

The logo for CMS ENERGY, featuring the text "CMS ENERGY" in a blue, italicized, sans-serif font. A green swoosh underline starts under the "C" and curves around the "Y".

CMS ENERGY

Gas Transmission Australia

PARMELIA PIPELINE

ACCESS ARRANGEMENT

APPENDIX 3

GENERAL TERMS AND CONDITIONS

Submitted to the
Independent Gas Pipelines
Access Regulator Western Australia

20 November 2000

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1. INTRODUCTION

- 1.1. CMS is required under the Code to provide third party access to the Parmelia Pipeline, which it has agreed to do on the terms and conditions set out in the Access Arrangement.
- 1.2. These are the General Terms and Conditions applicable to the provision by CMS of Gas transportation services to the User under and for the purposes of the Access Arrangement and a Service Agreement.
- 1.3. The definitions and interpretation provisions in Appendix 1 to the Access Arrangement form part of the Service Agreement (including these General Terms and Conditions).

2. AGREEMENT TO PROVIDE SERVICES

On and from the Date of Agreement, CMS agrees to provide and the User agrees to accept the Services requested in the Order Form on the terms and conditions set out in the Service Agreement.

3. TERM

Term

- 3.1. Subject to termination pursuant to clauses 3.2 or 3.3, the Term:
 - (a) commences on the Date of Agreement; and
 - (b) terminates on the Termination Date.

Early Termination

- 3.2. If any Conditions imposed by CMS as conditions precedent clause 7.3 of the Access Arrangement are not satisfied, or waived by CMS, by the Date of Agreement (or any other date specified by CMS), then CMS may terminate the Service Agreement by giving 7 Business Days notice in writing to the User.

Termination for Default

- 3.3. CMS may terminate the Service Agreement by giving notice to the User, if:
- (a) any moneys payable by the User under the Service Agreement remain unpaid after the due date for payment and CMS has given to the User notice requiring the moneys to be paid and the moneys remain unpaid 28 days after service of the notice; or
 - (b) the User at any time fails or neglects to perform or observe any of its other obligations contained in the Service Agreement and CMS has given to the User notice of that default requiring it to be remedied and the default remains unremedied 28 days after service of the notice; or
 - (c) an Insolvency Event occurs in respect of the User.

Liability for Early Termination

- 3.4. CMS will have no liability to the User in respect of any termination under clauses 3.2 or 3.3 but that termination will not affect any rights and obligations of the parties which have accrued prior to the date of termination

Losses

- 3.5. CMS is entitled to recover all losses or damages sustained by it resulting from or arising out of a failure by the User to satisfy any Conditions referred to in clause 3.2 or a default referred to in clause 3.3.

Dispute Resolution

- 3.6. CMS will not seek to exercise its rights under clauses 3.3(a) or (b) if and for so long as:
- (a) the User has referred the matter to a Dispute Resolution Procedure or to the Arbitrator under the Code;
 - (b) CMS reasonably considers that the matter is a bona fide dispute; and

- (c) the User acts with all reasonable expedition towards finalisation of the dispute under a Dispute Resolution Procedure or the Code.

Variation of Term

3.7.

- (a) Except as expressly provided in the Service Agreement, the Term may only be varied with CMS' prior consent.
- (b) Any request to change the Term other than the exercise of the option to extend the Term under clause 3.9 must be made by an Access Request, and will be considered in accordance with the provisions of the Access Arrangement.
- (c) CMS may accept or reject a request for a reduction in the Term in its absolute discretion.

Resubmission of Spot Services Access Requests

- 3.8. If a User wishes to use a Firm Spot Service or Interruptible Spot Service on an ongoing basis, it shall resubmit Access Requests for each Service every 12 months.

Option to Extend Reference Service Agreement

- 3.9. A User holding a Reference Service Agreement for a Firm Extended Service or an Interruptible Extended Service has the option to extend the Term of that Reference Service Agreement subject to the conditions specified in clauses 3.10, 3.11, 3.12, and 3.13.

3.10.

