurisdiction.

For the purposes of paragraph (e), Envestra will from time to time determine what constitutes an acceptable credit rating. Until otherwise determined by Envestra, an acceptable credit rating is a rating of BBB or higher for long-term unsecured counterparty obligations of the entity, as rated by Standard & Poors (Australia) Pty Ltd.

Whenever Envestra decides to alter the acceptable credit rating, it will notify all Network Users and Prospective Network Users of the acceptable credit rating or ratings as altered. This information will also be included in the Information Package that Envestra is required to maintain under the Code.

For the purposes of paragraph (e), acceptable security will be a bank guarantee, the amount of which shall not exceed Envestra's reasonable estimate of three months average Charges (calculated by reference to a twelve month period).

6.5 Pre-existing Rights

In accordance with section 2.25 of the Code, no Network User or Prospective Network User will be entitled to a Network Service to the extent that the provisions of that Network Service will deprive a person of their contractual rights under a pre-existing agreement (to the extent that those rights do not constitute Exclusivity Rights which arose on or after 30 March 1995).

7. CAPACITY MANAGEMENT POLICY

The Network is a Contract Carriage Pipeline. A Network User may trade Contracted Capacity in accordance with the Trading Policy set out in section 8.

8. TRADING POLICY

8.1 Bare Transfers

A Network User is permitted to transfer or assign all or part of its Contracted Capacity without the consent of Envestra if:

- the Network User's obligations under the Agreement related to that Contracted Capacity remain in full force and effect after the transfer or assignment; and
- the terms of that Agreement are not altered as a result of the transfer or assignment (a **Bare Transfer**).

Prior to using any Contracted Capacity that is the subject of a Bare Transfer, the transferee must notify Envestra of the nature of the Contracted Capacity that is subject to the Bare Transfer.

8.2 Other Transfers

A Network User is permitted to transfer or assign all or part of its Contracted Capacity (other than by way of a Bare Transfer) with the prior written consent of Envestra, where the transfer or assignment is commercially and technically reasonable.

Envestra may withhold its consent only on reasonable commercial and technical grounds, and may make its consent subject to conditions, but only if they are reasonable on commercial and technical grounds.

Examples of the reasonable commercial or technical grounds upon which Envestra will withhold its consent or make its consent subject to conditions include:

- where there is insufficient Capacity at any point in the Network (either before or as a result of the transfer) to enable the proposed Contracted Capacity to be transferred or assigned to the proposed User DP;
- where Envestra would receive less revenue as a result of the proposed transfer or assignment of Contracted Capacity; and
- where the proposed transferee is unable to satisfy Envestra that it is able to meet the requirements set out in section 6 of this Access Arrangement.

8.3 Delivery and Receipt Points

A Network User is permitted to change a DP and/or Receipt Point from that specified in an Agreement with the prior written consent of Envestra where the change is commercially and technically reasonable.

Envestra may withhold its consent only on reasonable commercial and technical grounds, and may make its consent subject to conditions, but only if they are reasonable on commercial and technical grounds.

8.4 Procedure

The following procedure is to be followed in relation to transfers or assignments of Contracted Capacity (other than Bare Transfers) and changes to Delivery and/or Receipt Points:

- the party requesting the transfer/assignment or a change to a Delivery/Receipt Point shall submit a written request to Envestra, setting out the applicable details. A fee of \$100, payable at the time of the request, will apply to each request.

- Envestra will complete an analysis to determine whether the request is technically and commercially feasible and reasonable. The cost of completing this analysis will be borne by the party that makes the request. Charges for the analysis may be made in relation to Demand DPs only, and may vary depending on the complexity of analysing the request, but will be agreed in advance with the party making the request. Costs will be based on an hourly rate of \$100 per person per hour for each hour after the first hour.

Envestra will reply to requests for a transfer (other than a bare transfer) or for a change in Receipt Point or Delivery Point, within 14 Business Days of receiving the request, provided the request is accompanied by information which is reasonably necessary to enable Envestra to consider the request.

If, at the time the request is made, the Network User informs Envestra that, due to hardship, the Network User requires an urgent reply to its request, Envestra will use reasonable endeavours to respond to the request within two Business Days of receiving the request, provided the request is accompanied by information which is reasonably necessary to enable Envestra to consider the request.

