

**Victorian Third Party Access Code  
for Natural Gas Pipeline Systems:  
Access Arrangement by  
EastCoast Gas Pty Ltd  
for its Gas Distribution System**

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**Access Arrangements by  
EastCoast Gas Pty Ltd  
for its Distribution System**

## **1. Introduction**

### **1.1 East Gippsland Gas Distribution System**

This proposed Access Arrangement is submitted by EastCoast Gas Pty Ltd ACN 071 314 184 ("**EastCoast Gas**") to the Office of the Regulator-General, Victoria (the "**Regulator**") in accordance with the Gas Industry Act 1994 (the "**GIA**") and the provisions of the Victorian Third Party Access Code for Natural Gas Pipeline Systems (the "**Access Code**").

This Access Arrangement relates to the provision of gas distribution services to Users and Prospective Users on the proposed East Gippsland gas distribution system and describes the terms and conditions on which access to this distribution system is available to third parties.

### **1.2 Background**

In mid 1997, the East Gippsland Shire Council (the "**Council**") invited tenders for the supply of gas to the region of East Gippsland including the major urban centres of Bairnsdale, Lakes Entrance, Paynesville and Orbost.

The tender was conducted in accordance with the guidelines for the purposes of section 40 of the GIA (which has subsequently been repealed) in relation to a Pipeline (as defined in the Access Code) that had not been built.

The Regulator approved the tender process for the purpose of section 3.39 of the Access Code and the EastCoast Gas distribution system became a Covered Pipeline in accordance with section 3.39 of the Access Code.

EastCoast Gas seeks to have the following tender outcomes included in the Access Arrangement:

- (i) Reference Tariffs (section 1 of Schedule 1); and
- (ii) process and period of review and revision for the Reference Tariffs (sections 3.1 - 3.7 of Schedule 1).

For ease of reference, these clauses are italicised.

Reference Tariffs were changed from the terms of the tender. The changes were minor changes and the Reference Tariffs were determined in accordance with the tender process for the purpose of sections 3.39 and 3.40 of the Access Code.

The process and period of review and revision for the Reference Tariffs was specified in the tender documents to be determined by the tender process. The process of review and revision for the Reference Tariffs was changed from the terms of the tender. The changes were minor changes and the process for review and revision of Reference Tariffs (those elements contained in sections 3.1 - 3.7 of

Schedule 1) were determined in accordance with the tender process for the purpose of sections 3.39 and 3.40 of the Access Code.

EastCoast will apply for a retail licence and a distribution licence.

### 1.3 Exclusions from the Access Arrangement

As the Regulator approved the tender process under section 3.39 of the Access Code, EastCoast is not required to provide information on the calculation of the Reference Tariffs or to indicate compliance with the Reference Tariff Principles described in section 8 of the Access Code.

### 1.4 Access Arrangements Content

Under section 2.5 of the Access Code the Access Arrangement must include the elements described in sections 3.1 and 3.22. As the Regulator approved the tender process under section 3.39 of the Access Code, the Access Arrangement Information need not contain the information that would have otherwise been required under sections 2.6 and 2.7 of the Access Code in respect of Reference Tariffs for services likely to be sought by a significant part of the market.

For ease of reference the relevant prescribed sections of the Access Code appear of the Access Code in a box in bold and italicised in this Access Arrangement.

## 2. Access Arrangement

### 2.1 Relevant Regulatory Instruments

The Service Provider will comply with the following regulatory instruments (where applicable):

- (1) the Access Code;
- (2) the EastCoast Gas Distribution Code;

The EastCoast Gas Distribution Code is currently being developed and will be submitted to the Regulator for approval. The EastCoast Gas Distribution Code will be based on the Gas Distribution Code applicable to Stratus (Gas) Pty Ltd, Multinet Energy Pty Ltd and Westar (Gas) Pty Ltd with appropriate modifications. The EastCoast Gas Distribution Code will set out:

- (a) the minimum standards for the operation and use of the EastCoast Gas distribution system including requirements for:
  - (1) installation and maintenance of connections and metering installations;
  - (2) disconnection and reconnections;
  - (3) the provision of metering data; and

- (b) the minimum terms and conditions, other than Reference Tariffs, on which EastCoast Gas will provide distribution services as a part of the Access Arrangement.
- (3) The EastCoast Gas Customer Service Code is currently being developed and will be submitted to the Regulator for approval. The EastCoast Gas Customer Service Code will be based on the Victorian Gas Customer Service Code (the "**Victorian Code**") of 11 December 1997 with appropriate modifications. The EastCoast Gas Customer Service Code will set out the minimum conditions under which EastCoast Gas will supply and sell reticulated natural gas to a customer (as defined in the Victorian Code).

