

ACCESS ARRANGEMENT

FOR

**GREAT SOUTHERN ENERGY
GAS NETWORKS PTY LIMITED**

**NATURAL GAS DISTRIBUTION SYSTEM
IN WAGGA WAGGA**

*Drafted and Approved by
the Independent Pricing and Regulatory Tribunal of NSW
under Section 2.20(a) of the National Third Party Access Code for Natural
Gas Pipeline Systems*

**INDEPENDENT PRICING AND REGULATORY TRIBUNAL
OF NEW SOUTH WALES**

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1 INTRODUCTION

1.1 Basis of Access Arrangement

- (a) This Access Arrangement (the "Access Arrangement") is prepared by the Independent Pricing and Regulatory Tribunal of New South Wales (as the Relevant Regulator) for Great Southern Energy Gas Networks Pty Limited ACN 083 199 839 ("Great Southern Networks") in accordance with section 2.20 of the National Third Party Access Code for National Gas Pipeline Systems (the "Code"). This Access Arrangement relates to the provision of gas transportation services to Users on the Network.

1.2 Interpretation of expressions and other matters

- (a) Terms expressed in the Access Arrangement have the meaning set out in the Glossary in Appendix 1.
- (b) This Access Arrangement is drafted and approved by the Relevant Regulator under section 2.20(a) of the Code.
- (c) This Access Arrangement commences on the date determined by the Relevant Regulator (the "Commencement Date") and continues to apply on these terms and conditions until it is reviewed in accordance with section 12 and the Relevant Regulator accepts any proposed revisions to this Access Arrangement (the "Revisions Commencement Date") and continues thereafter in accordance with the terms and conditions of the revised Access Arrangement and the relevant requirements of the Code.

2 SERVICE POLICY

This section contains Great Southern Networks' services policy, which sets out a description of the Services offered and matters which impact on those Services including how a User or Prospective User may obtain a Service or an element of a Service.

2.1 Services to be offered

Great Southern Networks will make available to Users or Prospective Users the following services:

- (a) Transportation Services (as described in section 2.3.2); and
- (b) such other Negotiated Services as may be agreed in any Negotiated Service Agreement with the User or Prospective User.

2.2 Great Southern Networks' Service Policy

- (a) A User of a Service will be required to enter into a Service Agreement specific to that User and that Service.
- (b) Where a User is provided with a Transportation Service this Service Agreement is a Transportation Services Agreement.
- (c) If a Prospective User requires a service other than a Transportation Service, the Prospective User may seek to negotiate a Negotiated Service Agreement with Great Southern Networks as described in section 9.

2.3 Transportation Services

2.3.1 Contract Carriage

The Network is a "Contract Carriage Pipeline" (as that term is defined in the Code).

2.3.2 General

Great Southern Networks will agree to provide the following services to a User or Prospective User under a Transportation Services Agreement (which together are the Transportation Services) namely:

- (a) receiving natural gas at the Receipt Point;
- (b) transporting the natural gas from the Receipt Point through the Network;
- (c) delivering the natural gas to the Delivery Point of the User;
- (d) installing, maintaining and repairing Metering Facilities; and
- (e) reading the Metering Facilities and forwarding metering data to the User, Transmission Operator and any other person nominated by the User.

2.3.3 Period of a Transportation Services Agreement

The period of a Transportation Services Agreement will start on the date Great Southern Networks commences to provide the Transportation Services to the User and continues for a minimum period of 1 year after that date and a maximum period of 5 years after that date. The election as to the period of the agreement is to be made by the User at the time the Transportation Services Agreement is entered into.

2.3.4 Terms and Conditions of Transportation Service

- (a) Great Southern Networks will provide Users with the Transportation Services on the terms and conditions set out in its standard Transportation Services Agreement from time to time.
- (b) The terms and conditions on which Transportation Services will be provided by Great Southern Networks will include those set out in Appendix 2.

2.4 Negotiated Services

- (a) Great Southern Networks will negotiate in good faith with a User or Prospective User to provide services in connection with the Network other than or in addition to the Transportation Services.
- (b) Such services, referred to as Negotiated Services, may include but are not limited to:
 - (1) the delivery of natural gas to a Delivery Point at a higher pressure than the Minimum Delivery Pressure;
 - (2) the delivery of natural gas to a proposed Delivery Point which is located at a distance from the Network exceeding the distance set out in section 10.3(a); and
 - (3) the transportation of natural gas and its delivery to a Delivery Point on the basis that such transportation and delivery can be interrupted other than for safety or operational reasons.

2.5 Obtaining Services

A User or Prospective User that complies with the relevant requirements of this Access Arrangement may obtain from Great Southern Networks:

- (a) a Transportation Service; or
- (b) a Negotiated Service.

The principles governing charges for Transportation Services are set out in section 3 and the procedures to be followed for obtaining Transportation Services and Negotiated Services are set out in section 4.

2.6 Pre-conditions to the provision of Services

2.6.1 Natural Gas

Prior to entering into a Service Agreement, the Prospective User must demonstrate to Great Southern Networks' satisfaction that it has arrangements in place to ensure that:

- (a) the Prospective User is entitled to take delivery of an appropriate quantity of natural gas at the Receipt Point; and
- (b) the natural gas it wishes Great Southern Networks to transport will conform to the quality specification set out in Appendix 7, and Great Southern Networks may, during the term of a Service Agreement, require a User to provide evidence to Great Southern Networks' satisfaction that these quantity and quality assurance arrangements remain in force.

2.6.2 Compliance with Laws

If the Prospective User:

- (a) is to supply gas to any third party, including without limitation any Customer; or
- (b) proposes to connect a distribution system to the Network,

then prior to entering into a Service Agreement, the Prospective User must demonstrate to Great Southern Networks' satisfaction that it holds all necessary licences, authorities and permits and will comply with all relevant Laws.

2.6.3 Bonds

- (a) Before Transportation Services are provided to a Prospective User any Prospective User which does not meet Acceptable Credit Criteria must provide Great Southern Networks with a bond (the "Bond") as security for the Prospective User's performance of the Transportation Services Agreement. The Bond will be provided by the User:

- (1) paying to Great Southern Networks an amount which is not less than 2 months' Capacity Charges under the User's Transportation Services Agreement; or
 - (2) providing to Great Southern Networks a bank guarantee, letter of credit or other form of credit enhancement (in each case in a form and from a financial institution satisfactory to Great Southern Networks) for an amount not less than 2 months' Capacity Charges under the User's Transportation Services Agreement.
- (b) If a User has provided a Bond in accordance with section 2.6.3(a) and the User and Great Southern Networks agree to vary the User's MDQ then:
 - (1) if the MDQ has increased, the User will pay Great Southern Networks an additional amount or provide additional credit enhancement satisfactory to Great Southern Networks, so that the Bond will be for an amount not less than 2 months' Capacity Charges under the User's Transportation Services Agreement; or
 - (2) if the MDQ has decreased, Great Southern Energy will pay the User or agree to the reduction in the amount of the credit enhancement provided by the User, so that the Bond will be for an amount not less than 2 months' Capacity Charges under the User's Transportation Services Agreement.
- (c) In the event of the termination of a Transportation Services Agreement with a User, Great Southern Networks will apply the Bond to any amounts payable under the Transportation Services Agreement which the User fails to pay and will:
 - (1) if the User has provided the Bond to Great Southern Networks by paying an amount to Great Southern Networks under section 2.6.3(a)(1), pay the User the amount so paid to Great Southern Networks less amounts claimed as payable

under the Transportation Services Agreement by Great Southern Networks; and

- (2) if the User provided the Bond by providing a financial bond under section 2.6.3(a)(2), release any amount of the Bond remaining after the deduction of amounts claimed as payable by Great Southern Networks under the Transportation Services Agreement.

Neither the provision of the Bond nor any claim made on it by Great Southern Networks will prevent Great Southern Networks from claiming from the User any amount payable under a Transportation Services Agreement in circumstances where the Bond was insufficient to satisfy such amount.

- (d) The User must immediately notify Great Southern Networks of any event or occurrence which has or which is reasonably likely to have an adverse effect on its ability to meet the Acceptable Credit Criteria.
- (e) The User must at least once each Year, and following any request from Great Southern Networks, procure a review or reaffirmation of its credit rating by Moody's Investor Services Pty Limited or Standard and Poor's (Australia) Pty Limited and provide Great Southern Networks with a copy of the review of affirmation.

3 REFERENCE TARIFFS AND CHARGES

3.1 Introduction

This section contains Great Southern Networks' Reference Tariff Policy, including details of the Reference Tariffs and other charges. The Reference Tariffs and Reference Tariffs Policy comply with the Reference Tariff Principles described in section 8 of the Code and achieve the objectives set out in section 8.1 of the Code.

The Reference Tariffs have been derived using a cost of service model. The Total Revenue as calculated under section 8 of the Code is recovered if the Network achieves its target utilisation.

The calculation of the Reference Tariffs involves four main steps:

- (a) the capital and operating and maintenance costs relating to the Network assets are divided into cost pools based on defined asset groups;
- (b) Customer groups (and thus the tariff categories) are defined based on consumption levels and location;
- (c) the cost pools are allocated to the Customer groups based on each group's use of the corresponding asset group; and
- (d) the Reference Tariffs are designed to recover the target revenue allocated to that Customer group based on the forecast utilisation ie the target revenue is equal to the Reference Tariff multiplied by the forecast demand and customer growth for each year.

The remainder of this section gives an overview of the pricing principles and the Reference Tariffs. Full details of this process are contained in the associated Access Arrangement Information prepared concurrently with this Access Arrangement.

3.2 Pricing Principles

3.2.1 Code Objectives

It is a requirement that the Reference Tariffs are consistent with the requirements of the Code. The objectives of the Code are to:

- (a) provide the Service Provider with the opportunity to earn a stream of revenue that recovers the efficient costs of delivering reference services such as the Transportation Service over the expected life of the assets used in delivering that Service;
- (b) replicate the outcome of a competitive market;
- (c) ensure the safe and reliable operation of the Pipeline;
- (d) not distort investment decisions in Pipeline transportation systems or in upstream or downstream industries;
- (e) create efficiency in the level and structure of the Reference Tariff; and
- (f) provide an incentive to the Service Provider to reduce costs and to develop the market for Services.

3.2.2 Pricing Principles

The Reference Tariffs are designed to meet these Code objectives. The approach to the pricing and tariff design takes into account the following principles:

- (a) **Cost Reflectivity.** The costs of the Network assets and their operations and maintenance have as far as possible been allocated to the various Customer groups on the basis of their utilisation of those assets and the benefit received from their operation.
- (b) **Efficient Pricing Signals.** The design of the Reference Tariffs rewards Customers who can minimise their peak demand and maximise their utilisation of the Network (in the case of Volume Customers, a Volume Customer's regulator size is used as a proxy for its maximum demand).
- (c) **Fully Allocated Costs.** The Reference Tariffs are designed to recover an allocated share of average costs to Customer groups. Where assets are

used by more than one group of customers, costs are allocated using the demand of each customer group measured by MHQ.

- (d) **Price Stability.** The Reference Tariffs have been designed to allow for a smooth transition from their existing levels to tariffs which are cost reflective and efficient over the five year period of this Access Arrangement.
- (e) **Rolling forward of capital base.** The regulatory capital base from which the Reference Tariffs are derived as follows:

Regulatory capital base = Initial capital base + forecast new facilities investments - depreciation

The regulatory capital base is to be indexed by the CPI for each year of the Access Arrangement. Roll in of actual new facilities investment to the Capital base will be considered at the next review.