9. EXTENSIONS AND EXPANSIONS POLICY

9.1 Introduction

Sections 9.1 and 9.2 describe the treatment of extensions to the Network or expansions of the Network. Extensions and expansions include any Pipelines or other system assets added to the Network as it existed on 30 June 2006.

9.2 Coverage

1. Expansions of the Covered Pipeline will be treated as part of the Covered Pipeline for all purposes of the Code.
2. If an extension was included in the calculation of the Reference Tariffs, then that extension will be treated as part of the Covered Pipeline for all purposes of the Code.
3. A significant extension means an extension to one or more delivery points, where the anticipated quantity of gas delivered exceeds 10 TJs per year and the anticipated capital expenditure for the extension exceeds \$1 million.
4. An extension which is directly connected to an existing covered pipeline will not be treated as part of the covered pipeline through the operation of the extensions/expansion policy if:
 - (a) the extension is a significant extension (or where Envestra can demonstrate the extension represents a special case); and
 - (b) Envestra obtains the Authority's written approval to exclude the extension from the covered pipeline;
5. In the case of a significant extension which is directly connected to an existing covered pipeline, and for which written consent has been provided by the Authority to treat the extension as an excluded extension, the Authority will determine what portion of the revenue generated from that extension will be offset against the total revenue calculation in respect of the covered pipeline in recognition of the use of common or joint assets that form part of the covered pipeline.

9.3 Effect of Extension/Expansion on Reference Tariffs

Where the New Facilities Investment associated with the extension or expansion satisfies the

requirements of section 8.16 of the Code, Incremental Users will be charged at the prevailing Reference Tariffs.

Where the New Facilities Investment does not satisfy the requirements of section 8.16 of the Code, Envestra may elect by written notice to the Regulator to recover all or part of the amount that it would not recover at the Prevailing Tariffs, through a Surcharge that is levied on Users of the Incremental Capacity.

9.4 No Obligation to Undertake Extensions or Expansions

Envestra will have no obligation to fund any extension to the Network or any expansion of the Network.

10. REVIEW OF THE ACCESS ARRANGEMENT

10.1 Revisions Submission Date

Envestra will submit revisions to this Access Arrangement to the Regulator on or before 1 October 2010.

10.2 Revisions Commencement Date

The revisions to this Access Arrangement referred to in section 10.1 will commence on the later of 1 July 2011 and the date on which their approval takes effect under the Code.

11. GLOSSARY

In this Access Arrangement and the Access Arrangement Information, unless the contrary intention appears:

- (1) **'Agreement'** means the contract between Envestra and a Network User for the provision of Network Services.
- (2) **'Ancillary Reference Service'** means a Network Service described in section 2.3 of this Access Arrangement.
- (3) **'Brisbane Region'** means those parts of the Network in the Brisbane and Ipswich area.
- (4) **'Brisbane Zone'** means the area in Brisbane and Ipswich covered by the Brisbane Region, except for the area in the suburb of Dinmore.
- (5) **'Business Day'** means a day other than a Saturday, Sunday or public holiday in Queensland.
- (6) **'Change in Imposts'** means the introduction of a New Impost, the withdrawal of any Impost (including any New Impost) or a variation or change in the way in which any Impost (including any New Impost) is applied, calculated or determined.
- (7) **'Charges'** means the charges payable by the Network User under the Agreement and, in relation to a User DP, means the charges payable by the Network User in relation to that DP as determined in accordance with the Agreement
- (8) **'Code'** means the National Third Party Access Code for Natural Gas Pipeline Systems.
- (9) **'CPI'** means the Consumer Price Index (All Groups Weighted Average for the Eight Capital Cities) as published by the Australian Bureau of Statistics or its successor or, if that Consumer Price Index is not published for any reason, whatever alternative index Envestra determines (with the Regulator's approval) from time to time is reasonably equivalent to that Consumer Price Index.
- (10) **'Credit Policy'** means the policy described in section 6.4 of this Access Arrangement.
- (11) **'Cubic Metre'**, in relation to Gas, means the amount of that Gas which, at Standard Conditions, would occupy a volume of one cubic metre.
- (12) **'Customer'** means any person to whom Gas is, or is to be, supplied through the Network.
- (13) **'Cycle'**, in relation to a Demand DP, means the period between any two readings of the Metering Equipment at that DP which are 30 days, or approximately 30 days, apart and, in relation to a Volume DP, means the period between any two readings of the Metering Equipment at that DP which are 90 days, or approximately 90 days, apart.
- (14) **'Delivery Point'** or **'DP'** means a point on the Network at which Gas is, or is to be, delivered out of the Network.
- (15) **'Demand DP'** has the meaning given to it in section 2.2.1 of this Access Arrangement.
- (16) **'Demand Haulage Service'** means the Network Service that is described in section 2.2.1 of this Access Arrangement.
- (17) **'Dinmore Zone'** means the area covered by the suburb of Dinmore.
- (18) **'Distribution Licence'** means a licence granted to Envestra under the *Gas Act 2003*, which authorises the operation of the Network or any part of it.
- (19) **'First Access Arrangement Period'** means the period from 1 July 2001 to 30 June 2006.
- (20) **'Gas'** has the meaning given to 'natural gas' in the *Gas Pipelines Access (Queensland) Act 1998*.
- (21) **'General Terms and Conditions'** has the meaning given to it in section 6.1.
- (22) **'GJ'** means a gigajoule, which is one thousand megajoules.
- (23) **'Gross Heating Value'** means the energy produced by the complete combustion of one Cubic Metre of Gas with air, at Standard Conditions, the product of combustion cooled to a temperature

of fifteen (15) degrees Celsius and the water vapour formed by the combustion condensed to a liquid state.