*Reference: Victorian Third Party Access Code for Natural Gas Pipeline Systems Section 3.1*

## 2.2 Capacity

The Service Provider will have sufficient rights in respect of its Distribution System to make available its Services in accordance with this Access Arrangement.

*Reference: Victorian Third Party Access Code for Natural Gas Pipeline Systems Section 3.2*

## 2.3 Services Policy

EastCoast Gas offers the following services to Users and Prospective Users:

- (1) Tariffed Distribution Services.
- (2) Negotiated Services.

*Reference: Victorian Third Party Access Code for Natural Gas Pipeline Systems Section 3.3*

## 2.4 Service Agreement

Any User of a service described in this Access Arrangement or any User who has negotiated different terms and conditions as a Negotiated Service as described in section 2.7 is required to enter into a Service Agreement specific to that User and that service.

The Service agreement will at a minimum contain details of the following terms and conditions under which gas will be supplied to or transported for a user.

- Gas Pricing
- Billing and Payment
- Customer obligations to maintain it's installation
- Termination
- Disconnection and interruption of supply
- Liability of each party
- Force majeure
- Regulatory and other Compliance
- Definitions and Interpretations
- Notices

## 2.5 Tariffed Distribution Services

### 2.5.1 General

The Tariffed Distribution Services described in this section are:

- (1) receiving gas into the distribution system at injection points;
- (2) allowing withdrawal of gas at supply points;
- (3) providing up to 20m of distribution mains for servicing a new supply point of <10,000GJ pa within the licensed area;
- (4) providing a distribution connection for a supply point of <10,000GJ pa within a customer's premises and less than 10m from the service entry point on the boundary of the customer's premises;
- (5) providing a standard metering installation (least cost technically acceptable) at a supply point of <10,000GJ pa; and
- (6) reading the supply point meters and the provision of metering data to Users.

Reference Tariffs relating to Tariffed Distribution Services are detailed in Schedule 1. Other terms and conditions relating to the provision of Tariffed Distribution Services are detailed in sections 2.5.2 to 2.5.10 and section 7.

*Reference: Victorian Third Party Access Code for Natural Gas Pipeline Systems Sections 3.4 and 3.5*

*Note section 3.6 excluded by tender process*

### 2.5.2 Capacity Management Policy

The EastCoast Gas distribution system is a Market Carriage system whereby:

- (1) EastCoast Gas does not manage its ability to provide services primarily by requiring Users to use no more than the quantity of service specified in a contract;
- (2) Users are not required to enter into a contract that specifies a quantity of service;
- (3) charges for use of services are based on actual usage of services except for the connection and supply charge; and
- (4) a User does not have a right to trade its right to obtain a service to another User.

No Trading Policy is required in this Access Arrangement.

*Reference: Victorian Third Party Access Code for Natural Gas Pipeline Systems  
Section 3.10  
Sections 3.11 & 3.12 are not applicable*

### 2.5.3 Users with More than One Supply Point

Where a User requires Gas to be delivered to a number of supply points the Service Agreement will contain a schedule of supply points covered by the Service Agreement.

Additional supply points can be accepted onto the schedule at any time subject to the conditions of this Access Arrangement and section 2.5.4. Similarly, supply points can be deleted at any time subject to section 2.5.4.

### 2.5.4 Addition and Deletion of Supply Points

Where a Consumer who withdraws gas at a supply point ceases to withdraw gas that supply point, EastCoast Gas may charge the User in respect of that distribution supply point, for the whole of the month in which the Consumer ceased withdrawal of gas. The User will not be charged if a new Consumer commences to withdraw gas from the same supply point during the same month.

Where a Consumer who withdraws gas at a supply point ceases to be a customer of a particular Retailer during a month and becomes:

- (1) a customer of another Retailer; or
- (2) a customer of EastCoast Gas,

EastCoast Gas will charge:

- (3) the Retailer of whom the Consumer became a Customer in that month; or
- (4) the Consumer who became a User of services in that month,

for that month.

The former Retailer will not be liable for the supply charge for the month in which the Consumer changed Retailers.

Where a new supply point is added to the distribution system during the month, EastCoast Gas will charge the User a full monthly charge for that month.

### 2.5.5 Forecasts

EastCoast Gas requires Users to provide annual and 5 year forecasts of gas injections and withdrawals for:

- (1) operational planning; and
- (2) extension and augmentation planning.

By no later than 30 November each year, each User must provide in a form specified by EastCoast Gas:

- (3) a monthly forecast of gas injections and withdrawals from supply points for the following year commencing from 1 January; and
- (4) forecasts of annual gas injections and withdrawals from supply points for the following 5 years commencing from 1 January of the next year.