3.3 Reference Tariff Structure

3.3.1 Two tariffs - Contract tariff and Volume tariff

The Reference Tariff structure consists of two basic tariffs for the Transportation Services, namely:

- (a) a tariff (referred to as a "Contract Tariff") in respect of Customer who has an annual consumption of 10 TJ or greater at a single Delivery Point ("Contract Customer"); and
- (b) a tariff (referred to as a "Volume Tariff") in respect of Customer who has an annual consumption of less than 10 TJ at a single Delivery Point ("Volume Customer").

3.3.2 Contract Customers

Users must procure that each of its Contract Customers nominate to Great Southern Networks a proposed maximum daily quantity of natural gas to be delivered to their Delivery Point prior to the commencement of each Year and on that basis the User will be charged in relation to that Customer in respect of that Year:

- (a) a monthly charge equal to one twelfth of the annual per GJ rate for that MDQ (a "Capacity Charge");
- (b) a monthly metering charge to recover the specific costs of providing, maintaining and operating the Metering Facilities at their Delivery Point as well as the costs associated with remotely reading that meter on a daily basis and forwarding that data to the User, the Transmission Operator and any other person nominated by the User (a "Metering Charge"), such Metering Charge being detailed in Appendix 6;
- (c) any Overrun charges (as defined in section 6.3) where the Customer's actual MDQ exceeds its annual nomination; and
- (d) any capacity trading and other charges (as defined in this Access Arrangement).

3.3.3 Volume customers

Users must procure that each of its Volume Customers provide to Great Southern Networks the maximum hourly flow rate of the Metering Facilities which service that Customer at the time of first connection to the Network or, in the case of a Customer which is already connected to the Network, the maximum hourly flow rate of the existing Metering Facilities which service that Customer and on that basis such Customers will be charged:

- (a) a monthly fixed charge based on the nominated Metering Facilities size (which charge is designed to recover 44% of the target revenue for this Customer class); and
- (b) a monthly charge per GJ of actual gas consumption (which charge is designed to recover the remaining 56% of the target revenue for this Customer class).

3.3.4 Election to be charged Contract Tariff

Any Customer can elect to be charged the Contract Tariff provided that they agree to pay a minimum monthly charge based on an MDQ of 27.5 GJ (being 10 TJ annual consumption at a 100% load factor).

3.4 Reference Tariff Zones

- (a) The Contract Tariff will have three Zones for charging purposes to ensure that Customers only pay for those Network assets which are of benefit to them.
- (b) Those Zones, which are depicted in Appendix 8 are:
 - the Bomen zone covering all of the area served by the Network that is north of the Murrumbidgee River;
 - the Central zone covering the main area of the City of Wagga Wagga; and
 - the Fringe zone covering those Customers located on the extensions of the Network to the Kapooka and Forest Hills areas.
- (c) All Contract Customers are deemed to be connected to the medium and high-pressure mains in their Zone and thus are only allocated the capital and operating costs of those Network assets.
- (d) There are no Zones for the Volume Tariff. All Volume Customers are deemed to be connected to the low pressure part of the Network and thus all of the capital and operating costs of that part of the Network plus their share of the medium and high pressure part of the Network has been allocated to the Volume Customers.

3.5 Cost Allocation Methodology

3.5.1 Cost allocation principles

- (a) The approach taken in regard to cost allocation was to fully allocate the Target Revenue to the Customer classes based on a measure of each classes usage of the Network.
- (b) The Network assets used to provide the Service were valued on an optimised depreciated replacement cost basis.
- (c) The Network assets were then allocated into two categories, high and medium pressure assets (used by all Customers) and low pressure assets (used only by Volume Customers). The high and medium

pressure assets were further allocated into the three Zones (Bomen, Central and Fringe) on the basis of the length of pipe in each Zone.

- (d) The resulting asset groups were then allocated to Customer classes on the basis of the use made by that class. The measure of use is the peak co-incident demand (MHQ). In a small scale distribution network such as Wagga Wagga, with no ability to store material quantities of natural gas at a given point in time (ie. no material linepack or storage), the ability to meet system MHQ drives system augmentation and new investment.
- (e) This allocation of Network assets produced the replacement cost of the assets allocated to each Customer class and Zone. This replacement cost was used to allocate:
 - (1) the annual depreciation charge;
 - (2) the annual operating, maintenance and administrative costs of the business; and
 - (3) the allowed return for the business.
- (f) The use of optimised replacement cost of the assets as an allocation method is considered to remove age variations from the cost of supply and tariff calculations. This will generate a stable cost of supply for each Customer class and Zone and not one that decreases as assets age and then has a step increase when assets are replaced.
- (g) For Contract Customers the Target Revenue for each Zone was divided by the total MDQ of that Zone to establish an annual rate per GJ of MDQ.
- (h) Conceptually a large component of gas distribution tariffs should be fixed as the majority of the costs are fixed. However, the customers in the Wagga Wagga area have not paid any significant fixed charges. The Target Revenue for these Volume Customers was thus split into a 44% fixed component and a 56% variable component.

- (i) The fixed component was allocated to Customers on a Customer maximum meter flow rate basis. This results in a Customer with a Metering Facility allowing a 30 cubic metres per hour maximum flow rate paying a fixed charge three times as great as a Customer with a Metering Facility allowing 10 cubic metres per hour. All residential and many small business Customers are in the smallest class (less than 10 cubic metres per hour maximum flow rate).
- (j) The variable component was spread on the total annual consumption of natural gas of this class of Customers.

3.5.2 Cost of supply model

The cost of supply model used the estimated cost of service and revenue arising from the application of the Reference Tariffs on an annual basis over the five year period of the Access Arrangement.

The base year for financial and physical data such as customer numbers, gas volumes, maximum daily quantity and maximum hourly values was the 1997/1998 financial year.

3.5.3 Initial capital base

The Code allows that the initial capital base on which the "Service Provider" (as that term is defined in the Code) may earn a rate of return should normally be between an optimised depreciated replacement cost (ODRC) valuation and a valuation at historical cost.

The Relevant Regulator has determined that the initial capital base for Great Southern Networks at 1 January 1999 is \$28m.

3.6 Reference Tariffs

To ensure price stability, the Reference Tariffs have been designed for the smooth transition from their existing levels to cost reflective and efficient tariffs over the 5 year period of this Access Arrangement.

The percentage change in each of the 5 years is equal for the Contract Tariff. The annual fixed charge component of the Volume Tariff has been set at 44% of its ultimate amount and increases gradually to \$126 in 2003. This has been done as existing retail prices have very little fixed component. The per GJ charge of the Volume Tariff has been set to allow the total revenue for that class of Customer to be recovered annually.

The Reference Tariffs for Contract Customers and Volume Customers are contained in Appendix 3.

The Reference Tariffs for the three classes of Contract Customers are average prices only. Each current Contract Customer will be given an individual price, based on their current bundled contract rate less commodity, transmission and retail costs, and their current MDQ. Those individual prices will then transition to the Reference Tariff in the fifth year for the Zone in five steps of equal percentage weight.

3.7 Variation in Reference Tariffs

- (a) The Reference Tariffs in this Access Arrangement are expressed in real 1999 dollars and this will be the rate that will be applied from the commencement of this Access Arrangement.
- (b) In future years, the Reference Tariffs will be varied in accordance with the movements in the CPI (EX-GST) and in the manner approved by the Relevant Regulator.
- (c) In addition to the annual variation detailed in section 3.7(b) above, Great Southern Networks may vary, or the Relevant Regulator may direct to be varied, the Reference Tariffs from time to time in accordance with:
 - (1) any change in the reticulators authorisation fee paid by Great Southern Networks in respect of the Network subject to any pass through of these costs taking place at the time that the annual variation of Reference Tariffs is made; and

- (2) any change in the level of any or any new government or statutory fee or Tax subject to:
 - (i) Great Southern Networks making an application to the Relevant Regulator proposing the change; and
 - (ii) the Relevant Regulator having the discretion to appoint an independent auditor (at Great Southern Networks' expense) to ascertain the impact on Reference Tariffs before approving a change in Reference Tariffs in accordance with the independent auditor's advice,

provided that any burden or benefit of any adjustment to the Reference Tariffs which Great Southern Networks is entitled to make under this section 3.7 will be allocated on the same basis as Great Southern Networks allocated the relevant costs or similar costs to develop the Reference Tariff or in the manner prescribed by law.

3.8 Incentives in the Reference Tariff

- (a) In accordance with the principles of the Code, the Reference Tariffs provide incentives to Great Southern Networks to reduce operating and maintenance costs below the levels estimated in this Access Arrangement and to increase utilisation of the Network.
- (b) The Reference Tariff design provides an incentive for individual Customers to reduce or control their peak demand on the Network or, if they increase their annual consumption, to do so without exceeding their nominated MDQ or maximum meter flow rate, as this will reduce their delivered price of gas (or limit any increase in their delivered price of gas).

3.9 Retail Contestability

- (a) The Reference Tariffs described in section 3.6 have been prepared on the basis that there will be no additional costs for such activities as metering, meter reading, billing and settlement arising from the introduction of open access for Customers with an annual consumption of less than 10 TJ.
- (b) Great Southern Networks believe it would be appropriate for these procedures to be developed on an industry wide basis to ensure a consistent and efficient approach and to avoid duplication or over investment in billing and settlement systems.

4 ACCESS POLICY

This section contains Great Southern Networks Access Policy and the terms and conditions upon which the Transportation Services will be provided. The Access Policy sets out the manner in which Users and Prospective Users may seek access to the Network for Transportation Services and how Great Southern Networks will treat such requests.

4.1 Request for Service

4.1.1 Form and details of Request

A Prospective User, in seeking access to the Network, must firstly lodge a completed Request for Service with Great Southern Networks. A Request for Service will be in substantially the same form as the form in Appendix 4 and specify:

- (a) the proposed Delivery Points for the Transportation Service;
- (b) the characteristics of the proposed load (including the proposed AQ, MDQ, MHQ and the likely pattern of usage);
- (c) the period over which the Transportation Service is required and the proposed commencement date of the Transportation Service; and
- (d) details of the Prospective User's supplier's authorisation pursuant to Part 2 of the Gas Act, if applicable.

4.1.2 Number of active Requests

A Prospective User may not lodge with Great Southern Networks more than one active Request for Service in relation to a single tranche of Capacity for the transportation of natural gas between a particular Receipt Point and a particular Delivery Point.

4.1.3 Obligation to acknowledge receipt

Where Great Southern Networks receives a completed Request for Service, it will acknowledge receipt of the Request for Service within 5 Business Days and, within 20 Business Days, will, subject to section 4.1.4 below:

- (a) advise whether there is Capacity available to satisfy the Request for Service, and if so, at what price it is available; or
- (b) provide the Prospective User with the advice set out in section 5.2.1 below.

4.1.4 Incomplete or deficient Request

If a Request for Service is incomplete or deficient in a material way, Great Southern Networks will promptly advise the Prospective User of that fact and of the nature of the deficiency. If the Prospective User corrects the deficiency within 5 Business Days of Great Southern Networks advice, the date on which the Request for Service was first received by Great Southern Networks will continue to determine the priority of the Request for Service for queuing purposes. Otherwise the priority date for the Request for Service will be the date on which Great Southern Networks receives the completed request.

