



Access Arrangement  
for the  
Queensland Distribution Network

21 December 2001

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## **DISCLAIMER**

This document has been prepared solely for the purpose of compliance with the *Gas Pipelines Access (Queensland) Act 1998* and the *National Third Party Access Code for Natural Gas Pipeline Systems* (“the Code”).

This document is not intended for any other purpose and should not be relied upon as the basis for any decision to buy or sell, or otherwise deal in, Envestra’s securities or for any other purpose.

# **1. INTRODUCTION**

## **1.1 Purpose of this Document**

On 17 October 2000, Envestra Limited ('Envestra') submitted a proposed Access Arrangement to the Queensland Competition Authority ('the Regulator') in accordance with the *Gas Pipelines Access (Queensland) Act 1998* and section 2 of the *National Third Party Access Code for Natural Gas Pipeline Systems* ('the Code'). The Regulator issued a Final Decision on the proposed Access Arrangement on 3 October 2001. This Access Arrangement incorporates amendments required by the Final Decision.

The Access Arrangement applies to Envestra's Covered Queensland natural gas distribution network ('the Network') that is located in Brisbane, Ipswich, Rockhampton and Gladstone. Maps of the Network as it existed at 30 June 1999 have been provided to the Regulator. An overview of the Network in metropolitan Brisbane (which constitutes almost 90% of the Network by length) and a map showing the Regions served by the Network are included as Annexure A and B of this Access Arrangement respectively. Further information about the Network is included in the Access Arrangement Information.

Details of the policies and terms and conditions which will apply in relation to third party access to Network Services are set out in this Access Arrangement. Access Arrangement Information relating to this Access Arrangement has been submitted to the Regulator in accordance with section 2 of the Code.

## **1.2 Commencement Date**

This Access Arrangement will come into effect on the date on which its approval takes effect under section 2 of the Code.

## **1.3 Interpretation**

Section 10 of this Access Arrangement is a glossary, which sets out the definitions given to some terms used in this Access Arrangement and supporting documents.

Unless otherwise defined in this Access Arrangement, terms used have the same meaning as they have in the Code. Terms that are defined in the Code or in this Access Arrangement commence with capital letters. Unless specified otherwise, references to section numbers are references to sections in this Access Arrangement.

## **1.4 Contact Details**

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

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## **2. SERVICES POLICY**

### **2.1 Services**

Envestra offers the following Network Services to Network Users and Prospective Network Users:

- two Haulage Reference Services;
- one Utility Reference Service; and
- Negotiated Services.

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

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

### **2.2 Haulage Reference Services**

#### **2.2.1 Demand Haulage Service**

The Demand Haulage Service is a Haulage Reference Service that comprises the firm forward haulage of Gas to a Demand Delivery Point in accordance with, and subject to, the terms and conditions referred to in section 4.

A Delivery Point is a Demand Delivery Point at a given time if any of the following apply:

- the Quantity of Gas delivered through the Delivery Point during the then most recent Metering Year was equal to or greater than 10TJ; or
- the Quantity of Gas delivered, or deemed to have been delivered, through that Delivery Point on any Network Day during the then most recent Cycle was equal to or greater than 50GJ.

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

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

### **2.2.2 Volume Haulage Service**

The Volume Haulage Service is a Haulage Reference Service that comprises the firm forward haulage of Gas to a Volume Delivery Point in accordance with, and subject to, the terms and conditions referred to in section 4.

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

### **2.2.3 Nature of Haulage Reference Services**

Each Haulage Reference Service will consist of accepting a Quantity of Gas into the Network at a Receipt Point and delivering an equivalent Quantity of Gas to a Delivery Point on the Network.

### **2.2.4 Associated Services**

Each Haulage Reference Service also includes:

- odorisation of Gas;
- provision and maintenance of Metering Equipment;
- provision of Unaccounted for Gas; and
- meter reading on a quarterly basis for Volume Delivery Points and on a monthly basis for Demand Delivery Points.

The Haulage Reference Services do not include any of the Services described as Utility Reference Services (see section 2.3).

### **2.2.5 Reference Tariffs**

The Reference Tariffs that apply for Haulage Reference Services in the year 1 July 2001 to 30 June 2002 are set out in the Tariff Schedule that forms Annexure C to this Access Arrangement.

The Reference Tariffs set out in that Tariff Schedule include GST under the *A New Tax System (Goods and Services Tax) Act 1999*.