Users with multiple supply points will not be required to provide a forecast for each supply point. Instead, the User may forecast in aggregate for all of the supply points on a particular network section.

#### 2.5.6 Unaccounted for Gas

Unaccounted for gas (UAG) occurs through leakage and measurement errors. UAG has been included in the operational costs of EastCoast Gas and included in the Reference Tariffs. Users are not required to inject extra gas into the system for UAG.

#### 2.5.7 Gas Balancing

Gas balancing is necessary to ensure that injections of gas into the distribution network balance with withdrawals of gas from supply points.

EastCoast Gas will manage gas balancing on behalf of Users. However, as a condition of access, EastCoast Gas may require a User to satisfy EastCoast Gas that it has appropriate agreements, procedures and processes in place to transport gas to the injection point and to maintain gas balance on the transmission pipeline connected to the EastCoast Gas distribution network.

#### 2.5.8 Metering

Subject to any negotiated agreement with the User, EastCoast Gas will provide a standard metering installation for each supply point. The data from the EastCoast Gas metering installation will be the used for billing purposes by both EastCoast and the User.

Gas will be metered by volume and converted to energy for billing and other purposes. Energy will be stated in units of joules.

Meters will be read by EastCoast Gas and a metering database maintained. Users will have access to the data in accordance with section 2.5.9. Meters will be read in accordance with the requirements of the EastCoast Gas Customer Service Code.



The meter readings at the supply points will be used by EastCoast Gas to calculate the withdrawals by any User for the purposes of billing for services provided.

Meters will be installed, tested, and maintained in accordance with any gas metering code approved by the Regulator.

#### 2.5.9 Metering Data

EastCoast Gas will maintain a database of metering data and will be the owner of all metering data. The only persons entitled to have direct or remote access to the metering data from a metering installation at a supply point are:

- (1) EastCoast Gas;
- (2) the User associated with the supply point;
- (3) the Consumer which is supplied gas through the supply point; and
- (4) the Regulator.

Electronic access to metering data from a metering installation will be password protected. All costs incurred in gaining access to the metering data will be borne by the party seeking the data or information.

#### 2.5.10 Gas Quality

Gas injected into the EastCoast Gas distribution system must comply with the standards of quality and other requirements prescribed under the Gas Safety Act 1997.

#### 2.5.11 Performance Standards

EastCoast Gas will use best endeavours to comply with the performance standards stipulated by the Gas Distribution System Code.

### 2.6 **Negotiated Services**

Where a User or Prospective User requires services or terms and conditions which are different to the Tariffed Distribution Services and the terms and conditions of this Access Arrangement, the User or Prospective Users and EastCoast Gas may negotiate different terms and conditions. This Negotiated Service shall comply with the relevant provisions of the Access Code and the GIA.

### 3. **Access to Services**

### 3.1 Request for Service

To seek access to the network, a Prospective User shall lodge an application for access in a form specified by EastCoast Gas. The application shall include details of:

- (1) the Prospective User;
- (2) the type of service requested including any specific requirements;
- (3) the proposed injection points and supply points;
- (4) details of the proposed load;
- (5) the proposed commencement date;
- (6) the period over which access is required;
- (7) Retail Licence details (if applicable); and
- (8) credit reference details as specified by EastCoast Gas.

A Prospective User may not have more than one active request for service in relation to a particular supply point.

### 3.2 Queuing Policy

EastCoast Gas will process requests for service in the order they are received and in accordance with section 5 of the Access Code.

Where EastCoast Gas has advised the Prospective User that the requested service is available, the Prospective User has 30 days to enter into a Service Agreement or to commence bona fide negotiations for a Negotiated Service or the request for service will lapse unless an access dispute has been notified in accordance with the Access Code.

Where capacity on the network or part of the network is insufficient to satisfy one or all requests for service, a queue will be established to process requests for service in the order they were received except that:

- (1) for existing supply points requests for Tariffed Distribution Services will have priority over Negotiated Services.
- (2) Requests for Negotiated Services to existing supply points will take priority over requests for Tariffed Distribution Services to a new supply point
- (3) Prospective Users of Tariffed Distribution services will have priority over Prospective Users of Negotiated Services if the Prospective Users of the Negotiated Service is proposing to pay a price less than the price of the Tariffed Distribution Service.

EastCoast Gas will advise the Prospective User of the queue and the position of the Prospective User on that queue as well as an estimate of when capacity may be available and the terms, conditions and costs of providing that capacity.