- (a) If a User holding a Reference Service Agreement wishes to exercise the option to extend the Term of that Reference Service Agreement under the provisions of clause 3.9, then that User shall notify CMS in writing of its intention to extend that Reference Service Agreement at least six calendar months prior to the Termination Date.
- (b) If a Prospective User submits an Access Request for a Reference Service or a Non-Reference Service, then CMS will advise all holders of Reference Service Agreements for a Firm Extended Service or an Interruptible Extended Service

of that Access Request within 7 days of receipt of that Access Request.

- (c) A User which holds a Reference Service Agreement for a Firm Extended Service or an Interruptible Extended Service must advise CMS of its intention to extend that Reference Service Agreement within 7 days of receipt of the notification by CMS under clause 3.10(b) of a submission of an Access Request.

3.11. If a User holding a Reference Service Agreement exercises the option to extend the Term of that Reference Service Agreement under the provisions of clause 3.9, then the terms and conditions of the Reference Service applicable at that time shall apply during the term of the extension.

3.12. If a User holding a Reference Service Agreement exercises the option to extend the Term of that Reference Service Agreement under the provisions of clause 3.9, then the duration of the extension of the Term of that Reference Service Agreement shall be at least the minimum Term applicable to that Reference Service Agreement.

3.13. If a User holding a Reference Service Agreement exercises the option to extend the Term of that Reference Service Agreement under the provisions of clause 3.9, then that User is not required to submit a new Access Request in order to obtain an extension of Term.

4. SERVICES

Reference Services Available

- 4.1. The Reference Services which CMS may provide to a User are:
- (a) Firm Extended;
 - (b) Interruptible Extended;
 - (c) Firm Spot; or
 - (d) Interruptible Spot.

Characteristics of References Services

4.2. The characteristics of the Reference Services have been determined by reference to the availability and duration of Gas transportation services as follows:

		AVAILABILITY	
		Firm	Interruptible
DURATION	Extended	Firm Extended	Interruptible Extended
	Spot	Firm Spot	Interruptible Spot

Firm Extended Service

4.3. The Firm Extended Service is:

- (a) the receipt into the Parmelia Pipeline from the User at one Receipt Point of the User's nominated quantity of Gas subject to the following conditions:
 - (i) Daily quantities of Gas not exceeding MDQ plus the Daily Gas Imbalance Correction Allowance;
 - (ii) Hourly quantities of Gas not exceeding MHQ plus the Hourly Gas Imbalance Correction Allowance; and
 - (iii) instantaneous flow rates of Gas not exceeding MFR;
- (b) the forward haul transportation of that Gas through the Parmelia Pipeline;
- (c) the delivery from the Parmelia Pipeline to the User at one Delivery Point of the User's nominated quantity of Gas subject to the following conditions:
 - (i) Daily quantities of Gas not exceeding MDQ;

- (ii) Hourly quantities of Gas not exceeding MHQ; and
- (iii) instantaneous flow rates of Gas not exceeding MFR; and
- (d) provided on the basis that if a User suffers interruptions due to inspection, testing, safe operation, maintenance, repair, replacement of, alteration of, or addition to the Parmelia Pipeline, then the User will not be liable to pay the applicable Reservation Charge component of the Transportation Tariff for any period of unavailability which causes availability of the Firm Extended Service to be less than 98 percent in any one calendar year.

4.4. The Firm Extended Service:

- (a) is not subject to interruption under normal operating conditions except as provided for in the Service Agreement; and
- (b) will have a contract duration not less than one Year and not more than 20 Years.

Interruptible Extended Service

4.5. The Interruptible Extended Service is:

- (a) the receipt into the Parmelia Pipeline from the User at one Receipt Point of the User's nominated quantity of Gas subject to the following conditions:
 - (i) receipt of Gas may be curtailed or completely interrupted at any time and for any duration solely at the discretion of CMS and without prior warning;
 - (ii) Daily quantities of Gas not exceeding MDQ plus the Daily Gas Imbalance Correction Allowance;
 - (iii) Hourly quantities of Gas not exceeding MHQ plus the Hourly Gas Imbalance Correction Allowance; and
 - (iv) instantaneous flow rates of Gas not exceeding MFR;
- (b) the forward haul transportation of that Gas through the Parmelia Pipeline; and

- (c) the delivery from the Parmelia Pipeline to the User at the Delivery Point of the User's nominated quantity of Gas subject to the following conditions:
 - (i) delivery of Gas may be curtailed or completely interrupted at any time and for any duration solely at the discretion of CMS and without prior warning;
 - (ii) Daily quantities of Gas not exceeding MDQ;
 - (iii) Hourly quantities of Gas not exceeding MHQ; and
 - (iv) instantaneous flow rates of Gas not exceeding MFR.