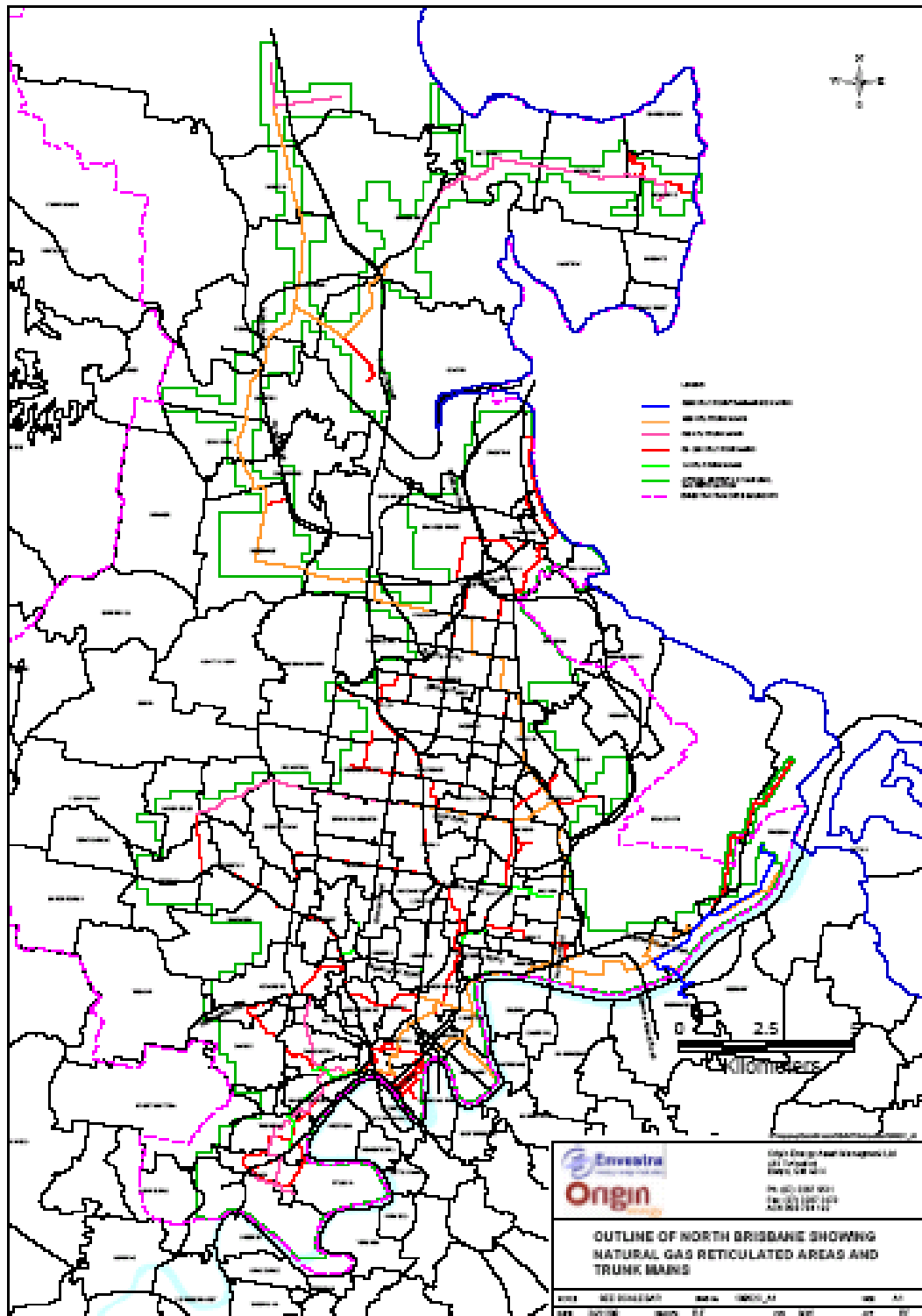
- (24) **'Haulage Reference Service'** means the Volumr Haulage Service or the Demand Haulage Service.
- (25) **'Impost'** means
- (a) any tax or other statutory charge; or
 - (b) any cost resulting from a major change in government policy (eg, costs associated with the introduction of full retail contestability)
- where the direct costs of the event will have a material effect on the efficient delivery of Reference Services.
- (26) **'Interest Rate'** means the Commonwealth Bank of Australia corporate overdraft reference rate, as varied from time to time.
- (27) **'Interruptible DP'** means any DP through which Envestra delivers Gas, or is to deliver Gas, pursuant to a contract or arrangement that permits or authorises Envestra to interrupt or curtail the delivery of Gas at any time and for any reason without penalty or sanction or any other consequence adverse to the interests of Envestra.
- (28) **'Maximum Daily Quantity'** or **'MDQ'**, in relation to a DP, means the maximum Quantity of Gas which Envestra is required to deliver through that DP to or for the account of a Network User during any Network Day, as specified in, or determined in accordance with, the Specific Terms and Conditions, as increased from time to time in accordance with accordance with clauses 6.1 and 6.2 of the General Terms and Conditions.
- (29) **'Maximum Hourly Quantity'** or **'MHQ'**, in relation to a Demand DP, means one twelfth of the MDQ for that DP, from time to time, unless agreed otherwise.
- (30) **'Metering Equipment'**, in relation to a User DP, means metering equipment owned or operated by Envestra at that User DP and, in relation to a User Receipt Point, means the metering equipment owned or operated by Envestra at that User Receipt Point or, if Envestra does not own or operate metering equipment at that User Receipt Point, the metering equipment provided by or on behalf of the Network User at that Receipt Point.
- (31) **'Metering Year'**, in relation to a DP, means the period between any two readings of the Metering Equipment at that DP which are 12 months, or approximately 12 months, apart.
- (32) **'Negotiated Service'** means a Network Service of the type described in section 2.4 of this Access Arrangement.
- (33) **'Network'** means the distribution mains that are the subject of this Access Arrangement from time to time, together with inlets, regulators, metering equipment, pipes and all ancillary equipment.
- (34) **'Network Day'** means a period of 24 consecutive hours that commences at 8:00am Eastern Standard Time.
- (35) **'Network Service'** means a Service provided by means of the Network.
- (36) **'Network User'** means a person who has a current contract for a Network Service or where there has been an arbitration, has an entitlement to a Network Service.
- (37) **'Network User's Customer'** means any person to whom a Network User supplies Gas, or is to supply Gas, through the Network.
- (38) **'New Impost'** means any Impost that was not in force on 30 June 2005 or that was in force but is applied, calculated or determined at a different rate or in a different way to the way it was applied, calculated or determined in the period prior to 30 June 2005.
- (39) **'Northern Region'** means those parts of the Network in the Gladstone and Rockhampton area.
- (40) **'Northern Zone'** means the area covered by the Northern Region.