When capacity becomes available, EastCoast Gas will offer the capacity to Prospective Users in order of their position on the queue. If a Prospective User fails to enter into a Service Agreement within 30 days, unless an access dispute has been notified in accordance with the Access Code the request for service will be deemed to have lapsed and its position on the queue will be lost.

EastCoast Gas may periodically seek confirmation from a Prospective User on a queue that it wishes to continue with its request for service. Without restricting normal business dealings with the prospective User or disadvantaging other Prospective Users this will occur no more frequently than once every six months. If the Prospective User fails to provide confirmation within 14 days, the request for service will be deemed to have lapsed and its position on the queue will be lost.

*Reference: Victorian Third Party Access Code for Natural Gas Pipeline Systems Sections 3.14, 3.15, 3.16 and 3.17*

#### **4. Reference Tariffs**

##### **4.1 Tariffed Distribution Services**

Tariffs for Tariffed Distribution Services (as amended from time to time) are described in Schedule 1.

The process for alteration of tariffs during the period of the Access Arrangement is also described in Schedule 1.

##### **4.2 Negotiated Services**

Tariffs for Negotiated Services are as agreed between EastCoast Gas and the User.

#### **5. Extensions and Expansions Policy**

##### **5.1 Extension of Distribution System**

Any extension of the EastCoast Gas distribution system that is outside of the geographical area of the planned service envelope will be treated as part of the Covered Pipeline for any purpose under the Access Code unless EastCoast Gas notifies the Regulator that the extension is to be excluded from coverage.

Any extension of the EastCoast Gas distribution system that is inside of the geographical area of the planned service envelope:

- (1) will be incorporated into this Access Arrangement unless EastCoast Gas notifies the Regulator that the extension is to be excluded from the Access Arrangement. ; and
- (2) Reference Tariffs will remain unchanged but a surcharge may be levied on incremental Users where permitted by sections 8.25 and 8.26 of the Access Code.

## 5.2 Expansion of Capacity

Any expansion of the capacity of the EastCoast Gas distribution system that is outside of the planned service envelope:

- (1) will be incorporated into this Access Arrangement pursuant to Regulator approval of revisions to the Access Arrangement; and
- (2) Reference Tariffs will remain unchanged but a surcharge may be levied on incremental Users where permitted by sections 8.25 and 8.26 of the Access Code.

*Reference: Victorian Third Party Access Code for Natural Gas Pipeline Systems Section 3.18*

## 5.3 New Facilities Investment

EastCoast Gas will invest in new facilities to;

- (1) meet obligations imposed as part of it's gas distribution licence, the Gas Safety Act 1994 and the Gas Distribution System Code
- (2) meet it's contractual obligations to existing customers.

## 6. Ring Fencing Requirements

In accordance with section 4.15 of the Access Code, EastCoast Gas may seek a waiver of certain ring fencing obligations.

Should EastCoast Gas determine to become a Retailer, the administrative costs of complying with the Access Code obligations in sections 4.1(b), (h) and (l) of not carrying out a related business far outweigh any public benefit and consequently EastCoast Gas would in this instance seek a waiver of these obligations.

## 7. Other Terms and Conditions

### 7.1 General

The terms and conditions (as amended from time to time) on which EastCoast Gas will provide services to Users include the following:

- (1) EastCoast Gas undertakes to fulfil the obligations of the Customer Service Code where a Retailer is unable to fulfil an obligation to a Consumer because it does not own or operate the distribution system;
- (2) EastCoast Gas may disconnect a Consumer from the distribution system:
  - (a) in accordance with the Customer Service Code;

- (b) in an emergency; or
  - (c) where directed to do so by the Office of Gas Safety;
- (3) custody and control of gas injected into the distribution system at an injection point by a User passes to EastCoast Gas at that injection point;
  - (4) all gas injected by a User into the EastCoast Gas distribution system at any injection point will at that injection point be free of any lien, charge, encumbrance or adverse claim including any claim for any tax, royalty or other charge arising on or before injection into the distribution system and the User indemnifies EastCoast Gas and holds it harmless against any loss, liability, damage, claim, action, proceeding, cost and expense suffered or incurred by or made or brought against EastCoast Gas in consequence of any breach by that User of this condition;
  - (5) a User accepts risk of loss of all gas injected by it into the distribution system at the injection point;
  - (6) EastCoast Gas has the right to co-mingle a User's gas with other gas in the distribution system;
  - (7) a User acknowledges and accepts that the gas delivered to a Customer at a supply point may not match the quality of the gas injected into the distribution system by the User;
  - (8) custody and control of gas withdrawn at a supply point passes from EastCoast Gas to the Consumer at that supply point;
  - (9) subject to clause (4) EastCoast Gas will deliver gas to a Consumer at a supply point free of any lien, charge, encumbrance or adverse claim arising on gas in the distribution system;
  - (10) EastCoast Gas gives or makes no warranty regarding the merchantability or suitability for any purpose of gas delivered at a supply point and all implied warranties are excluded to the maximum extent permitted by law;
  - (11) EastCoast Gas is not liable to any User or Consumer for any penalty for loss or damage arising from compliance with directions given by the Office of Gas Safety, or in an emergency, or for health or safety reasons.
  - (12) EastCoast Gas is not liable to any User or Consumer for any penalty or damages for failing to convey gas through its distribution system if the failure arises out of any accident or cause beyond the control of EastCoast Gas.