4.6. The Interruptible Extended Service will have a contract duration not less than one Year and not more than 20 Years.

Firm Spot Service

4.7. The Firm Spot Service is:

- (a) the receipt into the Parmelia Pipeline from the User at one Receipt Point of the User's nominated quantity of Gas subject to the following conditions:
 - (i) the User's quantity of Gas that CMS agrees to transport under the nomination procedure in part 6 is deemed to be the MDQ;
 - (ii) Daily quantities of Gas not exceeding MDQ;
 - (iii) Hourly quantities of Gas not exceeding MHQ; and
 - (iv) instantaneous flow rates of Gas not exceeding MFR;
- (b) the forward haul transportation of that Gas through the Parmelia Pipeline; and
- (c) the delivery from the Parmelia Pipeline to the User at one Delivery Point of the User's nominated quantity of Gas subject to the following conditions:
 - (i) Daily quantities of Gas not exceeding MDQ;
 - (ii) Hourly quantities of Gas not exceeding MHQ; and
 - (iii) instantaneous flow rates of Gas not exceeding MFR.

4.8. The Firm Spot Service:

- (a) is not subject to interruption under normal operating conditions except as provided for in the Service Agreement; and
- (b) will have a duration equal to one Gas Day, but more than one Firm Spot Service can be provided under one Service Agreement.

Interruptible Spot Service

4.9. The Interruptible Spot Service is:

- (a) the receipt into the Parmelia Pipeline from the User at one Receipt Point of the User's nominated quantity of Gas subject to the following conditions:
 - (i) receipt of Gas may be curtailed or completely interrupted at any time and for any duration solely at the discretion of CMS and without prior warning;
 - (ii) the User's nominated quantity of Gas that CMS agrees to transport under the nomination procedure in part 6 is deemed to be the MDQ;
 - (iii) Daily quantities of Gas not exceeding MDQ;
 - (iv) Hourly quantities of Gas not exceeding MHQ;
 - (v) instantaneous flow rates of Gas not exceeding MFR;
- (b) the forward haul transportation of that Gas through the Parmelia Pipeline; and
- (c) the delivery from the Parmelia Pipeline to the User at one Delivery Point of the User's nominated quantity of Gas subject to the following conditions:
 - (i) delivery of Gas may be curtailed or completely interrupted at any time and for any duration solely at the discretion of CMS and without prior warning;
 - (ii) Daily quantities of Gas not exceeding MDQ;
 - (iii) Hourly quantities of Gas not exceeding MHQ; and

(iv) instantaneous flow rates of Gas not exceeding MFR.

4.10. The Interruptible Spot Service will have a duration equal to one Gas Day, but more than one Interruptible Spot Service can be provided under one Service Agreement.

Multiple Receipt and Delivery Points

4.11. A Reference Service may have more than one Receipt Point and more than one Delivery Point, notwithstanding that the language employed in this Appendix 3 refers to Receipt Points and Delivery Points in the singular.

5. RECEIPT AND DELIVERY OF GAS

Maximum Pressure at Receipt Point

5.1. The User shall ensure that User Gas is:

- (a) supplied to the Receipt Point at the maximum allowable operating pressure, as defined in Australian Standard AS2885.1 - 1997 or subsequent revisions of that standard, of the Parmelia Pipeline or such other pressure as CMS may reasonably require; and
- (b) controlled to the extent reasonably required by CMS having regard to its delivery and transport obligations in the Service Agreement.

CMS may Regulate Pressure and Flow Rate

5.2. CMS may regulate the pressure at the Receipt Point to such pressure as it considers necessary or desirable to control Gas Received for transportation under the Service Agreement, and control the flow rate of Gas Received and Gas Delivered so that it does not exceed the Maximum Flow Rate.