4.1.5 Charges for processing Request

Great Southern Networks will charge the Prospective User the charge set out in Appendix 6 for processing the Request for Service.

4.2 Users with existing Service Agreements

4.2.1 Grant of Options to Renew

A User seeking to purchase a Transportation Service or a Negotiated Service after the Transportation Services Agreement or Negotiated Service Agreement in respect of that Service has expired or been terminated shall be treated as a Prospective User seeking to obtain that Service, unless in the case of a Negotiated Service Agreement the terms of that Agreement include an option to renew the User's right to obtain the Service. Any such option will only grant that User with

priority in relation to the Service currently provided by Great Southern Networks under the relevant Service Agreement or such other service which does not utilise Capacity greater than that provided for under the relevant Service Agreement. A Reference Service will not include an option to renew the Transportation Services Agreement under which Great Southern Networks provides that Reference Service to a User.

4.2.2 Users Supply Tariff Customers

Notwithstanding section 4.2.1, a Service Agreement with a User which relates to the supply of natural gas to Tariff Customers may grant the User concerned rights to renew the Service Agreement or obtain Capacity in priority to other Users to the extent necessary to ensure the reasonable security of supply to the relevant Tariff Customers.

4.3 Availability of Capacity

4.3.1 Sufficient Capacity Available

Where there is sufficient Capacity available (taking into account all Users' existing Capacity Entitlements) to meet all Requests for Service from Prospective Users requesting access to that part of the Network, there will be no queue for access to that Capacity.

4.3.2 Insufficient Capacity Available

Where there is not sufficient Capacity available (taking into account all Users' existing Capacity Entitlements) on the relevant part of the Network to meet all Requests for Service of Prospective Users requesting access to that part of the Network there will be a queue for access to that Capacity in accordance with section 5.

4.3.3 Lapse of a Request for Service

Where Great Southern Networks has advised the Prospective User under section 4.1.3 that Capacity is available, then unless:

- (a) the Prospective User has entered into a Transportation Services Agreement within 20 Business Days of that advice;
 - (b) bona fide negotiations have commenced within 20 Business Days of that advice and are in progress; or
 - (c) the Prospective User has notified an Access Dispute,
- the Request for Service will be deemed to have lapsed.

4.4 User's Default

4.4.1 Form of Agreement with User's Customers

The User must enter into agreements with its Customers which includes a provision which will result in the termination of the agreement in the event of the Transportation Services Agreement with the User being terminated.

4.4.2 User Default

In the event of a default by the User which, if unremedied, would entitle Great Southern Networks to cease delivery of natural gas under that Transportation Services Agreement then:

- (a) Great Southern Networks will give notice of the default to:
 - (1) the User; and
 - (2) as soon as it is practicable to do so after Great Southern Networks gives notice of the default to the User, the User's Customers to whom supply would be interrupted if Great Southern Networks ceased delivery of natural gas to the User (together with a list of all Existing Suppliers as at the date notice is given to the User's Customers); and
 - (3) Great Southern Networks may post a notice of the default on the Market Trading System.

4.4.3 Election by User's Customers

Within 5 Business Days of receiving notice of the User's default, the Customers of the defaulting User will be required to elect whether, if the User's default leads to the termination of the Transportation Services Agreement with the User, to:

- (a) take supply from Great Southern Energy Retail in accordance with section 4.4.4;
- (b) enter into alternative supply and transportation arrangements with an Existing Supplier other than User in accordance with section 4.4.5; or
- (c) cease to take delivery supply of natural gas, or

failing such election, from the date the Transportation Services Agreement is terminated, the Customer will be deemed to have elected to take supply from Great Southern Energy Retail at its Posted Price in accordance with section 4.4.3.

4.4.4 Posted Supply Price

Great Southern Networks will ensure that:

- (a) Great Southern Energy Retail will, at all times, have a Posted Price; and
- (b) any Customer of a User whose Transportation Services Agreement is terminated and which satisfies Great Southern Energy Retail's credit criteria may elect to take supply at this price. The existence of this price shall not prevent Great Southern Energy Retail, or any other Existing Supplier offering the Customers of a User different terms for the supply of natural gas to that Customer. If a Customer of a User whose Transportation Services Agreement is terminated does not satisfy Great Southern Energy Retail's credit criteria then Great Southern Energy Retail may refuse to supply such Customer. Supply to a Customer under this section 4.4.4 will be subject to either party having the right to terminate such supply by written notice to the other party (with such termination not affecting the obligation of the Customer to pay Great Southern Energy Retail for natural gas supplied prior to the date that supply from Great Southern Energy Retail is terminated) and, unless otherwise expressly or impliedly agreed to the contrary, supply by

Great Southern Retail under this clause 4.4.4 being for a period of not more than three months.

4.4.5 Arrangements with Existing Supplier

Any supply and transportation arrangements between a Customer and an Existing Supplier will be subject to the Existing Supplier having the right under its Transportation Services Agreement to have gas delivered to the Delivery Point or Delivery Points which service the Customer and will not operate to amend any Transportation Services Agreement to which a User is a party.

5 QUEUING POLICY

This section contains Great Southern Networks' Queuing Policy. The Queuing Policy provides how the Prospective Users seeking access to Capacity will be treated where there is insufficient Capacity to satisfy their request.

5.1 Basis of Queue

- (a) If Capacity on a transportation route from the Receipt Point to a requested Delivery Point is insufficient to satisfy all Requests for Service on that route or part of that route, a queue (a "Queue") will be established to ensure that when Capacity does become available, it is made available to Prospective Users in a pre-determined manner.
- (b) Queue positions relating to a particular transportation route will be allocated to Prospective Users in accordance with section 5.2.
- (c) The Queue will include all Prospective Users with Requests for Service relating to the transportation route, including any Prospective User which has an outstanding Request for Service relating to the transportation route and which has commenced bona fide negotiations under section 4.3.3(b) or which has notified an Access Dispute under section 4.3.3(c) (a "Negotiating User"), but shall not include any Prospective User whose Request for Service has lapsed or been deemed to have lapsed under sections 4.3.3, 5.2.2 and 5.2.4(d), 5.3.3(c) or 5.4.3 or any Prospective User which has withdrawn its Request for Service under section 5.2.4(b).

5.2 Formation of Queue

5.2.1 Advice to each Prospective User

At the time the Queue is formed, or when a new Prospective User joins an existing Queue, Great Southern Networks will promptly advise each Prospective User that is in the Queue of:

- (a) the existence of the Queue and the Prospective User's position on the Queue;

- (b) the consequences of not replying to the advice in accordance with section 5.2.2;
- (c) the average Capacity sought by other Prospective Users, if any, which are ahead of that Prospective User in the Queue;
- (d) the estimated cost of the Capacity;
- (e) an estimate of when Capacity (either as Developable Capacity or by extension of the Network) may become available; or
- (f) the requirement that an engineering investigation establish how the requested services can be provided, with the cost to the Prospective User of, and timing for, any such investigation to be agreed between Great Southern Networks and the Prospective User.

5.2.2 Lapse of position in Queue

Within 15 Business Days of Great Southern Networks advice pursuant to section 5.2.1, all Prospective Users on the Queue, other than a Negotiating User, must advise Great Southern Networks that they wish to proceed with their Request for Service. If a Prospective User fails to provide confirmation as required by this section, its Request for Service will be deemed to have lapsed and its position on the Queue will be lost. Where a Queue includes a Negotiating User, then unless the Negotiating User enters into a Service Agreement or notifies Great Southern Networks of an Access Dispute within 30 Business Days from the date of formation of the Queue, its Request for Service shall be deemed to have lapsed and its position on the Queue will be lost.

5.2.3 Dissolution of Queue

Whenever adequate Capacity becomes available to meet the aggregate requirements of all Prospective Users on a Queue, that Queue shall be dissolved and the Request for Service of those Prospective Users will be dealt with under section 4.

5.2.4 Conditions applicable to a Queue

The following conditions apply to each Prospective User on a Queue:

- (a) once allocated a position on a Queue and while on a Queue, a Prospective User may reduce, but cannot increase, the requested maximum daily quantity of natural gas and capacity requirements specified in its Request for Service;
- (b) if, at any time, a Prospective User on a Queue decides that it does not wish to proceed with its Request for Service, it must withdraw its Request for Service as soon as possible by written notice to Great Southern Networks and the Prospective User's position will be vacated;
- (c) Great Southern Networks may seek confirmation from a Prospective User on a Queue that it wishes to continue with its Request for Service and Great Southern Networks will give the Prospective User 10 Business Days to respond to any such request for confirmation provided that Great Southern Networks may only do so once in any 3 month period;
- (d) if a Prospective User fails to provide confirmation when requested under section 5.2.4(c), its Request for Service will be deemed to have lapsed and its position on the Queue will be lost and;
- (e) the Prospective User may assign its position on a Queue but only to a person who is a bona fide purchaser of the business and/or of the assets associated with that position (as reasonably determined by Great Southern Networks).

5.3 Priority of Prospective Users in obtaining Services

5.3.1 Priority dates in relation to a Unique Service

Where a Prospective User is in a Queue and seeks a Unique Service, Great Southern Networks will, subject to this section 5.3, offer that Prospective User Capacity in accordance with its position in the Queue.

5.3.2 Priority dates for Common Services

Any Prospective Users in a Queue which seek a Common Service will be treated as a single Prospective User in terms of their priority and will take priority based on the date of the earliest Request for Service of a Prospective User which seeks that Common Service. That priority date will be the date for all members of the group even if the particular Prospective User whose request determined the date subsequently withdraws its request.

5.3.3 Priority within Queues

- (a) If the Queue relates to a transportation route where Capacity is available to serve the needs of one or more of the Prospective Users on the Queue, then:
 - (1) the Prospective Users on the Queue seeking a Transportation Service will rank in priority to the Prospective Users seeking a Negotiated Service and which have declined to accept an offer from Great Southern Networks of a Transportation Service; and
 - (2) if Great Southern Networks determines that Prospective Users on the Queue are seeking a Common Service, the offer of a Transportation Service will be made to all of those Prospective Users, and those which accept the offer will form one group of Prospective Users seeking a Common Service, and those which reject the offer will form a separate group seeking a Common Service.
- (b) Priority in relation to category (1) above will be assigned to Prospective Users in the order of the dates of their Requests for Service. The Request for Service which has the earliest date has the highest priority and first right to enter into a Service Agreement.
- (c) In relation to category (2), Great Southern Networks may negotiate concurrently with all Prospective Users in a group seeking a Common Service. However, only one Prospective User from that group will be

entitled to enter into a Service Agreement for the requested Service. Prior to entering into the Service Agreement, the Prospective User concerned will be required to provide Great Southern Networks with satisfactory evidence that it is the appropriate person within the group to enter into the Service Agreement. Once that member has entered into the Service Agreement, the Requests for Service of all other Prospective Users in that Common Service group will be deemed to have lapsed.

5.4 Procedure where Capacity can be made available

5.4.1 Advice from Great Southern Networks

Whenever:

- (1) a Prospective User's position on a Queue changes;
- (2) the requested maximum daily quantity of natural gas and capacity requirements sought by those ahead of the Prospective User on the Queue changes; and/or
- (3) there is a change to the timing of when a new tranche of Developable Capacity may become available,

Great Southern Networks will promptly advise the Prospective User of the changes and of their effect upon the Prospective User.