***Reference: Victorian Third Party Access Code for Natural Gas Pipeline Systems Section 3.8 Section 3.9 not applicable. Relates to systems within and without Victoria.***

## 7.2 Curtailment

EastCoast Gas may curtail or interrupt the delivery of gas to a supply point:

- (1) in accordance with the provisions of the Customer Service Code;
- (2) to preserve the integrity of the network and to minimise the disruption to Users should there be a supply failure or damage in part of the network;
- (3) if a force majeure event occurs which affects the ability of EastCoast Gas to deliver gas;
- (4) in the event of an emergency.

If load is to be interrupted for maintenance EastCoast Gas will give those network Users with Curtailable Load agreements at least the period of notice stipulated by the Curtailable Load agreement. If the Users Service Agreement does not stipulate a minimum period of notice then the User will be given at least the period of notice stipulated in the Gas Distribution System Code

EastCoast Gas will establish a load shedding procedure to control the interruption or reduction of gas supply to Consumers on a priority ranking basis with the aim of achieving rapid load reduction with minimal effect on Consumers. The load shedding process will begin with large industrial or commercial loads and will give consideration to essential services.

In general, the load shedding process will be implemented in accordance with the following principles:

#### Load Shedding Priority Load Type

- |   |   |
|---|---|
| 1 | Interruptible Loads   |
| 2 | Sites where gas is not used for production  |
| 3 | Sites where an alternative fuel is available  |
| 4 | Load that may be reduced without plant damage                                       |
| 5 | Load that may be halted without plant damage  |
| 6 | Load that may be reduced or halted with plant damage                                |
| 7 | Residential Consumers   |
| 8 | Load not transferable to alternative fuels at hospital and essential services sites |

Reconnection after the supply failure is declared over will be in the reverse order to disconnection.

### 7.3 **Confidential Information**

EastCoast Gas will ensure that all confidential information is used only in accordance with sections 4.1 (f) and (g) of the Access Code.

### 7.4 **Governing Law**

This Access Arrangement is governed by the laws of Victoria and the jurisdiction of the courts of Victoria.

## 8. Revisions Submission and Revisions Commencement Date

- 8.1 The Revisions Submission Date will be 3 years from the Commencement Date. Revisions to the Reference Tariffs will be made in accordance with the procedure specified in Schedule 1 of this Access Arrangement.
- 8.2 The Revisions Commencement Date will be 1 year following the Revisions Submission Date.

*Reference: Victorian Third Party Access Code for Natural Gas Pipeline Systems Sections 3.19, 3.20, 3.21 and 3.22*

## 9. Glossary and Interpretation

### 9.1 Glossary

**"Access Arrangement"** The arrangement for access to a Covered Pipeline that has been approved by the Regulator pursuant to section 2.16 or 2.24 or 2.52 of the Access Code.

**"Access Code"** The Victorian Third Party Access Code for Natural Gas Pipeline Systems established by the Governor in Council by Order published in the Government Gazette under the GIA, or any substituted Natural Gas Third Party Access Code.

**"authorisations":**

- (i) an approved Access Code and Access Arrangement Information;
- (ii) a gas retail licence under the GIA;
- (iii) a gas distribution licence under the GIA;
- (iv) an approved EastCoast Gas Distribution Code;
- (v) an approved EastCoast Gas Customer Service Code;
- (vi) a declaration by the Governor in Council that EastCoast Gas is a gas distribution company and a gas retailer under the GIA;
- (vii) a declaration by the Governor in Council that parts of EastCoast Gas's Pipeline is not a transmission pipeline for the purposes of the Act under the GIA;
- (viii) a permit to own and use a pipeline under the Pipelines Act 1967 (Vic);
- (ix) a licence to construct and operate a pipeline under the Pipelines Act 1967 (Vic); and
- (x) any approvals required under the Planning and Environment Act 1987 (Vic) and the Environment Protection Act 1970 (Vic).