## **2.3 Utility Reference Services**

In addition to the Haulage Reference Services set out in section 2.2 above, Envestra offers the following Utility Reference Service:

- Special Meter Reading Service – this Reference Service comprises meter reading associated with a change of Customer for a Network User at a Delivery Point, that is in addition to scheduled meter readings that form part of the Haulage Reference Services.

This Service will be provided in accordance with and subject to the terms and conditions referred to in section 4.

The Reference Tariff that applies for this Service in the year 1 July 2001 to 30 June 2002 is set out in the Tariff Schedule that forms Annexure D to this Access Arrangement.

## **2.4 Negotiated Services**

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

The terms and conditions on which Envestra will provide Negotiated Services will be the same as the terms and conditions referred to in section 4, where Envestra determines that those terms and conditions are appropriate and applicable to the Negotiated Service requested by the Network User or Prospective Network User.

## **2.5 Network Service Standards**

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



### **3. REFERENCE TARIFFS AND REFERENCE TARIFF POLICY**

The Reference Tariffs for the Reference Services are set out in the Tariff Schedules that form Annexures C and D to this Access Arrangement. The Network comprises two Regions. They are the Brisbane Region and the Northern Region. These are depicted on the map included as Annexure B.

The Reference Tariffs set out in Annexures C and D are those that will apply from 1 July 2001 to 30 June 2002. The Reference Tariffs will be adjusted with effect from 1 July each year in accordance with the adjustment mechanisms in section 3.3.6.

#### **3.1 Reference Tariffs for Haulage Reference Services**

##### **3.1.1 Demand Haulage Service**

The Reference Tariff for the provision of the Demand Haulage Service varies according to the Region of the Network in which the Demand Delivery Point is located.

Reference Tariffs for the provision of Demand Haulage Services are set out in Table 1 of the Tariff Schedule in Annexure C.

##### **3.1.2 Volume Haulage Service**

The Reference Tariff for the provision of the Volume Haulage Services varies according to the Region of the Network in which the Volume Delivery Point is located.

The Reference Tariffs for the provision of Volume Haulage Services are set out in Table 2 of the Tariff Schedule in Annexure C.

#### **3.2 Reference Tariffs for Utility Reference Services**

The Reference Tariff applicable to the provision of the Special Meter Reading Service is set out in Annexure D.

#### **3.3 Reference Tariff Policy**

In this section 3.3, a reference to the percentage change in the CPI is a reference to the percentage change between the March quarter CPI in the then current year and the March quarter CPI in the previous year.

##### **3.3.1 New Facilities Investment**

The Reference Tariffs for Haulage Reference Services will vary in accordance with the Extensions and Expansions Policy set out in section 8.

New Facilities Investment that is included in the Network and satisfies section 8.16 of the Code will be added to the Capital Base at the commencement of the next Access Arrangement Period. Where only part of any New Facilities Investment that is included as part of the Network satisfies section 8.16 of the Code, then:

- the Capital Base will be increased by that part of the New Facilities Investment that satisfies section 8.16 (the ‘Recoverable Portion’); and
- Reference Tariffs for that part of the New Facilities Investment that satisfies section 8.16 of the Code will be determined in accordance with section 8.2 of this Access Arrangement.

Where part or all of any New Facilities Investment that is included as part of the Network does not satisfy the requirements of section 8.16 of the Code, Envestra may apply to the Regulator to impose a Surcharge in relation to that New Facilities Investment, agree a Capital Contribution with a User in accordance with section 8 of the Code, or retain that part of the New Facilities Investment as Speculative Investment under section 8.19 of the Code.

### **3.3.2 *Imposts***

Whenever Envestra determines that its costs have increased or decreased materially or will increase or decrease materially as a result of a New Impost or change in an Impost, Envestra may apply to the Regulator for approval to increase or decrease the Reference Tariffs accordingly, in accordance with the provisions of the Code.

Any amendment to a Reference Tariff as a result of a New Impost or change in an Impost will be effective from the date of the introduction of the New Impost or change in the Impost.

### **3.3.3 *Asset Base and Rate of Return***

#### **3.3.3.1 *Initial Capital Base***

The initial Capital Base for the Network is \$180.2m as at 1 July 2001.

#### **3.3.3.2 *Forecasting the Capital Base***

The Capital Base to be adopted for the purposes of forecasting Total Revenue for an Access Arrangement Period will be the opening value of the Capital Base, adjusted by (on an annual basis):

- forecast New Facilities Investment that is proposed to be added to the Capital Base in accordance with the Extensions and Expansions Policy and section 8 of the Code;
- forecast depreciation calculated in accordance with section 3.3.5 of this Access Arrangement;
- forecast Redundant Capital determined in accordance with section 3.3.4 of this Access Arrangement; and
- a forecast percentage change in the CPI of 2.5%.