5.4.2 Offer From Great Southern Networks

As soon as practicable after making a decision that Capacity will be made available on a transportation route which is the subject of a Queue, Great Southern Networks will advise each Prospective User on the Queue of:

- (1) its decision;
- (2) its plan for making Capacity available;
- (3) the terms and conditions under which a Service is offered; and
- (4) whether the offer is an Open Offer or a Conditional Offer,

and will make an appropriate offer to the Prospective User with the highest priority on the Queue or, where the offer is contingent on more than one Prospective User accepting the offer, to those Prospective Users.

5.4.3 Open Offers

If an Open Offer to make Capacity available to a Prospective User is made, then unless the Prospective User has, within 20 Business Days of Great Southern Networks making the Open Offer to the Prospective User, either:

- (a) entered into a Service Agreement; or
- (b) notified Great Southern Networks of an Access Dispute,

the Prospective User's Request for Service will be deemed to have lapsed and its position in the Queue will be lost.

5.4.4 Conditional Offer

If a Conditional Offer to make Capacity available to a Prospective User is made, then unless the Prospective User has, within 20 Business Days of the Conditional Offer, either:

- (a) entered into a Service Agreement which may be subject to Great Southern Networks entering into Service Agreements with other Prospective Users on the Queue; or
- (b) notified Great Southern Networks of an Access Dispute,

the priority of the Prospective User's Request for Service will be altered so that the Request for Service of any Prospective User who accepts a Conditional Offer and whose Service Agreement in respect of that Conditional Offer becomes unconditional shall be deemed to take priority over the Request for Service of that Prospective User.

5.5 Compensation for holding Capacity

If the period between the date on which a Service Agreement is executed and the date on which the Prospective User requests the Service to commence is longer than 20 Business Days, Great Southern Networks may require the Prospective

User to compensate it (and the Prospective User must compensate Great Southern Networks) for holding the Contracted Capacity provided that:

- (a) compensation will not accrue or be payable in respect of the period commencing on the date on which the Service Agreement is executed and ending on the date which is 20 Business Days thereafter; and
- (b) compensation is not to exceed the amount which would have been payable by the Prospective User if the relevant Service had been provided to the Prospective User in the period during which Great Southern Networks is to hold Contracted Capacity.

6 OVERRUNS

6.1 General

- (a) A User Overrun occurs when the withdrawals by a particular User at a Delivery Point on a Day exceed the Capacity Entitlement of that User for that Delivery Point on that Day. For the purpose of applying this section 6, and determining whether a User must pay an additional charge in respect of a User Overrun and the amount of that charge, a Day will be deemed to fall entirely within the month or Year on which that Day commences.
- (b) Great Southern Networks will by 31 December 1999 notify each Contract Customer of the largest quantity it withdrew on any day from the Network in 1997 and 1998 (or if such amount is unable to be determined by Great Southern Networks, Great Southern Networks' reasonable estimate of such amounts).

6.2 Deeming Provision

The quantity of a User Overrun for a Day will be deemed to be zero if it is not possible to determine the quantity of natural gas withdrawn at the Delivery Point because of a failure or unavailability of Metering Facilities even if it is subsequently established that a User Overrun would have occurred on the basis of the quantities subsequently estimated to have been withdrawn on that Day.

6.3 Overrun Charges

6.3.1 Payment for Capacity

For any month, a User will pay Great Southern Networks for Capacity the amount, for each Delivery Point which is equal to the Capacity Payment calculated in accordance with the following formula:

$$CP = DCC \times (MDQ + OQ) \times NOD + \Sigma OP$$

where

- CP is the Capacity Payment;
- DCC is the Daily Capacity Charge for that Delivery Point in that month;
- MDQ is Maximum Daily Quantity for that Delivery Point in that month;
- OQ is Overrun Quantity for that Delivery Point in that month;
- NOD is the number of Days in that month in respect of which no Daily Overrun Payment was calculated; and
- ΣOP is the sum of all amounts calculated as a Daily Overrun Payment in that month.

6.3.2 Overrun Payments

If a User Overrun occurs, then:

- (a) on each of the first two times a User Overrun occurs in a month, for the purpose of determining the amount payable by the User for Capacity in accordance with section 6.3.1 for that Delivery Point in respect of the Day on which the User Overrun occurs, the Daily Overrun Payment shall be the amount calculated as DOP for that Delivery Point in respect of that Day on the basis of the following formula:

$$\text{DOP} = (1.5 \times \text{DCC} \times \text{WQ}) + (\text{DCC} \times \text{MDQ})$$

where:

- DOP is the Daily Overrun Payment for that Delivery Point in respect of that Day;
- DCC is the Daily Capacity Charge for that Delivery Point in that month;
- WQ is the total quantity of gas which results from subtracting the User's Capacity Entitlement at the relevant Delivery Point on

the Day the User Overrun occurs from the quantity of gas actually withdrawn by the User from the relevant Delivery Point on that Day; and

MDQ is the Maximum Daily Quantity for that Delivery Point on the Day the User Overrun occurs.

- (b) if a User Overrun occurs 3 or more times in a month, or 10 or more times in a Year, then for the purpose of determining the amount payable by the User for Capacity in accordance with section 6.3.1 in respect of that User, the Overrun Quantity, in respect of that month or each month in that Year (as the case may be), will be the largest quantity which results from subtracting the User's Capacity Entitlement for that Delivery Point on any Day on which a User Overrun occurred in that month or that Year (as the case may be) from the quantity of gas actually withdrawn by the User from that Delivery Point on that Day;
- (c) the calculation of an Overrun Quantity in relation to a User in respect of a month will not prevent the calculation of a higher Overrun Quantity in respect of that month through the application of section 6.3.2(b) at any later time; and
- (d) in the first Year after this Access Arrangement applies, a User Overrun will be deemed to have not occurred in respect of a Delivery Point on a Day if the quantity of gas withdrawn by a User from that Delivery Point on that Day is less than 110% of the User's Capacity Entitlement for that Delivery Point on that Day.

7 NATURAL GAS BALANCING

7.1 No Balancing

Great Southern Networks will not impose obligations on Users in relation to the balancing of receipts from Users at the Receipt Point or delivery of natural gas to Users at the Delivery Point. As provided for in section 12, this Access Arrangement will be reviewed in accordance with section 3.18 of the Code if:

- (a) a new Receipt Point is proposed; or
- (b) the operator of any pipeline to which the Network is connected requires Great Southern Networks to impose natural gas balancing procedures on Users of the Network.

7.2 Receipts and Withdrawals

- (a) In a small distribution network such as that at Wagga Wagga, the quantity of natural gas capable of storage in the Network at any given point in time is negligible, and thus on a daily basis (after allowance for Unaccounted for Gas), receipts and withdrawals of natural gas are always in physical balance.
- (b) Great Southern Networks will thus deem that a User's daily withdrawal of natural gas at their Delivery Points plus an allowance for Unaccounted for Gas equals their receipts of natural gas at the Receipt Point.
- (c) EAPL, the current Transmission Operator, which transports gas to the Receipt Point, does impose balancing obligations on users of its transmission system. EAPL have indicated a desire to appoint Great Southern Networks as the "shared facility operator" of the Wagga Wagga Receipt Point. As a shared facility operator, Great Southern Networks' obligations will be:
 - (1) to receive daily nominations from Users of the quantity of natural gas they wish to be delivered to their Delivery Points by Great Southern Networks (plus the amount of Unaccounted for Gas in respect of each Delivery Point) and

thus the quantities of natural gas they wish to have delivered by EAPL to the Wagga Wagga Receipt Point, and to advise those daily nominations to EAPL;

- (2) to advise EAPL on a daily basis of the actual quantities of natural gas delivered on behalf of the various Users to their Delivery Points by Great Southern Networks (plus the amount of Unaccounted for Gas in respect of each Delivery Point) and thus the actual quantities transported by EAPL to the Wagga Wagga Receipt Point by EAPL; and
- (3) to cease delivery of gas to a Delivery Point or a User if advised by EAPL that User does not have appropriate rights to have natural gas delivered to the Wagga Wagga Receipt Point by EAPL.

7.3 Unaccounted for Gas

- (a) The percentage for Unaccounted for Gas for the entire Network is, in each 12 month period following the Commencement Date, estimated to be the percentage set out in respect of that period in the following table:

Year	Unaccounted for Gas Percentage
1999	3.8%
2000	3.5%
2001	3.2%
2002	2.85%
2003	2.5%

- (b) The allowance for Unaccounted for Gas detailed in section 7.2 for delivery to Delivery Points of Contract Customers and for delivery to Delivery Points of Volume Customers will, in each 12 month period following the Commencement Date be as set out in respect of that period in the following table:

Year	Allowance for Delivery Points of Contract Customers	Allowance for Delivery Points of Volume Customers
1999	1%	7.4%
2000	1%	6.7%
2001	1%	6.0%
2002	1%	5.2%
2003	1%	4.0%

8 TRADING POLICY

8.1 Bare Transfer

A User will be entitled to make a Bare Transfer of all or part of its MDQ without Great Southern Networks' consent so long as the transferee notifies Great Southern Networks of:

- (a) the User which made the transfer or assignment;
 - (b) the amount of the MDQ which was transferred or assigned; and
 - (c) the location of the Delivery Point which is the subject of the transfer,
- prior to utilising any MDQ so transferred or assigned.

8.2 Single Zone Transfers

A User may without Great Southern Networks' consent, make a Single Zone Transfer of all or part of its Capacity Entitlement so long as the transferor and the transferee notify Great Southern Networks of:

- (a) the User which proposes to make the transfer or assignment;
- (b) the amount of the Capacity Entitlement which is to be transferred or assigned;
- (c) the location of the Delivery Points from which the relevant amount of the Capacity Entitlement is to be transferred or assigned;
- (d) the location of the Delivery Point to which the relevant amount of the Capacity Entitlement is to be transferred or assigned; and
- (e) the dates and number of Days to which the transfer or assignment is to relate,

as soon as it is practicable to do so before the transfer or assignment takes place (and in any event not later than 1 Business Day prior to the date of the proposed trade) provided that the transfer of assignment does not have the effect of obliging Great Southern Networks to deliver a quantity of gas to a Delivery Point that exceeds the Capacity of that Delivery Point.

8.3 Other Transfers

Where a User wishes to transfer or assign some or all of its Capacity Entitlement other than by way of Bare Transfer or Single Zone Transfer the User may do so with Great Southern Networks' prior written consent. Great Southern Networks will only withhold its consent or make its consent subject to conditions on reasonable commercial or technical grounds, including where:

- (a) there is not sufficient Capacity either before or as a result of the transfer or assignment to enable the amount of the Capacity Entitlement transferred or assigned to be delivered to the proposed new Delivery Point;
- (b) the effect of the transfer or assignment would be that Great Southern Energy would receive less revenue as a result of the transfer or assignment; or
- (c) the transfer or assignment would change the tariff Zone in which the Delivery Point to which the User is entitled to require Great Southern Networks to deliver natural gas is located to a Zone in respect of which a higher Capacity Charge is payable than was the case prior to the transfer or assignment occurring.

8.4 Provision of Trading Mechanisms

8.4.1 Provision of Mechanism

Great Southern Networks may if there is sufficient demand, provide a mechanism on the Market Trading System by which Users may make a transfer referred to in sections 8.1, 8.2 and 8.3 (based on a specified amount of Capacity being traded on a specified number of Days).