**"capacity"** The measure of the potential of the EastCoast Gas distribution system as currently configured to deliver a particular service between a injection point and a supply point at a point in time.

**"Capital Base"** The value of the capital assets that form the EastCoast Gas Distribution System.

**"Commencement Date"** The date on which:

- (1) EastCoast Gas obtains all authorisations necessary for the delivery of the services and serves notice on the Regulator and the Council that it has obtained all authorisations; and
- (2) the gas needed to provide the services is available to consumers from the EastCoast Gas distribution system.

**"connection"** Gas equipment on the Consumer's premises that allows the flow of gas from a distribution system main to the Consumer's natural gas installation.

**"confidential information"** Information that is by its nature confidential or is known by the other party to be confidential and includes:

- (1) any information relating to the financial position of the party and in particular includes information relating to the assets or liabilities of the party and any other matter that affects or may affect the financial position or reputation of the party;
- (2) information relating to the internal management and structure of the party or the personnel, policies and strategies of the party;
- (3) information of the party to which the other party has access, other than information referred to in paragraphs (1) and (2), that has any actual or potential commercial value to the first party or to the person or corporation which supplied that information; and
- (4) any information in the party's possession relating to the other party's clients or suppliers and like information.

**"Consumer"** The person to whom EastCoast Gas delivers gas through its distribution system at a supply point.

**"Covered Pipeline"** That Pipeline or part of a Pipeline is subject to the provisions of the Access Code pursuant to sections 1.1, 1.9 or 1.10.

**"CPI"** For a regulatory year, the All Groups Consumer Price Index - Average of Eight State Capitals published by the Australian Bureau of Statistics for the September quarter before the start of that year.

**"Curtailed Load"** Load which by agreement with the User may be interrupted under the terms and conditions of that agreement.

**"distribution system"** The network of pipeline equipment, mains and service pipes operated by EastCoast Gas for the transport of gas from injection points to supply points as described in the Access Arrangement and further defined by reference to the series of maps held by the Regulator to show every proposed pipeline in the EastCoast Gas distribution system.

**"emergency"** An emergency due to the actual or imminent occurrence of an event which in any way endangers or threatens to endanger the safety or health of any person or which destroys or damages, or threatens to destroy or damage, any property.



**"force majeure event"** Any act, occurrence or omission, as a direct or indirect result of which the party relying on it is prevented from or delayed in performing any of its obligations and which is beyond the reasonable control of that party, including (without limitation) occurrence of inclement weather or other forces of nature, action or inaction by any government, government agency or person charged with the administration of any applicable law or regulations established under any applicable law.

**"gas"** Natural gas as defined in the GIA.

**"GIA"** The Gas Industry Act 1994 or any Act in force passed in substitution.

**"injection point"** A point at which the custody of gas is injected from a transmission pipeline into the distribution system.

**"main"** A low, medium or high pressure pipe in the distribution system, other than a service pipe.

**"meter"** An instrument that measures the quantity of gas passing through it and includes associated equipment attached to the instrument to filter, control or regulate the flow of gas.

**"meter reading"**

- (1) figures or other information shown on a meter register or instrument either read or collected directly or transmitted or transformed by electronic, radio, microwave, sonic or other means; or
- (2) the process of collecting figures or other information from a meter either directly or through being transmitted or transformed by electronic, radio, microwave, sonic or other means.

**"metering installation"** The meter and associated equipment and installations, including regulators to filter, control or regulate the flow of gas and including telemetry and data logging where installed for the collection of metering data relating to supply point.

**"multiple supply points"** More than one supply point (for example where a User is withdrawing gas from more than one meter outlet).

**"natural gas installation"** Any gas equipment located at a Consumer's premises that is not part of a distribution system.

**"Negotiated Services"** Services as defined in section 2.5 and which are not Tariffed Distribution Services or an Ancillary Services.

**"New Facilities Investment"** The amount by which the Capital Base may be increased (the actual capital cost incurred) for:

- (a) any extension to, or expansion of the capacity of the EastCoast Gas distribution system which is treated as a part of the EastCoast Gas distribution system in accordance with the Extensions/Expansions Policy in this Access Arrangement; or

- (b) any expansion of the capacity of the EastCoast Gas distribution system required under section 6.23 of the Access Code.

**"Notice of Curtailment"** is the minimum period of notice that must be given to a User if gas supply is to be interrupted under non-emergency conditions

**"planned service envelope"** The level of services provided by and the geographical area of the planned EastCoast Gas distribution system as outlined in the Access Arrangement Information.