### *3.3.3.3 Capital Base at Review*

The Capital Base, when reviewed at the end of an Access Arrangement Period, shall be adjusted to reflect the following factors, which will be calculated on an annual basis:

- New Facilities Investment that is to be added to the Capital Base in accordance with the Extensions and Expansions Policy and section 8 of the Code;
- depreciation calculated in accordance with section 3.3.5 of this Access Arrangement;
- Redundant Capital determined in accordance with section 3.3.4 of this Access Arrangement; and
- the actual percentage change in the CPI (or if not available, estimates (approved by the Regulator) of the CPI).

### *3.3.3.4 Rate of Return*

The Rate of Return will be 9.27% on a post-tax nominal basis.

### *3.3.4 Redundant Capital*

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

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

Envestra will also remove an amount from the Capital Base so as to share costs associated with a decline in the volume of sales of Services provided by means of the Network, between Envestra and Network Users.

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

### *3.3.5 Depreciation*

Depreciation of the assets will be calculated on a straight-line basis.

### **3.3.6 Reference Tariff Adjustments – Price Path**

#### **3.3.6.1 Demand Haulage Reference Tariff**

The Demand Haulage Reference Tariff (section 3.1.1) will be adjusted by Envestra on 1 July each year with effect from 1 July of that year, in a manner that is designed to change the average price per GJ of MDQ by the percentage change in the CPI minus 6.9%.

The initial average price per GJ of MDQ is that which has been forecast for the 2001/02 financial year. The initial CPI index point will be the CPI for the March 2001 quarter.

#### **3.3.6.2 Volume Haulage Reference Tariffs**

The Volume Haulage Reference Tariff (section 3.1.2) will be adjusted by Envestra on 1 July each year with effect from 1 July of that year, in a manner that is designed to change the average price per GJ of Gas delivered by the percentage change in the CPI+ 0.45%. Tariffs for individual Delivery Points shall not increase by more than CPI + 1.4% or \$7 annually, whichever is the greater.

The initial average price per GJ of Gas delivered is that which has been forecast for the 2001/02 financial year. The initial CPI index point will be the CPI for the March 2001 quarter.

#### **3.3.6.3 Utility Reference Service Tariffs**

Utility Reference Service Tariffs (section 3.2) will be adjusted by Envestra on 1 July each year with effect from 1 July of that year, by the percentage change in the CPI. The initial CPI index point will be the CPI for the March 2001 quarter.

### **3.3.7 Incentive Mechanism**

Subject to sections 3.3.2 and 3.3.8, within any Access Arrangement Period there will be no adjustment to the Total Revenue requirement or Reference Tariffs to reflect any differences between actual and forecast amounts for New Facilities Investment, Non-Capital Costs or Gas delivery.

Subject to section 3.3.8, the Total Revenue requirement for any future Access Arrangement Period will not be adjusted to recover the amount of any gains or provide compensation for any losses achieved by Envestra as a result of any differences between actual and forecast amounts for New Facilities Investment, Non-Capital Costs or Gas delivery.

The application of this Incentive Mechanism is subject to the Network continuing to be managed and operated in accordance with accepted industry practice and any service standards prescribed by any relevant law or applicable regulatory instrument.

### **3.3.8 Trigger Mechanism – Gas Sales**

A review of this Access Arrangement may be triggered by either the Regulator or Envestra prior to the date specified in section 9.1 if the Quantity of Gas delivered in a financial year differs from that forecast in the Access Arrangement Information by more than:

- (a) 15% in respect of total gas deliveries; or
- (b) 10% in respect of the Quantity of Gas delivered to either Volume or Demand Delivery Points.

### **3.3.9 Annual Reporting**

By no later than 30 September each year, Envestra will report to the Regulator, by class of Delivery Point and on an aggregate (whole of covered Network) basis, on actual versus forecast Gas delivery for the previous financial year.