8.4.2 Listing of Capacity

The Market Trading System will list Capacity which a User wishes to sell or purchase on the Network, the Zone in which that Capacity is available or wanted, the period (in number of Days) when that Capacity is available and the price that the User is willing to pay (in the case of a User which wishes to purchase

Capacity) or wishes to receive (in the case of a User which wishes to sell Capacity).

8.4.3 Charge for Trade

In the case of a trade occurring, Great Southern Networks will charge the seller the administration charge provided for in Appendix 6 for that trade.

8.5 Original User Continues to Pay

A User which transfers or assigns any of its MDQ remains liable to Great Southern Networks for all charges or other amounts payable to Great Southern Networks in respect of the part of the MDQ transferred or assigned unless Great Southern Networks expressly agrees in writing that some other person will be liable for some or all of those charges or other amounts and the other person concerned has agreed to be liable to Great Southern Networks in respect of those amounts.

8.6 Change of Delivery Point

A User will be entitled to change the Delivery Point to which Great Southern Networks must deliver it natural gas with Great Southern Networks' prior written consent. Great Southern Networks may refuse its consent or make the granting of consent subject to conditions where this is technically or commercially reasonable including where:

- (a) a reduction in the User's Capacity Entitlement at the original Delivery Point will not result in a corresponding increase in Great Southern Networks' ability to provide that Service to the alternative Delivery Point; or
- (b) Great Southern Networks would not, after the change, receive at least the same amount of revenue it would have received before the change.

9 NEGOTIATED SERVICES

9.1 Negotiated Service Agreement

If a Prospective User requires either:

- (a) services other than or in addition to Transportation Services; or
- (b) terms and conditions which are different from those under a Transportation Services Agreement,

the Prospective User may negotiate with Great Southern Networks for such services and such terms and conditions as a Negotiated Service Agreement.

9.2 Dispute Resolution

If a dispute arises, unless the parties agree otherwise, it will be resolved in accordance with the dispute resolution procedures in the Code.

10 EXTENSIONS AND EXPANSIONS POLICY

10.1 Extensions

For the purpose of determining the coverage of the Access Arrangement, if Great Southern Network's Wagga Wagga natural gas distribution system Pipelines in existence as at the Commencement Date (the "Existing Network") are extended and:

- (a) the extension involves the construction of Pipelines within 1 kilometre of the Existing Network then the extension shall be treated as part of the Network and accordingly will be the subject of coverage under this Access Arrangement; or
- (b) the extension involves the construction of Pipelines greater than 1 kilometre from the Existing Network and Great Southern Networks notifies the Relevant Regulator that the extension is to be included as part of the Network, then the extension shall be treated as part of the Network and accordingly will be the subject of coverage under this Access Arrangement; or
- (c) the extension involves the construction of Pipelines not covered in sections 10.1(a) or (b), then the extension will not be treated as part of the Network; or
- (d) the extension involves the reticulation of the village of Uranquinty, then the extension will not be treated as part of the Network.

10.2 Expansions of Capacity

Any expansions of the Capacity of the Network will be treated as part of the Network and accordingly will be the subject of coverage under this Access Arrangement.

10.3 Imposition of Surcharge

- (a) Where a Customer which is to be supplied by a User is not connected to the Network, then, if the property where that Customer is to be supplied is located within 50 metres of a part of the Network which is,

in Great Southern Networks' reasonable opinion, appropriately sized to supply that Customer, Great Southern Networks will, free of charge:

- (1) construct a Pipeline from the Network to the nearest point on the Customer's property; and
 - (2) construct a service Pipeline for a maximum length of 10 metres within the Customer's property.
- (b) Where a Customer which is to be supplied by a User is not connected to the Network, then, if the property where the Customer is to be supplied is not located within 50 metres of a part of the Network which is in Great Southern Networks' reasonable opinion appropriately sized to supply that Customer, then Great Southern Networks may agree to construct a Pipeline to supply that Customer if the Customer agrees to pay Great Southern Networks a surcharge which does not exceed the capital cost of constructing the Pipeline to supply that Customer.

11 OPERATIONAL PRINCIPLES

11.1 Curtailment of Supply

11.1.1 Policy

If there is a natural gas supply failure into the Network or in a part of the Network, Great Southern Networks will initiate Load Shedding to preserve the integrity of the Network and minimise the disruption to operations at Customers' sites.

11.1.2 Procedure

Load Shedding will be done on a priority ranking basis with the aim of achieving the maximum load reduction in the shortest time possible with minimal effect to any plant and/or production processes. Consequently Load Shedding will begin with large Customers where the process is controllable and provides the required level of responsiveness. Great Southern Networks' Network Emergency Controller will form a view as to the quantity of supply of natural gas available and initiate Load Shedding to endeavour to maintain safe pressure levels.

11.1.3 Ranking and priority

Load Shedding, if required, will be implemented by Great Southern Networks according to the schedule of priorities set out in Appendix 5.

11.1.4 Isolation of Sub-Systems

If Load Shedding fails to contain the problem and the Network Emergency Controller believes system pressures will fall to an unacceptable level then parts of the Network may be isolated.

11.1.5 Reconnection

Great Southern Networks will commence reconnecting Customers when the supply failure is declared to be over. Customers will, to the extent practicable, be reconnected in reverse order to the order of disconnection. If the entire Network

has been isolated, the Network will be recommissioned in pressure tiers. The high pressure system will be commissioned first, followed by the medium pressure and then the low pressure system.

11.1.6 Notification regime

Great Southern Networks will develop and implement a system (and advise Customers and Users of the system so developed) to, as far as practicable contact Customers (and Users which supply those Customers) and to notify them:

- (a) of an interruption to their natural gas supply as a result of a problem with the delivery of natural gas; and
- (b) of their subsequent reconnection when delivery of natural gas has been restored.

All Users of the Network must participate in and comply with the process.

11.2 Connection of third party distribution systems to Great Southern Networks

11.2.1 By-pass and network augmentation

A Prospective User may, provided it has the relevant authorisation and subject to the conditions set out below, construct and operate its own pipe or system of pipes and associated equipment from any agreed point on the Network to the points where the natural gas is to be utilised.

11.2.2 Off take point

The pipe or system of pipes installed by the Prospective User which connects any pipes or other equipment to the Network pursuant to this section 11.2, shall comply with the following requirements in order to ensure that the integrity, safety and operation of the Network is not compromised:

- (a) Great Southern Networks and the Prospective User will agree to the location of the off take point on the Network;

- (b) Great Southern Networks will only withhold its agreement to a location sought by a Prospective User on the grounds of technical, operational or safety considerations;
- (c) the hot tap connection to connect the Prospective User's facilities to the Network will be performed to AS1697-1981 standard and, if applicable, AS2885-1997 standard at the User's expense;
- (d) the work will be performed either (at the Prospective User's cost) by Great Southern Networks or by a contractor approved by Great Southern Networks and engaged by the User. In the latter case, Great Southern Networks reserves the right to supervise the work; and
- (e) the Prospective User must design, install, and operate any cathodic protection system installed to protect its facilities in such a manner as to avoid any interference which may be detrimental to Great Southern Networks' facilities.

11.2.3 Equipment upstream of the Point of Delivery

Great Southern Networks will install isolation valves and metering equipment at the point of off take from the Network, upstream of the Delivery Point. Great Southern Networks will install, own and operate the facilities upstream of the Delivery Point.

11.2.4 Delivery Point

The Delivery Point will be at the outlet of the Metering Facility immediately downstream of the facilities referred to in section 11.2.2. All facilities downstream of the Delivery Point will be the responsibility of the User.

11.2.5 Load Shedding and natural gas balancing

Following the commissioning of any facilities connected to the Network the User and all users of facilities downstream of the Delivery Point will be subject to Load Shedding arrangements in relation to such facilities. The User must have facilities available to it to reduce or discontinue the withdrawal of natural gas from the Network if required to do so. If there is an agreement in relation to Load

Shedding between Great Southern Networks and the operator of the third party natural gas distribution system, the User will be subject to that agreement. Otherwise the User will be subject to the priority arrangements referred to in section 11.1.3. Any network or distribution system connected to the Network will be deemed to have a load shedding priority as set out in Appendix 5, item 2 "sites where natural gas is not used for production" unless otherwise agreed with Great Southern Networks.

11.2.6 Installation and operation

In the interests of safety and ensuring the integrity of Great Southern Networks' facilities, a person who plans to install natural gas transportation facilities in the vicinity of those owned by Great Southern Networks, will cooperate to establish, in a timely manner, appropriate arrangements and procedures for the safe installation and operation of that person's facilities and for the management of emergency situations involving the facilities of either of them.

11.2.7 Abandonment disconnection

In the event that the third party natural gas distribution system ceases to be used to take natural gas to the Delivery Point the person responsible for that natural gas distribution system at that time will ensure, at its expense, that the facilities are disconnected and isolated from Great Southern Networks' facilities. This requirement does not apply where the cessation of use is for a temporary period (not exceeding 3 months).

11.2.8 Indemnity

The person responsible for a third party natural gas distribution system connected to the Network will indemnify Great Southern Networks against any claim of liability in relation to, or arising out of, its facilities down stream of the point of connection to the Network.

11.3 Ownership of Network

11.3.1 Expansion or reinforcement of the Network

Subject to section 10, Great Southern Networks and the Prospective User may agree in a Negotiated Service Agreement that the Prospective User will contribute to the funding of any expansion or reinforcement of the Network which is required to meet the Prospective User's needs.

11.3.2 Restriction on ownership of Network

Subject to any express written agreement with Great Southern Networks, the Prospective User will not become the owner of any part of the Network upstream of the point of connection to the Network as the result of a contribution referred to in section 11.3.1.

12 REVIEW OF ACCESS ARRANGEMENT

12.1 Revision Commencement Date

The date upon which the next revisions to the Access Arrangement are intended to commence (Revision Commencement Date) is 1 January 2004. The date upon which Great Southern Networks must submit revisions to the Access Arrangement (Revisions Submission Date) is 31 December 2002. Until such time any proposed revisions to the Access Arrangement is approved by the Relevant Regulator and takes effect, the Reference Tariffs, terms and conditions set out in this Access Arrangement in respect of year 2003 will continue.

12.2 Triggers for Earlier Review

Notwithstanding 12.1, this Access Arrangement will be reviewed in accordance with section 3.17 of the Code in the event of the following circumstances.

- (a) prior to the connection to the Network of any facilities, other than at the Receipt Point, for the injection of gas into the Network;
- (b) if the operator of any Pipeline which is connected to the Network requires Great Southern Networks to impose natural gas balancing procedures on Users of the Network;
- (c) within one month of the Relevant Regulator notifying Great Southern Networks in writing of the development of a state or national policy providing for a "supplier of last resort" scheme which would apply in the event of the termination of a User's Transportation Services Agreement; or
- (d) within one month of the Relevant Regulator notifying Great Southern Networks in writing of the development of a state or national policy for the introduction of retail contestability in respect of Volume Customers

at which time Great Southern Networks will submit to the Relevant Regulator proposed revisions to this Access Arrangement with such revisions:

- (e) being, in the case of the reviews provided for in sections 12.2 (c) and (d), consistent with the specification or policies referred to in those sections; and
- (f) nominating a date upon which the revisions are intended to commence (being not more than 120 days after the date on which such revisions are submitted to the Relevant Regulator).