**"Prospective User"** A person who seeks or who is reasonably likely to seek to enter into a contract for a service and includes a User which seeks or may seek to enter into a contract for an additional service.

**"Redundant Capital"** Assets to be removed from the Capital Base as they do not contribute in any way to the delivery of the services.

**"Reference Tariff"** A Tariff specified in an Access Arrangement as corresponding to a Reference Service and which has the operation that is described in sections 6.14 and 6.17 of the Access Code.

**"Reference Tariff Service"** A service which is specified in the Access Arrangement and in respect of which a Reference Tariff has been specified in that Access Arrangement.

**"Regulator"** The Office of the Regulator-General established under the Office of the Regulator General Act 1994.

**"regulatory year"** the period from the start of the Access Arrangement to 31 December 1998 and, after that period, a period of 12 months ending on 31 December each year during the term of the Access Arrangement.

**"Residual Value"** The Capital Base at the commencement of the Access Arrangement Period minus notional depreciation that meets the principles of Section 8.33 of the Access Code.

**"Retailer"** A person authorised to sell gas under a Retail Licence issued by the Regulator under the GIA.

**"Revisions Commencement Date"** The date on which the next revisions to this Access Arrangement are intended to commence.

**"Revisions Submission Date"** The date on which EastCoast Gas must submit revisions to this Access Arrangement.

**"service"** A service provided by means of a Covered Pipeline as defined in the Access Code.

**"Service Agreement"** The agreement between EastCoast Gas and a User specific to that User and the service specified in the agreement.

**"service pipe"** A pipe ending at a metering installation or, for an unmetered site a natural gas installation, which connects a main to Consumer's premises, as determined by EastCoast Gas.

**"standard metering installation"** The least overall cost, technically acceptable meter with no by-pass leg required to measure and record the quantity of gas reasonably expected to be consumed by a Consumer at a supply point.

**"supply point"** The point where the gas leaves the distribution system whether or not the gas passes through facilities owned or operated by any other person after leaving that point before being supplied to the Consumer (for example the meter outlet where the meter is the last part of the distribution system).

**"Tariffed Distribution Service"** is a Reference Tariffed Service

**"Total Revenue"** The revenue to be generated from the sales (or forecast sales) of all services over the Access Arrangement Period.

**"User"** A person who has a current contract for a service or an entitlement to a service as a result of an arbitration under the Access Code.

## 9.2 Interpretation

In this Access Arrangement, unless the context requires otherwise:

- (1) headings are for convenience only and do not affect the interpretation of this Access Arrangement;
- (2) words importing the singular include the plural and vice versa;
- (3) words importing one gender include any other gender;
- (4) an expression importing a natural person includes any company, partnership, trust, joint venture, association, corporation or other body corporate, governments and any governmental agency;
- (5) a reference to a person includes that person's executors, administrators, liquidators, successors and permitted assigns;
- (6) a reference to a clause, schedule, appendix or section is to a clause, schedule, appendix or section of this Access Arrangement;
- (7) a reference to any Act of Parliament or to any section or provision of any Act of Parliament extends to and includes any statutory modification or re-enactment or any substituted statutory provision;
- (8) a reference to terms of an offer or agreement is to all terms, conditions and provisions of the offer or agreement;
- (9) a reference to a document or a provision of a document includes an amendment or supplement to, or replacement or novation of, that document or that provision of that document;
- (10) a period of time which:

- (i) dates from a given day or the day of an act or events to be calculated exclusive of that day; or
  - (ii) commences on a given day or the day of an act or event is to be calculated inclusive of that day; and
- (11) an event which is required under this Access Arrangement to occur on or by a stipulated day which is not a business day may occur on or by the next business day.

## Schedule 1 Tariffed Distribution Services

### 1. Initial Tariffs for Tariffed Distribution Services

The 1 January 1998 tariffs for the Tariffed Distribution Services described section 2.5.1 are a:

- (1) connection charge of \$25 per supply point which applies to all applications for connection to the distribution system (this charge will be waived by EastCoast until 1 January 2003 as a minimum);
- (2) supply charge of \$60 per annum per supply point; and
- (3) volume charge as set out in the following table.

Volume Charges Monthly Consumption (gigajoules per month)	Tariff
First 167 GJ	\$4.24
Next 250 GJ	\$3.53
Next 417 GJ	\$2.97
Next 833	\$2.54
Next 833 GJ	\$1.70
Any Additional GJ	\$1.48

### 2. Distribution Tariff Methodology

#### 2.1 Information on Tariff Methodology

The EastCoast Gas distribution system became a covered pipeline as a result of the approval of the Regulator under section 3.39 of the Access Code. In accordance with section 3.37 of the Access Code, EastCoast Gas does not need to publish any information on the methodology used for the development of Reference Tariffs or any other information in respect of Reference Tariffs. Detailed information has been provided to the Regulator on a confidential basis.