### **3.3.10 Reference Tariff Variations**

Whenever Envestra wishes to adjust or modify Reference Tariffs in accordance with this Access Arrangement, the following procedure will apply:

1. Envestra shall provide a notice of Reference Tariff variation to the Regulator containing the following information:
  - Envestra’s proposed variations to the Reference Tariff and the proposed effective date for those variations;
  - an explanation of how the variations proposed are consistent with the approved price paths and side constraints; and
  - such additional information as is necessary to enable the Regulator to determine whether the variations proposed are consistent with the approved price paths and side constraints.
2. The Regulator will make public, and provide the Code Registrar with a copy of, any information provided as part of the notice of Reference Tariff variation, with additional information made public subject to the confidentiality provisions in sections 7.11 and 7.12 of the Code.
3. Unless the Regulator disallows the variation, the Reference Tariff will be varied automatically on and from the later of:
  - the date specified in the notice of Reference Tariff variation; or
  - one month from the date of lodgment of the notice of Reference Tariff variation.
4. The Regulator may, by notice to Envestra before the variation is due to come into effect, disallow a variation where it considers, on reasonable grounds, that the proposed variation is inconsistent with, or not permitted under, the approved price paths and side constraints. If the Regulator disallows a variation, it will specify a

variation that is consistent with the price paths and side constraints, with any such variations to come into effect on the date as determined above. The Regulator will publish its reasons for allowing a variation, disallowing a variation or specifying any change to the variation proposed by Envestra.

5. The Regulator may, on application from Envestra, grant extensions of time to Envestra.

### ***3.3.11 Network Marketing***

Envestra's network marketing will not include the name of the incumbent retailer. In any network marketing, the name of the Network Service Provider must be dissimilar to that of any associated retailer.

## **4. TERMS AND CONDITIONS**

### **4.1 Reference Services**

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

- (a) the terms and conditions set out in Annexure E; and
- (b) the Specific Terms and Conditions agreed between Envestra and the Network User.

The Specific Terms and Conditions that form part of the Agreement between Envestra and the Network User will comprise:

- (a) details of each User Receipt Point at which Gas is to be delivered to Envestra by or for the account of that Network User pursuant to the Agreement;
- (b) details of each User Delivery Point at which Gas is to be delivered by Envestra to or for the account of that Network User pursuant to the Agreement. For Demand Delivery Points, the MDQ will be agreed between Envestra and the Network User in accordance with clause 5.1 of the terms and conditions set out in Annexure E.
- (c) the period for which the Agreement is to remain in force (assuming it is not terminated earlier in accordance with the terms and conditions set out in Annexure E);
- (d) the date on which Envestra is to commence providing Reference Services pursuant to the Agreement;
- (e) for Demand Haulage Services, details of the maximum Quantity of Gas Envestra is obliged to deliver through each User Delivery Point to or for the account of the Network User during any Network Day and during any period of sixty minutes; and
- (f) an address and facsimile number for the purposes of the service of notices on the Network User pursuant to the Agreement.

### **4.2 Pre-Conditions to Network Services**

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

- (a) the Network User must pay Envestra the amounts required pursuant to section 19 of the terms and conditions set out in Annexure E;
- (b) the Network User must satisfy Envestra that the Network User meets the requirements of Envestra's Credit Policy (see section 4.3);
- (c) the Network User must satisfy Envestra that the Network User has adequate arrangements in place to ensure that the aggregate Quantity of Gas delivered to Envestra by or for the account of the Network User will be equal at all times to the aggregate Quantity of Gas delivered by Envestra to or for the account of the Network User;

- (d) the Network User must satisfy Envestra that the Network User has adequate arrangements in place to ensure that the Network User will comply with its obligations to Envestra in relation to the Network Service; and
- (e) if required by Envestra, the Network User must execute a document setting out or incorporating the terms and conditions on which Envestra is to provide the Network User with the Network Service.

The arrangements mentioned in section 4.2(c) must include the agreement of the Network User to apportionment arrangements between the Network User and other Network Users together with Envestra and each Upstream Operator, to apportion Gas delivered through each Receipt Point and each Delivery Point between the Network User and other Network Users.

### **4.3 Credit Policy**

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

- (a) a Network User must be resident in Australia or have a permanent establishment in Australia;
- (b) if the Network User is incorporated or constituted under any law other than the Corporations Act, the Network User must have provided Envestra with a legal opinion in form and substance satisfactory to Envestra that confirms:
  - (i) the due incorporation and good standing of the Network User;
  - (ii) the legal capacity of the Network User to enter into and perform the Agreement between the Network User and Envestra;
  - (iii) the due execution of that Agreement and the enforceability of that Agreement against the Network User;
- (c) the Network User must be capable of being sued in its own name in courts established under the laws of Queensland and in courts established under the laws of other States and Territories;
- (d) the Network User must not enjoy any immunity from legal proceedings or legal process (including, but without limitation, any immunity from prosecution);
- (e) the Network User must demonstrate to the reasonable satisfaction of Envestra the Network User's ability to meet all financial obligations under the agreement; and
- (f) the Network User must not be an externally-administered body corporate or an insolvent under administration (as defined in the Corporations Act) or under a similar form of administration under any laws applicable to the Network User in any jurisdiction.