13 MISCELLANEOUS

13.1 Response to requests for information

13.1.1 Information concerning existing Users

- (a) Any person may, with prior written consent of a Customer, request information from Great Southern Networks in respect of the load and pattern of usage, over a specified period, of the Customer.
- (b) Great Southern Networks may verify that Customer's consent.
- (c) Great Southern Networks will respond to requests for information under section 13.1.1(a) within 25 Business Days of receipt of that request.
- (d) Great Southern Networks will charge a fee per metered site of the Customers, to recover the cost of responding to requests for information under section 13.1.1(a) (see Appendix 6 - Additional charges).

13.1.2 Information about the Network generally

A person may request information from Great Southern Networks about the Network generally and such information will be made available to the person (unless the information is Confidential Information or is information which Great Southern Networks otherwise reasonably considers to be confidential). If the information requested is contained in this Access Arrangement or in the Access Arrangement Information, it will be provided free of charge. In relation to the provision of other information, Great Southern Networks will make such information available to the person (unless the information is Confidential Information) and will charge the hourly fee specified in Appendix 6 for the time spent responding to the request.

13.2 Use of Confidential Information by Great Southern Networks

Great Southern Networks will in accordance with the terms of its Services Agreements not disclose Confidential Information concerning Users or Customers of Users unless the disclosure made by Great Southern Networks is authorised by the Service Agreement with that User, is required by Law or is for a purpose envisaged by this Access Arrangement.

APPENDIX 1 GLOSSARY

Unless the context otherwise requires, the following expressions have the following meanings when used in this Access Arrangement:

"Acceptable Credit Criteria" means, in relation to an entity, that the entity:

- (a) is resident in, or has a permanent establishment in Australia;
- (b) is not under external administration (as defined in the Corporations Law) or under a similar form of administration under any laws applicable to it in any jurisdiction;
- (c) is not immune from suit;
- (d) is capable of being sued in its own name in a court in Australia; and
- (e) maintains a credit rating of not less than:
 - (i) A-2 for short term unsecured obligations of the entity, as rated by Standard and Poor's (Australia) Pty Limited; or
 - (ii) P-2 for short term unsecured obligations for the entity, as rated by Moody's Investors Service Pty Limited.

"Access Arrangement" has the meaning given in section 1.1(a).

"Access Arrangement Information" means the information prepared by the Relevant Regulator by Great Southern Networks simultaneously with this Access Arrangement.

"Access Arrangement Period" in relation to the Access Arrangement has the meaning given in the Code.

"Access Dispute" means an access dispute notified to the Relevant Regulator under section 6.1 of the Code.

"AGL Supply Agreement" means the agreement dated 16 February 1988 (as varied by a deed dated 3 March 1995) between AGL Gas Company Limited and the Council of the City of Wagga Wagga, which was novated to Great Southern Energy Retail by a deed dated 27 June 1997.

"**AQ**" means the quantity of natural gas (in TJ or MJ per annum) which a User estimates it will require to be delivered to a Delivery Point in the relevant Year.

"**Bare Transfer**" means in respect of a User a transfer or assignment of all or part of the MDQ of a User under a Service Agreement to the extent that:

- (a) the User's obligations under the agreement remain in full force and effect after the transfer or assignment; and
- (b) the terms of the Service Agreement are not altered as a result of the transfer or assignment.

"**Bond**" means the bond posted under section 4.3.1.

"**Business Days**" means a day other than a Saturday, Sunday or a declared public holiday in New South Wales.

"**Capacity**" means at a point in time the capability of the Network or a particular section of the Network to transport natural gas between defined points, taking into account the configuration of the Network and its operational requirements, as determined by Great Southern Networks using its then current load flow model of the Network.

"**Capacity Charge**" has the meaning given in section 3.3.2(a).

"**Capacity Entitlement**" means in relation to a User and a Delivery Point of that User, the MDQ of that person in relation to that Delivery Point plus the amount, if any, of any Contracted Capacity of any other Users that has been transferred or assigned to the first mentioned User less the amount, if any, of any Contracted Capacity of the first mentioned User in relation to that Delivery Point that is transferred or assigned to another User.

"**Capacity Payment**" means the amount calculated in accordance with section 6.3.1.

"**Code**" means the National Third Party Access Code for National Gas Pipeline Systems.

"**Commencement Date**" has the meaning given in section 1.2(c).

"**Common Service**" means a service sought by more than one Prospective User where, in Great Southern Networks opinion, the characteristics (including the Delivery Point) are such that the Prospective Users are seeking the same service.

"**Conditional Offer**" means an offer made by Great Southern Networks for access to the Network where a term of the offer is that the Prospective User contribute to the upgrading or expansion of the Network.

"**Confidential Information**" has the meaning given in section 10.8 of the Code.

"**Contract Customers**" has the meaning given in section 3.3.1(a).

"**Contract Tariff**" has the meaning given in section 3.3.1(a).

"**Contracted Capacity**" means in respect of an User that part of the Capacity which has been reserved by the User or Users pursuant to a contract entered into with Great Southern Networks.

"**CPI**" means the Consumer Price Index: All Groups, index number weighted average of eight capital cities published by the Australian Bureau of Statistics from time to time and if the Australian Bureau of Statistics ceases to calculate and publish such an index then CPI will mean any index that substantially replaces that index.

"**CPI (EX-GST)**" means the Consumer Price Index: All Groups, index number weighted average of eight capital cities exclusive of the impact of the Goods & Services Tax (GST) as defined in A New Tax System (Goods and Services Tax) Act 1999, calculated and published by the Australian Bureau of Statistics from time to time. If the Australian Bureau of Statistics does not, or ceases to calculate and publish such an index (exclusive of the impact of the GST as defined), then CPI (EX-GST) will mean such an index calculated and published by Commonwealth Treasury or the Reserve Bank and failing this as calculated and published by an independent person appointed by the Relevant Regulator after consultation with Great Southern Networks.

"**Customer**" means a person that uses natural gas at a Delivery Point.

"**Day**" means (unless otherwise advised by Great Southern Networks) a period of twenty-four hours beginning at 6.30 am Eastern Standard Time.

"**Daily Capacity Charge**" means in respect of a User for a month and a Delivery Point, the Capacity Charge for that User in respect of that Delivery Point in that month divided by the number of Days in the month.

"**Daily Overrun Payment**" means the amount calculated in accordance with section 6.3.2(a).

"**Delivery Point**" means the point on the Network nominated or defined in a Service Agreement at which natural gas is withdrawn from the Network by a User for use by a Customer. A Delivery Point may in certain circumstances consist of one, two or more sets of Metering Facilities servicing a particular Customer's site or premises, or servicing a third party network.

"**Developable Capacity**" means the difference between the Capacity and the Capacity which would be available if additions of plant and/or Pipeline were made, but does not include any extension of the geographic range of the Network.

"**Existing Network**" has the meaning given to it in section 10.1.

"**Existing Supplier**" means a User holding appropriate consents under section 2.6.2 which is a party to a Transportation Services Agreement.

"**Gas Act**" means the Gas Supply Act 1996 (NSW).

"**GJ**" means giga joules.

"**Great Southern Networks**" means Great Southern Energy Gas Networks Pty Limited ACN 083 199 839.

"**Great Southern Energy Retail**" means Great Southern Energy or its nominee.

"**IPART**" means the Independent Pricing and Regulatory Tribunal of New South Wales.

"**kPa**" means kilo-pascals.

"**Load Shedding**" means a controlled interruption or reduction in natural gas supply to Customers that may be required by conditions causing shortfalls in the supply of natural gas.

"**Laws**" means all laws including statutes, regulations, licences, authorisations and codes as well as any determinations of any governmental agency under such laws applying from time to time.

"**Market Trading System**" means any electronic bulletin board operated by Great Southern Networks pursuant to which information is provided to Users and Prospective Users and on which trading of Capacity can occur.

"**MDQ**" or "**Maximum Daily Quantity**" means the maximum daily quantity of natural gas (which Great Southern Networks is required to transport and which the User may withdraw under a Service Agreement).

"**Metering Charge**" has the meaning given in section 3.3.2(b).

"**Metering Facilities**" means the meter(s) and any associated filter(s), regulator(s), or other equipment, and pipework, by which the natural gas delivered to the User is conditioned, controlled, and metered.

"**MHQ**" means the maximum hourly quantity of natural gas (which Great Southern Networks is required to transport and which the User may withdraw under a Service Agreement).

"Minimum Delivery Pressure" means:

- (a) in relation to Volume Customers, 1.5 kPa at that customer's Delivery Point; and
- (b) in relation to Contract Customers, 7.0 kPa at that customer's Delivery Point.

"**MJ**" means mega joules.

"**Negotiated Service**" means a service for the transportation of natural gas on the Network provided under a Negotiated Service Agreement.

"**Negotiated Service Agreement**" means an agreement for transportation of natural gas on terms and conditions different to those in a reference price Service Agreement.

"**Negotiating User**" has the meaning given in section 5.1(c).

"**Network**" means:

- (a) the Existing Network; and
- (b) any additions made to the Existing Network after the Commencement Date which fall within sections 10.1(a) or 10.1 (b).

"**Open Offer**" means an offer of access to the Network made by Great Southern Networks which is not a Conditional Offer.

"**Overrun Quantity**" means the quantity of gas withdrawn in respect of a User calculated under section 6.3.2(b).

"**Pipelines**" means a pipe, or system of pipes, or part of a pipe, or system of pipes, for transporting natural gas, and any tanks, reservoirs, machinery or equipment directly attached to the pipe, or system of pipes, but does not include:

- (a) anything upstream of an exit flange on a pipeline conveying natural gas from a gas processing plant;
- (b) a gathering system operated as part of an upstream producing operation;
- (c) any tanks, reservoirs, machinery or equipment used to remove or add components to or change natural gas (other than odourisation facilities) such as a gas processing plant;
- (d) anything downstream of the Delivery Point of a Customer; or
- (e) anything upstream of the Receipt Point.

"**Posted Price**" means the price at which Great Southern Energy Retail will charge Customers for natural gas available at a Delivery Point.

"**Prospective User**" means any person which submits a Request for Service (and in respect of that Request for Service includes any User which submits a Request for Service).

"**Queue**" has the meaning given in section 5.1.

"**Queuing Policy**" means a Queuing Policy as defined in the Code.

"Receipt Point" means the outlet immediately downstream of the Metering Facilities owned and operated by the Transmission Operator located at the Wagga Wagga gate station at Lot 2 Byrnes Road, Bomen.

"Reference Tariff" means the tariff which relates to a Transportation Service.

"Relevant Regulator" means Independent Pricing and Regulatory Tribunal or such other body as is provided under the Gas Pipelines Access Law.

"Request for Service" means a completed Request for Service under section 4.1.1.

"Revisions Commencement Date" means 1 January 2004.

"Service" means a Transportation Service or a Negotiated Service.

"Service Agreement" means a Transportation Services Agreement, or a Negotiated Service Agreement, or where the context requires, both.

"Service Provider" has the meaning given to it in section 8.2 of the Code.

"Single Zone Transfer" means in respect of a Contract Customer a transfer or assignment of Capacity Entitlement between Users where the result of the trade is a change in the Delivery Point to which the Capacity Entitlement relates to another Delivery Point in the same Zone.

"Target Revenue" means the revenue to be generated from the sales (or forecast sales) of the Transportation Services over the Access Arrangement Period.