- (41) **'Planned Maintenance'** means maintenance that is planned in advance, where the plan to undertake that maintenance was developed or formulated at least seven days before the date on which that maintenance is scheduled to occur.
- (42) **'Prospective Network User'** means a person who seeks or who is reasonably likely to seek to enter into a contract for a Network Service and includes a Network User who seeks or may seek to enter into a contract for an additional Network Service.
- (43) **'Quantity of Gas'** means the quantity of Gas determined in accordance with the Agreement.
- (44) **'Receipt Point'** means a point on the Network at which Gas is, or is to be, received into the Network.
- (45) **'Reference Tariff'** means the Tariff that corresponds to a Haulage Reference Service or an Ancillary Reference Service.
- (46) **'Reference Tariff Component'** refers to an individual price element comprising part of a Reference Tariff.
- (47) **'Region'** means the Brisbane Region or the Northern Region.
- (48) **'Regulator'** means the means the Queensland Competition Authority.
- (49) **'Related Haulage Agreement'** (in an Agreement between Envestra and a Network User) means any other agreement between Envestra and that Network User under which Envestra delivers, or is to deliver, Gas through the Network to or for the account of that Network User.
- (50) **'Retail Market Rules'** means the Gas Retail Market Business Rules within the meaning of the *Gas Supply Act 2003 (Qld)*.
- (51) **'Second Access Arrangement Period'** means the period from 1 July 2006 to 30 June 2011.
- (52) **'Specific Terms and Conditions'** means the specific terms and conditions as described in section 6.1 (and, in relation to an Agreement between Envestra and a Network User, means the Specific Terms and Conditions which form part of that Agreement).
- (53) **'Standard Conditions'** means a temperature of 15 degrees Celsius and an absolute pressure of 101.325 kilopascals.
- (54) **'Start Date'**, in relation to an Agreement, means the date on which Envestra commences, or is to commence, providing Network Services to a Network User pursuant to that Agreement as specified in, or determined in accordance with, the Specific Terms and Conditions.
- (55) **'Sub-Network'** means any part of the Network that is physically discrete from the remainder of the Network (in the sense that, having regard to the physical configuration of the Network and the flow of Gas within the Network, it is physically impossible to transport Gas delivered at a User Receipt Point on that part of the Network to DPs on the remainder of the Network).
- (56) **'Tariff D and Tariff V'** refer to Tariffs applicable to Demand and Volume DPs respectively.
- (57) **'Tariff Schedule'** means the tariff schedule contained in Annexure B to this Access Arrangement or, if Envestra has published a revised tariff schedule, the tariff schedule in effect from time to time.
- (58) **'Technical Regulator'** refers to the 'gas examiner' as defined in the Petroleum and Gas (Production and Safety) Act 2004.
- (59) **'Term'**, in relation to an Agreement, means the period on and from the Start Date of that Agreement up to, and including, the date on which the Agreement terminates in accordance with its terms.
- (60) **'Third Access Arrangement Period'** means the period from 1 July 2011 to 30 June 2016.
- (61) **'TJ'** means a terajoule, which is one thousand gigajoules.
- (62) **'Transmission Operator'** means the operator of a transmission or other pipeline through which Gas is delivered to any Receipt Point.

- (63) **'Unaccounted for Gas' or 'UAFG'** means the difference between the Quantity of Gas received into the Network and delivered out of the Network, over a specified period of time.
- (64) **'User DP'**, in relation to a Network User, means a DP through which Gas is delivered, or is to be delivered, to or for the account of the Network User, as specified in, or determined in accordance with, the Specific Terms and Conditions..
- (65) **'User Receipt Point'**, in relation to a Network User, means a Receipt Point through which Gas is delivered, or is to be delivered, to or for the account of that Network User, as specified in, or determined in accordance with, the Specific Terms and Conditions.
- (66) **'Volume Haulage Service'** means the Network Service that is described in section 2.2.2 of this Access Arrangement.
- (67) **'Volume of Gas'** means volume in Cubic Metres.
- (68) **'Year'** means any period of 12 consecutive months.
- (69) **'Zone'** means an area in which designated tariffs apply, as set out in the Tariff Schedule.