### **4.4 Pre-existing Rights**

No Network User or Prospective Network User will be entitled to a Network Service to the extent that the provisions of that Network Service will deprive a person of their contractual rights under a pre-existing agreement (to the extent that those rights do not constitute Exclusivity Rights which arose on or after 30 March 1995). No provision of this Access Arrangement will take effect to the extent that, if it were applied, it would



deprive any person of a contractual right in existence prior to the date this Access Arrangement was submitted (as required to be submitted), other than an Exclusivity Right which arose on or after 30 March 1995.

## **5. CAPACITY MANAGEMENT POLICY**

The Network is a Contract Carriage Pipeline.

A Network User may trade Contracted Capacity in accordance with the Trading Policy set out in section 6.

## **6. TRADING POLICY**

### **6.1 Bare Transfers**

A Network User is permitted to transfer or assign all or part of its Contracted Capacity without the consent of Envestra if the transfer or assignment is a Bare Transfer.

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

- the identity of the Network User that made the transfer or assignment;
- the amount of MDQ and MHQ that has been transferred or assigned;
- the location of the User Delivery Point which is the subject of the transfer; and
- any other information which Envestra reasonably requires concerning the nature of the Contracted Capacity that is the subject of the Bare Transfer.

### **6.2 Other Transfers**

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

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

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

- where there is insufficient Capacity at any point in the Network (either before or as a result of the transfer) to enable the proposed Contracted Capacity to be transferred or assigned to the proposed User Delivery Point;
- where Envestra would receive less revenue as a result of the proposed transfer or assignment of Contracted Capacity; and
- where the proposed transferee is unable to satisfy Envestra that it is able to meet the requirements set out in section 4 of this Access Arrangement.

### **6.3 Delivery and Receipt Points**

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

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

### **6.4 Procedure**

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

- the party requesting the transfer/assignment or a change to a Delivery Point or Receipt Point shall submit a written request to Envestra, setting out the applicable details. A fee of \$75, payable at the time of the request, will apply to each request.
- Envestra will complete an analysis to determine whether the request is technically and commercially feasible and reasonable. The cost of completing this analysis will be borne by the party that makes the request. Charges for the analysis may vary depending on the complexity of analysing the request, but will be agreed in advance with the party making the request. Costs will be based on an hourly rate of \$75 per person per hour for each hour after the first hour. This cost will escalate on 1 July each year by the change in (for a 12 month period ending 31 March) CPI.

### **6.5 Timelines**

Where a Network User requires Envestra's consent pursuant to section 6.2 or 6.3, Envestra will reply to such a request within 14 Business Days of receiving the request, provided the request is accompanied by information which is reasonably necessary to enable Envestra to consider the request.

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

## 7. QUEUING POLICY

Subject to the remainder of this section, requests from Prospective Network Users will be processed in the order they are received.

Where there is sufficient Spare Capacity available in the Network to meet the needs of a Prospective Network User (who is at the top of the queue) at a nominated point in the Network, Envestra will offer the Spare Capacity at that point in the Network to that Prospective Network User.

Where there is insufficient Spare Capacity available at a nominated point in the Network to meet a Prospective Network User's request (having reached the top of the queue), Envestra will first offer that Prospective Network User any Spare Capacity that is capable of partly satisfying its request at that nominated point. Envestra may then undertake an investigation of Developable Capacity alternatives. Under these circumstances, Envestra may elevate the priority of other Prospective Network Users' requests affected by the proposed augmentation in the interests of optimising design and achieving efficiency in the structure and level of Tariffs. Envestra will only take such action where it is reasonable to do so and where it will not foreseeably disadvantage other Prospective Network Users, other than in relation to their position in the queue.

Whenever a Prospective Network User joins a queue, Envestra shall notify that Prospective Network User of the length of time before it is expected that sufficient capacity may become available to meet that Prospective Network User's request. Subsequently, Envestra shall also notify those Prospective Network Users of system augmentations or other changes that materially affect Envestra's ability to satisfy a Prospective Network User's request.

## **8. EXTENSIONS AND EXPANSIONS POLICY**

Any extension or expansion of the Network will be treated in the manner set out in sections 8.1 and 8.2 below. Extensions and expansions of the Network include any Pipelines or other system assets added to the Network as it existed on 30 June 1999.