"Tariff Customer" means a person who is a "tariff customer" as defined in the Gas Act.

"Tax" means any legal requirement imposed on Users to make any deduction or withholding from any amount paid or payable by such Users under a Service Agreement or any legal requirement imposed on Great Southern Networks to make any payment, on account of a tax, duty, levy, impost or other charge or in the nature of any such thing, on, or in relation to, any amount received or receivable by it under a Services Agreement or which is payable as a result of entering into or performing a Services Agreement.

"TJ" means tera joules.

"Total Revenue" in respect of the Services has the meaning given in section 8.2 of the Code.

"**Transmission Operator**" means the operator of the transmission pipeline located upstream of the Receipt Point, currently Eastern Australia Pipelines Limited.

"**Transportation Service**" is a service for transportation of natural gas under a Transportation Services Agreement.

"**Transportation Services Agreement**" means an agreement for a natural gas Transportation Service between a User and Great Southern Networks containing the terms and conditions referred to in Appendix 2.

"**Unaccounted for Gas**" means the amount of natural gas metered as received at the Receipt Point which is not as metered as delivered at a Delivery Point, being natural gas which is lost through leakages in the Network or not accounted for due to metering errors.

"**Unique Service**" means a service sought by a Prospective User which is not a Common Service.

"**User**" means a person to whom Great Southern Networks provides a service under a Service Agreement.

"**User Overrun**" occurs when withdrawals of gas by a User at a Delivery Point exceed the User's Capacity Entitlement for the Delivery Point on that Day.

"**Volume Customers**" has the meaning given in section 3.3.1(b).

"**Volume Tariff**" has the meaning given in section 3.3.1(b).

"**Year**" means a calendar year.

"**Zone**" means a zone described in section 3.4(b).

APPENDIX 2 TRANSPORTATION SERVICES AGREEMENT

The terms and conditions upon which Transportation Services will be provided to the User by Great Southern Networks will include the following:

1. **Services**

- Great Southern Networks will provide Transportation Services to the User, being the services referred to in section 2.3.2 of the Access Arrangement.
- Great Southern Networks will not be required to commence provision of the Transportation Services unless the Delivery Points satisfy requirements in accordance with Great Southern Network's Safety and Operating Plan as required by the Gas Supply Regulation (Safety & Operating Plans) Regulation 1997. Gas delivered by the User must also meet the specifications set out in Appendix 7 of the Access Arrangement.

2. **Term**

- Great Southern Networks will provide the Transportation Services to the User for such period as the parties agree (minimum one year - maximum five years). Both Great Southern Networks and the User may terminate the provision of the services before the end of such period in certain circumstances (see paragraphs 11 and 12 below).

3. **Nomination of Daily Estimate**

- The User will be required to nominate daily the quantity of gas it anticipates it will require Great Southern Networks to transport to the Delivery Points the following Day. The User may provide Great Southern Networks with a schedule which nominates this amount for a period of time. If the User fails to nominate an amount for any particular Day, the User will be deemed to have nominated for that Day the same amount as the last amount nominated by the User for a Day.
- Great Southern Networks will notify the Transmission Operator of the amount nominated (after increasing the nominated amount to adjust for Unaccounted for Gas).

4. Transportation and Delivery of Gas

- Gas will be delivered by the User to Great Southern Networks at the Receipt Point and delivered by Great Southern Networks to the User at a Delivery Point.
- Great Southern Networks will be responsible for the gas delivered to it by the User during the period commencing on receipt of the gas at the Receipt Point and ending on delivery of the gas to the Delivery Point. The User will be responsible for the gas at all other times.
- The User will warrant that any of its equipment at the Receipt Point or the Delivery Points will be designed, constructed, used and maintained to the standard necessary to ensure that the equipment does not adversely affect the operation of the Network and will meet the requirements of applicable laws and standards (including AG601 Gas Installation Code and AG501 Code for Industrial and Commercial Gas Fired Appliances).

5. Overruns

- If the User's withdrawals on a Day exceed its Capacity Entitlement for that Day, then the User will be charged for the Transportation Services at special Overrun rates. In accordance with section 6 of the Access Arrangement, the Overrun rates are dependent upon the number of Days in a month and a Year, respectively, on which the User overruns its Capacity Entitlement.

6. Quality of Gas

- The gas delivered to the Receipt Point by the User must comply with the specifications in Appendix 7 of the Access Arrangement.
- The User will indemnify Great Southern Networks for any cost or expenses incurred by Great Southern Networks as a result of the User delivering gas which does not meet those specifications.

7. Measurement of Gas

- Great Southern Networks will install and maintain Metering Facilities at the Delivery Points to enable the measurement of the amount of gas delivered. Gas metering equipment will comply with Great Southern

Networks' safety & operating plan as required by the Gas Supply (Safety & Operating Plan) Regulation 1997.

- Great Southern Networks will take meter readings at least once each Day but may take further readings if it wishes.
 - The User will be permitted to install and maintain check metering equipment at the Delivery Points.
 - The User will ensure its Customers permit Great Southern Networks to have reasonable access to the Customers' premises for meter reading and maintenance of equipment.

8. Supply Failure and Right to Interrupt Transportation

- Great Southern Networks will notify the User and its Customers of a failure of supply in accordance with the notification regime to be developed by Great Southern Networks under section 11.1.6 of the Access Arrangement.
- In the event of a failure of gas supply to or within the Network, Great Southern Networks will implement load shedding procedures (which have previously been notified to the User and its Customers, as set out in section 11 and Appendix 5 of the Access Arrangement).
- Great Southern Networks may interrupt or reduce the Transportation Services totally or partially for any period if Great Southern Networks considers it necessary for testing or maintaining its equipment. In that event, Great Southern Networks must:
 - (a) as early as reasonably practicable, give notice to the User of its intention to interrupt or reduce the Transportation Services;
 - (b) if reasonably practicable, seek agreement with the User on the timing of the interruption or reduction (and comply with that agreement);
 - (c) use its reasonable endeavours to minimise the period of interruption or reduction.

- If Great Southern Networks considers that there is an immediate danger to person or property it may interrupt or reduce the Transportation Services without prior notice to the User.
- The User must promptly inform Great Southern Networks if it becomes aware of any events or circumstances which could adversely affect the Network or Great Southern Networks' ability to operate the Network.
- Great Southern Networks may also suspend or limit the delivery of gas in the following circumstances:
 - (a) where the User has failed to operate the Delivery Point in accordance with the Transportation Services Agreement, the Code and good pipeline industry practice and the User has not rectified such default within 10 Business Days of being notified of the default by Great Southern Networks;
 - (b) immediately in an emergency;
 - (c) immediately if in Great Southern Networks' reasonable opinion there is a significant risk to person or property;
 - (d) immediately if in Great Southern Networks' reasonable opinion non-compliance with any law by the User could constitute non-compliance of a law by Great Southern Networks;
 - (e) immediately if the User exceeds its Capacity Entitlement or MDQ in any one Day,and will not incur any liability to the User as a result of suspending or limiting the delivery of gas for any of the above reasons in good faith.

9. Assignment and Trading of Capacity

- The User will be entitled to transfer all or part of its Capacity Entitlement to other users of the Network in accordance with the procedures set out in section 8 of the Access Arrangement.

10. Charges, Invoicing and Payment

- The User will pay to Great Southern Networks each month the Capacity Payment, Metering Charge and other miscellaneous charges (as specified in Appendix 6 of the Access Arrangement) which relate to the Transportation Services provided to the User by Great Southern Networks in the previous month. These charges will be varied to reflect any changes in the charges as a result of a future review of the Access Arrangement.
- Great Southern Networks will invoice the User on or before the 10th Business Day of each month and the User will pay to Great Southern Networks the amount stated in the invoice by the 15th Business Day of that month. If the User fails to pay the invoice by that date, interest on the outstanding amount will be payable by the User.
- If an overcharge occurs in any month, Great Southern Networks will refund the amount overcharged to the User.
- If an undercharge occurs in any month, the User will pay to Great Southern Networks the amount of the undercharge.

11. Rights of Access

- The User must ensure that agreements which it enters into with Customers require the Customer to grant at the User's or Great Southern Networks' request access to its land or premises where Great Southern Networks requires that access for metering, monitoring, operational or safety reasons.
- The User undertakes to enforce these provisions at Great Southern Networks' request to enable Great Southern Networks to gain such access.

12. Termination

- If one or more of the following events of default occur, then the party which is not in default may terminate the provision of the Transportation Services by Great Southern Networks by notice in writing to the defaulting party, namely:
 - (a) if the defaulting party defaults in payment of any moneys payable under these terms for a period of 10 Business Days or more;
 - (b) if the defaulting party defaults in the performance of any of the other obligations imposed upon it by these terms and fails to remedy or remove the cause of causes of default within a period of 20 Business Days from the receipt of a notice from the other to remedy or remove the cause of causes of default;
 - (c) if a resolution is passed or an order is made by a Court for the winding up of the defaulting party except for the purposes of reconstruction or amalgamation;
 - (d) if the defaulting party is unable to pay its debts as and when they fall due or is placed in liquidation;
 - (e) if the defaulting party makes or enters into or endeavours to make or enter into any composition, assignment or other arrangement with or for the benefit of either party's creditors;
or
 - (f) if Great Southern Networks ceases to be engaged in the delivery of gas.

13. Force Majeure

- If either Great Southern Networks or the User fail to meet any of their respective obligations due to the occurrence of an event or circumstance of force majeure, that failure will not give rise to any liability or cause of action.
- In the event of force majeure of such magnitude or duration that it is unlikely that Great Southern Networks will be able to continue to provide the Transportation Services, either Great Southern Networks or the User may terminate the provision of the services upon 10 Business Days notice.

14. Liabilities and Indemnities

- Subject to any laws to the contrary, Great Southern Networks will not be liable to the User for:
 - (a) momentary fluctuations in the amount of gas delivered to the User;
 - (b) any failure to deliver gas due to any failure of a user of the Network (including the User);
 - (c) any failure to transport caused by no or a reduction in the amount of gas in the Network; or
 - (d) any failure to deliver gas caused by any defect or abnormal conditions in the User's equipment.
- If Great Southern Networks is liable for any matter other than those listed above, its liability to the User will only be for direct loss or damage and will be limited to an amount specified in the Transportation Services Agreement.
- The User indemnifies Great Southern Networks for any damage or loss Great Southern Networks suffers as a result of the provision of the Transportation Services or by any breach of the User and for any damage or loss suffered by any other person as a result of the User's breach. The User will not be liable for any failure by the User which is

caused by Great Southern Networks' failure to provide the Transportation Services or caused by any defect or abnormal conditions in the Network.

15. Dispute Resolution

- Great Southern Networks and the User must each use their best endeavours to resolve any disputes which arise under the agreement (and which are not subject to section 6 of the Code) in relation to the provision of the Transportation Services. If the dispute cannot be resolved, either Great Southern Networks or the User may refer the dispute to an expert for determination.
- If the dispute is referred to an expert, Great Southern Networks and the User will provide the expert with any information he or she needs in order to determine the dispute.
- If an agreement cannot be reached as to sharing of costs between Great Southern Networks and the User, the expert will decide.
- The determination of the expert will be binding on Great Southern Networks and the User, however, neither Great Southern Networks nor the User may bring court proceedings (apart from interlocutory or injunctive proceedings) until the matter has been referred to an expert and a determination made.