### 3. Tariff Review and Revision

3.1 *The first review of tariffs will be conducted immediately following the third anniversary of the Commencement Date and will apply from the fourth anniversary and subsequent reviews will be conducted so as to commence on the third anniversary of the immediately preceding review. Each review of tariffs for Tariffed Distribution Services will consider, among other things:*

- (1) *the actual capital expenditure costs and revenues up to the review date. Revenue will be calculated by converting the volume of Gas sold into energy and multiplying by the appropriate Reference Tariff. Where it can be demonstrated that discounting the reference tariff to some consumers will lower or prevent the need to increase tariffs for the majority of consumers these discounts will be taken into consideration when calculating revenue.*

- (2) *the revised forecast capital expenditure for the period following the review date;*
- (3) *the actual distribution system utilisation up to the review date;*
- (4) *the revised forecast distribution system utilisation for the period following the review date; and*
- (5) *the IRR calculated using the actual and forecast data over the first 20 years of life of the gas distribution system.*

3.2 *In any year where tariffs are not reset by a review as outlined above, the tariffs for Tariffed Distribution Services will be adjusted from 1 January by the movement in CPI - 0.5%.*

3.3 *The tariffs for the Tariffed Distribution Services were established based on the regulatory fees, levies, charges and taxes existing at 1 January 1998.*

3.4 *If new charges or taxes are imposed or existing charges or taxes are reduced or cease to apply, EastCoast will seek Regulator approval to alter the tariffs to recover the increases in its costs from Users or to pass on to Users the benefit of any reductions in its costs as the case may require.*

3.5 *If as a result of:*

- (1) *the enactment, promulgation, execution or notification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs on or after the date of this instrument; or*
- (2) *any action taken by any regulatory authority or Governmental Agency, or brought or threatened in a court of competent jurisdiction on or after the date of this instrument,*

*the cost of providing the Tariffed Distribution Services to EastCoast increases, EastCoast will seek the approval of the Regulator to increase the tariffs to compensate for that increased cost.*

3.6 *The Capital Base at the commencement of the next Access Arrangement Period will be the forecast Residual Value determined in accordance with the tender process adjusted to take account of any differences between the forecast and actual capital expenditure.*

3.7 *The forecast Residual Value for the commencement of the next Access Arrangement Period determined in accordance with the tender process is **\$21,250,837.***

3.8 *The difference between forecast and actual tariff revenue in any year shall be carried forward to, or subtracted from, the Total Revenue for the next Access Arrangement Period.*

3.9 *The difference between forecast and actual Non Capital Costs in any year shall be carried forward to, or subtracted from, the Total Revenue for the next Access Arrangement Period.*

- 3.10 When reviewing tariffs, the Regulator will have regard to the rate of return projected as a part of the EastCoast Gas tender bid which has been disclosed on a confidential basis to the Regulator.

#### 4. Force Majeure Pass Through

If a force majeure event occurs, EastCoast Gas may seek Regulator approval to alter tariffs to pass through the financial impact of the force majeure event.

Any pass through will occur via a surcharge that will remain in place until the next Access Arrangement review at which time the pass through will occur as part of the "normal" price-setting arrangements.

EastCoast Gas will only seek approval to pass through the financial impact of a force majeure event if insurance against the event was unobtainable, was not available at a reasonable, commercially acceptable premium or a claim was rejected for reasons other than EastCoast's negligence.

If EastCoast Gas were successful in a making an insurance claim for the financial impact of a force majeure event EastCoast Gas may seek Regulator approval to pass through the difference between the actual cost of the event and the amount paid to EastCoast Gas by the insurer.

#### 5. Method for Determining the Capital Base

The Reference Tariffs determined by the tender process are designed so that Total Revenue over the 30 year economic life of the distribution system will provide a forecast Internal Rate of Return ("IRR") which has been disclosed to the Regulator on a confidential basis.

The Capital Base at the commencement of each Access Arrangement Period after the first will be:

- (a) the Residual Value assumed in the previous Access Arrangement Period (adjusted as relevant as a consequence of section 8.22 of the Access Code to allow for the differences between actual and forecast New Facilities Investment); less
- (b) Redundant Capital identified prior to the commencement of the Access Arrangement Period.

The initial capital base for the EastCoast Gas distribution system will be the actual capital cost of the assets at the time they first enter service.

*Reference: Victorian Third Party Access Code for Natural Gas Pipeline Systems Section 3.7*