### **8.1 Coverage**

All expansions of the Capacity of the Network within the Access Arrangement Period will automatically be included as part of the Network from the time the expansion comes into service.

All extensions to the Network within the Access Arrangement Period will be automatically included as part of the Network from the time the extension comes into service, unless:

- (a) the extension is a significant extension (or Envestra can demonstrate that the extension represents a special case); and
- (b) Envestra obtains the Regulator's written approval to exclude the extension from the covered Network.

Any extension which is not directly connected with the existing covered Network may be excluded from the covered Network, subject to the prior written consent of the Regulator.

A significant extension is an extension to one or more Delivery Points, where the anticipated Quantity of Gas delivered exceeds 10TJ per year and the anticipated capital expenditure for the extension exceeds \$200,000.

In the case of a significant extension which is directly connected with an existing covered network, and for which written consent has been provided by the Regulator to treat the extension as an excluded extension, the Regulator will determine what portion of the revenue generated from that extension will be offset against the total revenue calculation for this Access Arrangement, in recognition of the role of common or joint assets that form part of the covered Network.

Envestra will not have the option of treating a significant extension as a stand-alone Pipeline if the extension was assumed and included in the calculation of the Reference Tariffs.

The Regulator has agreed that the following significant extensions, defined as Excluded Assets, will be excluded from the Covered Network:

- pipeline to BP refinery, Bulwer Island
- pipeline to Visy Paper, Murarrie
- pipeline to Rockhampton Prison, Rockhampton.

## **8.2 Tariffs**

### **8.2.1 *Effect on Haulage Reference Tariffs***

Subject to section 8.16 of the Code, Reference Tariffs for Haulage Reference Services will be determined as set out below in relation to any extension or expansion that is to be included as part of the Network:

- to the extent that an extension or expansion meets the economic feasibility test in section 8.16(b)(i) of the Code, the Tariff for each Haulage Reference Service will be the Prevailing Tariff prior to the extension or expansion; or
- to the extent that an extension or expansion has system wide benefits and Envestra believes that these benefits justify the approval of a higher Reference Tariff for a Haulage Reference Service for all Network Users, Envestra will seek the Regulator's approval of a higher Haulage Reference Tariff for all Network Users in respect of the applicable Haulage Reference Service; or
- to the extent that an extension or expansion is necessary to maintain the safety, integrity or Contracted Capacity of Network Services and does not meet the economic feasibility test or does not provide system-wide benefits that, in the Regulator's opinion, justifies a higher Haulage Reference Tariff for all Network Users in respect of the applicable Haulage Reference Service, Envestra may seek revisions to the Access Arrangement to provide for new Tariff arrangements; or
- as provided for in section 3.3.1, to the extent that an extension or expansion does not satisfy any of the requirements of section 8.16 of the Code, Envestra may apply to the Regulator to impose a Surcharge in relation to that New Facilities Investment, or agree a Capital Contribution with a User in accordance with section 8 of the Code.

In accordance with section 8.16(b)(i) of the Code, for any expansion of the Capacity or extension to the Network to be economically feasible, the Anticipated Incremental Revenue generated over the economic life of the New Facility must exceed the New Facilities Investment.

### **8.2.2 *Relationship to Reference Tariff Policy***

Section 8.2.1 is to be applied in conjunction with section 3.3.1.

## **8.3 Conditions for Funding New Facilities**

Envestra has no obligation to fund New Facilities. The funding of New Facilities is conditional upon (among other things) Envestra having sufficient funds available on commercial terms acceptable to Envestra.

## **9. REVIEW OF THE ACCESS ARRANGEMENT**

### **9.1 Revisions Submission Date**

Envestra will submit revisions to this Access Arrangement to the Regulator on 1 October 2005.

### **9.2 Revisions Commencement Date**

The revisions to this Access Arrangement referred to in section 9.1 will commence on the later of 1 July 2006 and the date on which their approval takes effect under the Code. The Access Arrangement that is current at the time will continue to apply until such time as the Regulator approves any revisions.