Minimum Pressure at Delivery Point

5.3. CMS will ensure that Gas Delivered to the User at the Delivery Point is at a pressure greater than or equal to 700 kPa gauge or at such other pressure as CMS may agree.

Gas Received - Single User

- 5.4. If only one User has nominated a physical inlet point to the Parmelia Pipeline as its Receipt Point, then the Gas Received for that User is equal to the total quantity of Gas admitted at that physical inlet point for the purpose of transportation under that User's Service Agreement.

Gas Delivered - Single User

- 5.5. If only one User has nominated a physical outlet point from the Parmelia Pipeline as its Delivery Point, then the Gas Delivered for that User is equal to the total quantity of Gas delivered at that physical outlet point which was transported under that User's Service Agreement.

Multi-Users of Receipt Point and Delivery Point

- 5.6. More than one User or Shipper may nominate the same:
- (a) inlet point to the Parmelia Pipeline as their Receipt Point under each of their Service Agreements or Grandfathered Contracts; or
 - (b) outlet point from the Parmelia Pipeline as their Delivery Point under each of their Service Agreements or Grandfathered Contracts.

Gas Received - Multi Users

- 5.7. At a particular physical inlet point which more than one User or Shipper has nominated as their Receipt Point, the receipt of quantities of Gas will be allocated for each Gas Day as follows (but subject to clause 5.9(a)):
- (a) the quantity of Gas not exceeding the total quantities received under the Grandfathered Contracts for the Receipt Point will be allocated to the Shippers under those Grandfathered Contracts first; and

- (b) then the Gas Received for each User will be allocated and calculated as follows:

$$GR_U = \left(\frac{NOMR_U}{NOMR_T} \right) * (TQR - GFQR)$$

Where:

GR_U is the User's Gas Received in TJs;

NOMR_U is that User's Daily nomination in TJs for the Receipt Point for the Gas Day in question;

NOMR_T is the sum of the Daily nominations in TJs for all Users who have nominated that physical inlet point as their Receipt Point;

TQR is the total quantity of Gas in TJs admitted to the Parmelia Pipeline at that physical inlet point for the purposes of transport under the Grandfathered Contracts and all Service Agreements; and

GFQR is the total quantity of Gas received for Grandfathered Contracts.

Gas Delivered - Multi Users

- 5.8. At a particular physical outlet point which more than one User has nominated as their Delivery Point, the delivery of quantities of Gas will be allocated for each Gas Day as follows (but subject to clause 5.9 (b)):

- (a) the quantity of Gas not exceeding the total quantities delivered under the Grandfathered Contracts for the Delivery Point will be allocated to the Shippers under those Grandfathered Contracts first; and

- (b) then the Gas Delivered for each User will be allocated and calculated as follows:

$$GD_U = \left(\frac{NOMD_U}{NOMD_T} \right) * (TQD - GFQD)$$

Where:

GD_U is the User's Gas Delivered in TJs;

NOMD_U is that User's Daily nomination in TJs for the Delivery Point;

NOMD_T is the sum of the Daily nominations in TJs for all Users who have nominated that physical outlet point as their Delivery Point;

TQD is the total quantity of Gas in TJs delivered from the Parmelia Pipeline at that physical outlet point for the purposes of transportation under the Grandfathered Contracts and all Service Agreements; and

GFQD is the total quantity of Gas delivered for Grandfathered Contracts.

Multi-Users Agreement

5.9.

- (a) Despite clause 5.7, CMS will allocate Gas Received in accordance with the terms of any agreement made between all Users and Shippers who have nominated a particular physical inlet point as their Receipt Point.
- (b) Despite clause 5.8, CMS will allocate Gas Delivered in accordance with the terms of any agreement made between all Users and Shippers who have nominated a particular physical outlet point as their Delivery Point.

Variation of MDQ

5.10.

- (a) Except as expressly provided in the Service Agreement, the MDQ may only be varied with CMS' prior consent.
- (b) Any request to change the MDQ must be made by an Access Request, and will be considered in accordance with the provisions of the Access Arrangement.
- (c) CMS may accept or reject a request for a reduction in the MDQ in its absolute discretion.