APPENDIX 3 CONTRACT AND VOLUME REFERENCE TARIFFS

Contract Customers			1999	2000	2001	2002	2003
		\$/s/GJ of MDQ per Year					
Bomen Contract Customers			\$169.15	\$130.46	\$102.08	\$81.12	\$65.60
Central Contract Customers			\$682.76	\$509.98	\$381.17	\$285.11	\$213.40
Fringe Contract Customers			\$450.22	\$445.56	\$441.64	\$438.34	\$435.70
Volume Customers	max Meter Flow Rate (m³/hr)		1999	2000	2001	2002	2003
Large Industrial Customers	150	Annual Charge	\$378	\$756	\$1,134	\$1,512	\$1,890
		\$/s/GJ	\$4.06	\$3.85	\$3.63	\$3.42	\$3.21
Industrial Customers	85	Annual Charge	\$214	\$428	\$643	\$857	\$1,071
		\$/s/GJ	\$5.59	\$4.97	\$4.36	\$3.78	\$3.21
Commercial Customers	30	Annual Charge	\$76	\$151	\$227	\$302	\$378
		\$/s/GJ	\$6.09	\$5.34	\$4.60	\$3.89	\$3.21
Residential & Small Business	10	Annual Charge	\$51	\$70	\$88	\$107	\$126
		\$/s/GJ	\$4.70	\$4.32	\$3.95	\$3.58	\$3.21

These prices are in 1999 dollars. Until such time any proposed revisions to the Access Arrangement is approved and takes effect, the Reference Tariffs, terms and conditions set out under this Access Arrangement in respect of the year 2003 will continue.

APPENDIX 4 REQUEST FOR SERVICE

To: Great Southern Energy Gas Networks Pty Limited

[insert address]

1. [Insert name of proposed user] requests you to provide the following Transportation Services, namely:

[insert details]

2. As required by our Access Arrangements, we provide the following details in relation to this Request for Service, namely:

- (a) the proposed Delivery Points for the Transportation Services are:

[insert details]

- (b) the characteristics of the proposed load as at the proposed commencement date are:

AQ:

MDQ:

MHQ:

Required delivery pressure:

- (c) if known, forecast of expected changes of MHQ over the 5 years following the commencement date:

[insert details].

- (d) the proposed commencement date and end date of the Transportation Services are:

[insert details]

Signed by the Prospective User

.....

Dated:

APPENDIX 5 LOAD SHEDDING PRIORITIES

Load Shedding Priority	Load Type
1	Interruptible Loads.
2	Sites where natural gas is not used for production.
3	Sites where load is transferable to an alternative fuel.
4	Load that may be reduced without damage to product or plant.
5	Load that may be halted without damage to product or plant.
6	Load where halting may cause product damage.
7	Load where halting may cause plant damage.
8	Load not transferable to alternative fuel at hospitals and essential service sites.
9	Other sites.

APPENDIX 6 OTHER CHARGES

1. Metering Charges

Metering Charges for Contract Customers will be specific to the Metering Facilities at the Delivery Point at which gas is delivered to that Customer. The Metering Charges for all persons which are Contract Customers as at the date the Access Arrangement is established are set out in Table 1.

Table 1 Contract Customers - Metering Charges

Meter Installation Capital Cost

Basic pipework - including axial flow regulators	\$15,350.00
Inline volume correction unit	\$4,600.00
Telemetry (mobile phone, solar panel or mains supply)	\$7,000.00
Total	\$26,950.00

Meter Capital Cost

Meter Type	Cost	Installation	Total	Annual Cost (7.75%, 15 years)
6GT	\$6,000.00	\$26,950.00	\$32,950.00	\$3,791.00
4GT	\$5,025.00	\$26,950.00	\$31,975.00	\$3,679.00
AL5000	\$7,675.00	\$26,950.00	\$34,625.00	\$3,984.00
AL2300	\$5,650.00	\$26,950.00	\$32,600.00	\$3,751.00
AL1000	\$1,590.00	\$26,950.00	\$28,540.00	\$3,284.00
7M175	\$1,010.00	\$26,950.00	\$28,760.00	\$3,309.00
5M175	\$1,270.00	\$26,950.00	\$28,220.00	\$3,247.00
3M175	\$3,000.00	\$26,950.00	\$29,950.00	\$3,446.00

Meter Annual Cost

Meter Type	Capital Charge	O&M Cost	Electronic Reading	Total
6GT	\$3,791.00	\$1,648.00	\$350.00	\$5,789.00
4GT	\$3,679.00	\$1,599.00	\$350.00	\$5,628.00
AL5000	\$3,984.00	\$1,731.00	\$350.00	\$6,065.00
AL2300	\$3,751.00	\$1,630.00	\$350.00	\$5,731.00
AL1000	\$3,284.00	\$1,427.00	\$350.00	\$5,061.00
7M175	\$3,309.00	\$1,438.00	\$350.00	\$5,097.00
5M175	\$3,247.00	\$1,111.00	\$350.00	\$5,008.00
3M175	\$3,446.00	\$1,498.00	\$350.00	\$5,294.00

For any new Contract Customers, the charge will be set to recover:

- (a) the capital cost of the Metering Facilities over a 15 year period as well as an allowance for a reasonable return to Great Southern Networks;
- (b) continuing operations, maintenance and testing costs set at 5% of the capital cost of the Metering Facilities;
- (c) the cost of electronic reading of the Metering Facilities and data forwarding which will be charged at \$350 per year (subject to any increase under section 3.7).

2. Charges for processing Capacity Transfers

\$100 (subject to any increase under section 3.7)

3. Charges for processing Requests for Services

\$50 (subject to any increase under section 3.7)

4. Additional charges

Connection Fee	\$35
Meter Test Fee	\$50 (or such other fee as is prescribed by law)
Special Meter Reading Fee	\$30 (or such other fee as is prescribed by law)
Disconnection Fee	\$30
Request for information concerning existing Users	\$50 plus \$50 per hour after the first hour

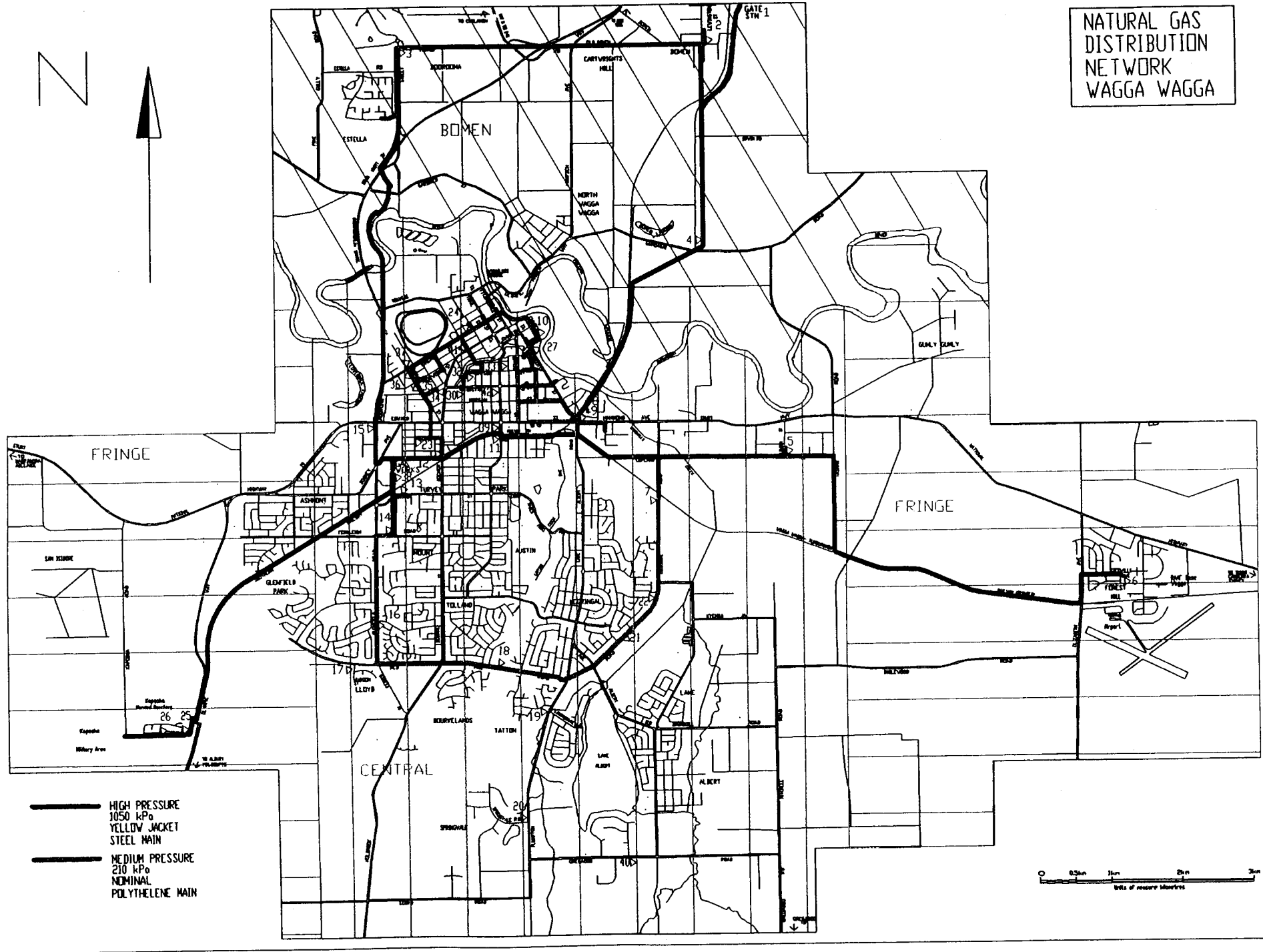
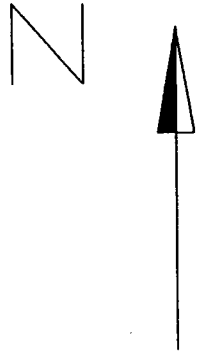
APPENDIX 7 DEFAULT SPECIFICATIONS

The gas delivered to the Receipt Point by a User must comply with the specifications prescribed by any Laws that extend to that gas. If there are no such Laws, the gas must comply with specifications determined by Great Southern Networks from time to time, or failing such determination the specifications in the following table (the "default specifications") will apply.

Parameter	Minimum Value	Maximum Value (Continuous)
Heating Value (daily Average)	37.45MJ/m ³	Determined by other parameters
Wobbe Index	47.4	51.1
Water Dewpoint	-	0Ec at 6895 kPa
Hydrocarbon Dewpoint	-	10Ec at 3500 kPa
Carbon Dioxide	-	3.0% V/V
Oxygen	-	0.1% V/V
Total Sulphur	-	23 mg/m ³
Mercaptan Sulphur	-	4.6 mg/m ³
Hydrogen Sulphide	-	5.7 mg/m ³
Solid Particulate and Liquids	-	Nil

APPENDIX 8 WAGGA WAGGA ZONES FOR CONTRACT CUSTOMER TARIFF PURPOSES

NATURAL GAS
DISTRIBUTION
NETWORK
WAGGA WAGGA



——— HIGH PRESSURE
 1050 kPa
 YELLOW JACKET
 STEEL MAIN

 ——— MEDIUM PRESSURE
 210 kPa
 NOMINAL
 POLYTHELENE MAIN

0 0.5km 1km 2km 3km
 Scale of reserve meters