## 10. GLOSSARY

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

- (1) **‘Agreement’** means the contract between Envestra and a Network User, which is constituted of the terms and conditions set out in Annexure E and the Specific Terms and Conditions.
- (2) **‘Brisbane Region’** means the area depicted in Annexure B as the Brisbane Region.
- (3) **‘Business Day’** means a day other than a Saturday, Sunday or public holiday in Queensland.
- (4) **‘Code’** means the *National Third Party Access Code for Natural Gas Pipeline Systems*.
- (5) **‘CPI’** means the Consumer Price Index (All Groups Weighted Average for the Eight Capital Cities) as published by the Australian Bureau of Statistics or its successor or, if that Consumer Price Index is not published for any reason, whatever alternative index Envestra determines (with the Regulator’s approval) from time to time is reasonably equivalent to that Consumer Price Index.
- (6) **‘Credit Policy’** means the policy described in section 4.3 of this Access Arrangement.
- (7) **‘Cubic Metre’**, in relation to Gas, means the amount of that Gas which, at Standard Conditions, would occupy a volume of one cubic metre.
- (8) **‘Customer’** means any person to whom Gas is, or is to be, delivered through the Network.
- (9) **‘Cycle’**, in relation to a Demand Delivery Point, means the period between any two readings of the Metering Equipment at that Delivery Point which are 30 days, or approximately 30 days, apart and, in relation to a Volume Delivery Point, means the period between any two readings of the Metering Equipment at that Delivery Point which are 90 days, or approximately 90 days, apart.
- (10) **‘Delivery Point’** means a point on the Network at which Gas is, or is to be, delivered out of the Network.
- (11) **‘Demand Delivery Point’** has the meaning given to it in section 2.2.1 of this Access Arrangement.
- (12) **‘Demand Haulage Service’** means the Network Service that is described in section 2.2.1 of this Access Arrangement.
- (13) **‘Distribution Licence’** means a licence, franchise or other pertinent authority granted to Envestra under the *Gas Act 1965*, which authorises the operation of the Network or any part of it.
- (14) **‘Domestic Meter’** means Metering Equipment at a Domestic Delivery Point.
- (15) **‘Domestic Delivery Point’** means a Delivery Point where the Gas delivered through that Delivery Point is being used primarily for domestic purposes.
- (16) **‘Excluded Assets’** has the meaning given in section 8.1 of this Access Arrangement.
- (17) **‘Gas’** has the meaning given to ‘natural gas’ in the *Gas Pipelines Access (Queensland) Act 1998*.
- (18) **‘GJ’** means a gigajoule, which is one thousand megajoules.



- (19) **‘Gross Heating Value’** means the energy produced by the complete combustion of one Cubic Metre of Gas with air, at Standard Conditions, the product of combustion cooled to a temperature of fifteen (15) degrees Celsius and the water vapour formed by the combustion condensed to a liquid state.
- (20) **‘Gross Negligence’** means a level of negligence that demonstrates a complete and utter disregard for the consequences of an action or omission.
- (21) **‘Haulage Reference Service’** means the Demand Haulage Service or the Volume Haulage Service.
- (22) **“Impost”** means:
- (a) any tax or other statutory charge ; or
  - (b) any cost resulting from a major change in government policy (eg. costs associated with the introduction of full retail contestability).
- (23) **‘Interest Rate’** means the Commonwealth Bank of Australia corporate overdraft reference rate, as varied from time to time.
- (24) **‘Interruptible Delivery Point’** means any Delivery Point through which Envestra delivers Gas, or is to deliver Gas, pursuant to a contract or arrangement that permits or authorises Envestra to interrupt or curtail the delivery of Gas at any time and for any reason without penalty or sanction or any other consequence adverse to the interests of Envestra.
- (25) **‘Maximum Daily Quantity’** or **‘MDQ’**, in relation to a Delivery Point, means the maximum Quantity of Gas which Envestra is required to deliver through that Delivery Point to or for the account of a Network User during any Network Day, as specified in, or determined in accordance with, the Specific Terms and Conditions, as increased from time to time in accordance with clauses 6.1, 6.2, 6.3, 7.1 and 7.2 of the terms and conditions set out in Annexure E.
- (26) **‘Maximum Hourly Quantity’** or **‘MHQ’**, in relation to a Delivery Point, means the maximum Quantity of Gas which Envestra is required to deliver through that Delivery Point to or for the account of the Network User during any period of sixty minutes, as specified in, or determined in accordance with, the Specific Terms and Conditions.
- (27) **‘Metering Equipment’** means metering equipment of a type acceptable to Envestra.
- (28) **‘Metering Year’**, in relation to a Delivery Point, means the period between any two readings of the Metering Equipment at that Delivery Point which are 12 months, or approximately 12 months, apart.
- (29) **‘Negotiated Service’** has the meaning given to it in section 2.4 of this Access Arrangement.
- (30) **‘Network’** means the distribution mains that are the subject of this Access Arrangement from time to time, together with inlets, regulators, metering equipment and all ancillary equipment.
- (31) **‘Network Day’** means a period of 24 consecutive hours that commences at 8:00am Eastern Standard Time.
- (32) **‘Network Service’** means a Service provided by means of the Network.
- (33) **‘Network User’** means a person who has a current contract for a Network Service or an entitlement to a Network Service as a result of an arbitration.