Change of Receipt Point and Delivery Point

5.11.

- (a) Except as expressly provided in the Service Agreement, the User may only change the Delivery Point or Receipt Point (**Delivery Point Change or Receipt Point Change**) with CMS' prior consent.
- (b) CMS may withhold its consent to a Delivery Point Change or Receipt Point Change, or give its consent subject to conditions, only on reasonable commercial and technical grounds.
- (c) For the purposes of (but without limiting) subclauses (a) and (b), it will be deemed reasonable for CMS to withhold its consent if:
 - (i) the change is not commercially and technically reasonable;
 - (ii) the effect of the change, if agreed to, will interfere with CMS' ability to satisfy its obligations under any other Service Agreement or the Grandfathered Contracts;
 - (iii) the effect of the change, if agreed to, will adversely affect or prejudice the rights of any person having a position in any Queue; or

- (iv) the effect of the change, if agreed to, will reduce the amount of Service provided to the original Delivery Point or Receipt Point which is not matched by a corresponding increase in CMS' ability to provide that Service to the alternative Delivery Point or Receipt Point.
- (d) For the purposes of (but without limiting) subclause (a), it will be deemed reasonable for CMS to give its consent to a Delivery Point Change or Receipt Point Change on condition that:
 - (i) CMS is entitled to receive at least the same amount of revenue after the change as it is entitled to receive before the change; and
 - (ii) the User is to pay the cost of all necessary Works, determined in accordance with part 11.

Disconnection

5.12. On termination of the Service Agreement:

- (a) CMS will carry out and pay the cost of all works necessary to disconnect or deactivate any Receipt Point or Delivery Point, but nothing in this clause 5.12 affects CMS' continuing ownership of and title in any Works under clause 11.4; and
- (b) the User will provide to CMS or ensure that CMS has access to and across any land and through any buildings so that CMS can exercise its rights under subclause (a).

Notification of Defects

5.13. The User will notify CMS of any actual or potential defect or default in the operation of the Parmelia Pipeline or the provision of the Service by CMS or of any event that is or may be likely to endanger the Parmelia Pipeline or adversely affect its operation by CMS, as soon as the User becomes aware of it.

Conduct of Transportation Services

5.14. CMS will comply with all applicable Acts, laws and regulations relating to the operation and maintenance of the Parmelia Pipeline and the provision of the Services under the Service Agreement.

Contact Personnel for User

5.15. The User will ensure that a member of its personnel with authority to take immediate action as a result of a direction given by CMS, in accordance with the Service Agreement, is available for contact by CMS at all times. The contact details shall be provided to CMS as and when they change.

Cessation or Reduction of Supply or Receipt of Gas by User

5.16. The User will immediately:

- (a) cease the supply of User Gas to and receipt of Gas Delivered from the Parmelia Pipeline upon termination of its Service Agreement; or
- (b) cease or reduce the supply of User Gas to or receipt of Gas Delivered from the Parmelia Pipeline upon CMS giving a direction to the User to that effect, whenever CMS is entitled to interrupt or reduce the Services under the Service Agreement.

Access to User's Facilities

5.17. The User will provide to CMS or ensure that CMS has access to and across any land and into or through any buildings, and access (including electronic access) to all readings and information generated by User's instruments that handle, process or measure the flow, characteristics of or quantity of User's Gas.

Notification of Receipt and Delivery of User Gas

5.18. CMS will notify the User of the quantity of User Gas received at the Receipt Point and delivered at the Delivery Point on a given Gas Day on or before 1000 hours on the following Gas Day.

6. NOMINATION PROCEDURE

Nomination Process

6.1. Nomination is a process whereby the User advises CMS in advance of the Daily quantity of User Gas the User wishes to transport through the Parmelia Pipeline. The purpose of nomination is to permit CMS to maximise throughput in the Parmelia Pipeline on

an ongoing basis so that the Users' requirements may be met to the fullest extent practicable.

Nominations in Terajoules

- 6.2. Nominated quantities shall be expressed in terajoules (where amounts may be designated to three decimal places), unless required otherwise by CMS.