ANNEXURE A

Envestra Brisbane Gas Distribution System



ANNEXURE B

Tariff Schedule

Table 1 - Tariff V (Volume Delivery Points)
(exc GST)

Charges	Brisbane & Dinmore Zone	Northern Zone
Supply Delivery Charges (\$ per network day or part thereof)	\$0.188	\$0.188
For the first 0.2 GJ of Gas delivered during a network day	\$12.545	\$13.80
For the next 0.3 GJ of Gas delivered during a network day	\$12.273	\$13.50
For the next 0.5 GJ of Gas delivered during a network day	\$12.018	\$13.22
For the next 1.0 GJ of Gas delivered during a network day	\$11.50	\$12.65
For the next 5.0 GJ of Gas delivered during a network day	\$10.182	\$11.20
All additional GJ	\$7.618	\$8.38

Notes:

- 1. The above rates are exclusive of GST*
- 2. The total Charge for a Network Day will comprise the Supply Charge plus a Charge for the quantity of Gas delivered (or estimated to have been delivered) during that Network Day to or for the account of the Network User*
- 3. Charges will be calculated to the nearest cent, with one-half of a cent rounded upwards*

**Table 2 - Tariff D (Demand Haulage Service)
(exc GST)**

MDQ at DP	TARIFF ZONE		
	BRISBANE	NORTHERN	DINMORE
50 GJ or less	\$6,000.00	\$6,500.00	\$5,700.00
Plus \$/GJ of MDQ			
Next 75 GJ	\$61.10	\$67.10	\$6.40
Next 150 GJ	\$35.30	\$38.30	\$6.40
Next 250 GJ	\$15.80	\$17.00	\$6.40
Next 500 GJ	\$7.25	\$7.70	\$6.40
Next 10,000 GJ	\$3.70	\$4.00	\$6.40
Additional GJ	\$3.7000	\$4.0000	\$6.4000

Notes

1. The above rates are exclusive of GST
2. The Charge for a calendar month accrues from day to day in equal proportions
3. Charges will be calculated to the nearest cent, with one-half of a cent rounded upwards

Table 3 – Ancillary Reference Tariff

Ancillary Reference Service	Tariff (exc GST)
Special Meter Read	\$8.00

Note

1. Charge will be rounded to the nearest ten cents

ANNEXURE C

Map showing Regions of the Network



ANNEXURE D

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ANNEXURE E

Haulage Reference Tariff Control Formulae

BOX 1: TARIFF CONTROL FORMULA

$$(1 + CPI_t)(1 - X_t) \geq \frac{\sum_{i=1}^n \sum_{j=1}^m p_t^{ij} \cdot q_{t-2}^{ij}}{\sum_{i=1}^n \sum_{j=1}^m p_{t-1}^{ij} \cdot q_{t-2}^{ij}}$$

where, for Tariff V:

CPI_t is the change in the CPI over the four quarters ending with the last quarter prior to the commencement of year t ;

X_t is -0.011 for each year for Volume DPs

n is the number of different Reference Tariffs;

m is the different components, elements or variables ("components") comprised within a Reference Tariff;

p_t^{ij} is the proposed component j of Reference Tariff i in year t ;

p_{t-1}^{ij} is the prevailing component j of Reference Tariff i in year $t - 1$; and

q_{t-2}^{ij} is the quantity of component j of Reference Tariff i that was sold in year $t - 2$ (expressed in the units in which that component is expressed (eg, GJs or GJ of MDQ)).