- (34) **‘Network User’s Customer’** means any person to whom a Network User supplies Gas, or is to supply Gas, through the Network.
- (35) **‘New Impost’** means any Impost that was not in force on 1 July 2001 or that arises after 1 July 2001 or that was in force prior to 1 July 2001 but is applied, calculated or determined at a different rate or in a different way to the way it was applied, calculated or determined in the period prior to 1 July 2001.
- (36) **‘Northern Region’** means the area depicted in Annexure B as the Northern Region.
- (37) **‘Planned Maintenance’** means maintenance that is planned in advance, where the plan to undertake that maintenance was developed or formulated at least seven days before the date on which that maintenance is scheduled to occur.
- (38) **‘Prospective Network User’** means a person who seeks or who is reasonably likely to seek to enter into a contract for a Network Service and includes a Network User who seeks or may seek to enter into a contract for an additional Network Service.
- (39) **‘Quantity of Gas’** means the quantity of Gas determined in accordance with the Agreement.
- (40) **‘Receipt Point’** means a point on the Network at which Gas is, or is to be, received into the Network.
- (41) **‘Reference Tariff’** means the Tariff specified in this Access Arrangement as corresponding to a Haulage Reference Service or a Utility Reference Service.
- (42) **‘Region’** means the Brisbane Region or the Northern Region.
- (43) **‘Regulator’** means the Queensland Competition Authority.
- (44) **‘Related Haulage Agreement’** (in an Agreement between Envestra and a Network User) means any other agreement between Envestra and that Network User under which Envestra delivers, or is to deliver, Gas through the Network to or for the account of that Network User.
- (45) **‘Specific Terms and Conditions’** means the specific terms and conditions agreed between Envestra and a Network User in relation to a Network Service.
- (46) **‘Standard Conditions’** means a temperature of 15 degrees Celsius and an absolute pressure of 101.325 kilopascals.
- (47) **‘Standard Metering Equipment’** in respect of a Delivery Point means the least cost technically acceptable metering equipment normally used in the Network for measurement of consumption for a Delivery Point with similar characteristics.
- (48) **‘Start Date’**, in relation to an Agreement, means the date on which Envestra commences, or is to commence, providing Network Services to a Network User pursuant to that Agreement as specified in, or determined in accordance with, the Specific Terms and Conditions.
- (49) **‘Tariff Schedule’** means either of the tariff schedules which form Annexure C and Annexure D to this Access Arrangement or, if Envestra has published a revised tariff schedule, the tariff schedule in effect from time to time.
- (50) **‘Technical Regulator’** refers to the ‘gas examiner’ as defined in the *Gas Act 1965*.
- (51) **‘Telemetered Delivery Point’** means a Demand Delivery Point which has Metering Equipment that takes readings of the Volume or Quantity of Gas delivered through that Delivery Point no less frequently than once in every 60 minutes.

- (52) **‘Term’**, in relation to an Agreement, means the term of that Agreement as specified in, or determined in accordance with, the Specific Terms and Conditions.
- (53) **‘TJ’** means a terajoule, which is one thousand gigajoules.
- (54) **‘Unaccounted for Gas’ or ‘UAG’** means the difference between the Quantity of Gas received into the Network and delivered out of the Network, over a specified period of time.
- (55) **‘Upstream Operator’** means the owner or operator of a pipeline or system of pipelines through which Gas is delivered to any Receipt Point.
- (56) **‘User Delivery Point’**, in relation to a Network User, means a Delivery Point through which Envestra delivers Gas, or is to deliver Gas, to or for the account of that Network User, as specified in, or determined in accordance with, the Specific Terms and Conditions.
- (57) **‘User Receipt Point’**, in relation to a Network User, means a Receipt Point through which Gas is delivered, or is to be delivered, to or for the account of that Network User, as specified in, or determined in accordance with, the Specific Terms and Conditions.
- (58) **‘Utility Reference Service’** means a Network Service described in section 2.3 of this Access Arrangement.
- (59) **‘Volume Delivery Point’** has the meaning given to it in section 2.2.2 of this Access Arrangement.
- (60) **‘Volume of Gas’** means volume in Cubic Metres.
- (61) **‘Volume Haulage Service’** means the Network Service that is described in section 2.2.2 of this Access Arrangement.
- (62) **‘Year’** means any period of 12 consecutive months.