For Tariff D, the above formula will also apply except that X_t is -0.016

BOX 2: REBALANCING CONTROL FORMULA

$$(1 + CPI_t)(1 + Y_t) \geq \frac{\sum_{j=1}^m p_t^j \cdot q_{t-2}^j}{\sum_{j=1}^m p_{t-1}^j \cdot q_{t-2}^j}, i = 1, \dots, n$$

where:

CPI_t is the change in the CPI over the four quarters ending with the last quarter prior to the commencement of year t ;

Y_t is 0.03;

m is the components comprised within Reference Tariff i ;

p_t^j is the proposed component j of Reference Tariff i in year t ;

p_{t-1}^j is the prevailing component j of Reference Tariff i in year $t - 1$;

q_{t-2}^j is the quantity of component j of Reference Tariff i that was sold in year $t - 2$ (expressed in the units in which that component is expressed (eg, GJs or GJ of MDQ)); and

n is the number of different Reference Tariffs.

ANNEXURE F

Specific Terms and Conditions

Network User¹
User Receipt Points The Receipt Points identified in, or identified in accordance with, Schedule 1 to these Specific Terms and Conditions (as that Schedule may be amended from time to time by agreement in writing between the Network User and Envestra).
User Delivery Points
Start Date
Term [Commencing on the Start Date and ending on a date to be agreed between the Network User and Envestra (or, if the Agreement is terminated earlier, the period from the Start Date until the date on which the Agreement is terminated).] ²
MDQ For a User Delivery Point which is a Demand Delivery Point, the MDQ is: (a) the MDQ shown in relation to that User Delivery Point in Attachment 1 to these Specific Terms and Conditions; or (b) if the MDQ is not shown in that Annexure, the MDQ as agreed between Envestra and the Network User or, in default of agreement, as determined by Envestra, in accordance with, or determined in the manner set out in, the Access Arrangement (in either case, as increased or decreased from time to time in accordance with the General Terms and Conditions (as defined below)).
Notice Details (for the Network User) Address: Telephone: Facsimile: E-mail:

¹ Insert the name and ABN of the Network User.

² Amend as appropriate to describe the Term.

Provisions of Agreement

This document evidences that Envestra Limited and the Network User have entered into a haulage agreement ("**the Agreement**") for the provision of Network Services on and subject to the terms of the Agreement, which comprises:

- (a) the Specific Terms and Conditions set out in this document; and
- (b) the terms and conditions applicable from time to time to Haulage Reference Services under the Access Arrangement (as amended from time to time)(including, but without limitation, the pre-conditions set out in sections 6.3 and 6.4 of the Access Arrangement) ("**the General Terms and Conditions**").

Unless the context otherwise requires, terms used in the Agreement will have the same meanings as they have for the purpose of the Access Arrangement.

In these Specific Terms and Conditions, "**Access Arrangement**" means the access arrangement as in force from time to time under the Gas Pipelines Access Law (as defined in the *Gas Pipelines Access (Queensland) Act 1998 (SA)* ("**the Act**") in relation to the natural gas distribution system or systems identified as the "Envestra Qld Distribution Systems" in Schedule A to the Code (as defined in section 11(1) of the Act).

EXECUTED as an Agreement on _____ day of _____ 200_

Executed by

(ABN _____)

in accordance with Section 127 of the Corporations Act

.....
Director

.....
Director/Secretary

.....
Name
(BLOCK LETTERS)

.....
Name
(BLOCK LETTERS)

Executed by
ENVESTRA LIMITED
(ABN 19 078 551 685)
in accordance with Section 127 of the Corporations Act

.....
Director

.....
Director/Secretary

.....
Name
(BLOCK LETTERS)

.....
Name
(BLOCK LETTERS)

ANNEXURE F cont'd

SCHEDULE 1

USER RECEIPT POINTS

[To be completed as appropriate to describe the Receipt Points through which Gas will be delivered by or for the account of the Network User]

ANNEXURE F cont'd

ATTACHMENT 1

MDQs for DEMAND DELIVERY POINTS

This Annexure lists the User Delivery Points at the Start Date that are Demand Delivery Points at the Start Date and shows the MDQ for those User Delivery Points as at the Start Date. The User Delivery Point is the Delivery Point located at the address shown in the table below. Where the Retail Market Rules apply, the Delivery Point will be assigned the MIRN shown in the table below (where MIRN has the meaning given to it in the Retail Market Rules).

No.	Customer	MIRN	Address	MDQ (in GJ)

ANNEXURE G

General Terms and Conditions

(see separate document)