Nominated Quantities - Extended Services

- 6.3. For a Firm Extended Service or an Interruptible Extended Service, the User shall give to CMS notice of:
- (a) a nominated quantity of User Gas to be supplied at the Receipt Point up to the User's MDQ plus the Daily Gas Imbalance Correction Allowance; and
 - (b) a nominated quantity of Gas up to the User's MDQ to be delivered at the Delivery Point.
- 6.4. The Daily Gas Imbalance Correction Allowance is to be used to correct any Cumulative Gas Imbalance.

Nominated Quantities - Spot Services

- 6.5. For a Firm Spot Service or an Interruptible Spot Service, the User shall give to CMS notice of:
- (a) a nominated quantity of User Gas to be supplied at the Receipt Point and delivered at the Delivery Point; and
 - (b) the price in \$/GJ the User is prepared to pay for transportation of its nominated quantity of User Gas.
- 6.6. For a Firm Spot Service or an Interruptible Spot Service, the User's MDQ is equal to that quantity of User Gas that CMS agrees to transport.

Nomination Procedure - General

- 6.7. Nominations are to be made as follows:
- (a) nominations are for one Gas Day; nominations for successive Gas Days may be for the same Daily quantity of

User Gas or for different Daily quantities for User Gas for different Gas Days;

- (b) nominations for any Gas Day in the future can be made at any time up to 1200 hours on the Nomination Day;
- (c) nominations can be resubmitted at any time up to 1200 hours on the Nomination Day;
- (d) the most recent nomination for any given Gas Day applies;
- (e) days, weeks, months, and years may be nominated in blocks. If this option is exercised then the same value of Daily quantity of User Gas may be nominated for a block of consecutive Gas Days by specifying the Daily quantity and the Gas Days to which it applies
 - for example: a nomination of "10 TJ for 21 August to 24 August inclusive" is a nomination of:

10 TJ for 21 August;
10 TJ for 22 August;
10 TJ for 23 August; and
10 TJ for 24 August;
- (f) different values of Daily quantity of User Gas may be nominated for particular Gas Days by specifying the Daily quantity for each Gas Day
 - for example:

10 TJ for 16 May
12 TJ for 17 May
14 TJ for 23 June
10 TJ for 5 July;

Nomination Procedure - Extended Services

- 6.8. When a nomination for a Firm Extended Service or an Interruptible Extended Service is received by 1200 hours on the Nomination Day:
- (a) CMS shall acknowledge the receipt of that nomination by 1600 hours on the Nomination Day; and

- (b) the quantity of Gas so allocated shall be received and delivered on the next Gas Day.

Nomination Procedure - Spot Services

6.9.

- (a) CMS will notify each User who has a Firm Spot Service or Interruptible Spot Service of the floor price in \$/GJ applicable to each Service on a particular Gas Day at a time not later than 40 hours prior to the commencement of the given Gas Day. For example each User will be notified of the floor price for the Gas Day Wednesday by 1600 hours on Monday.
- (b) CMS will allocate the capacity of Gas available to be transported on that Gas Day for each Firm Spot Service and Interruptible Spot Service to:
 - (i) the highest bidder, then to the next highest bidder, and so on;
 - (ii) if there is more than one bidder at the same price, then Capacity will be allocated proportionately to their nominated quantities; and
 - (iii) bids less than the floor price may be rejected solely at CMS' discretion.
- (c) CMS will notify each User by 1600 hours on the Nomination Day whether or not its bid has been accepted, and if so, what quantity of User Gas will be transported by CMS for it, and the User will be bound by and comply with that notification as if it had nominated initially that quantity of User Gas.

Late Nominations and Failure to Nominate

6.10.

- (a) For a Firm Extended Service or an Interruptible Extended Service, if no nomination is received by 1200 hours on the Nomination Day the nominated quantity for the associated Gas Day shall be the same as the nomination for the previous Gas Day.

- (b) For a Firm Spot Service or an Interruptible Spot Service, if no nomination is received by 1200 hours on the Nomination Day the nominated quantity for the associated Gas Day shall be zero.
- (c) If no nomination is received by 1200 hours on the Nomination Day, but a nomination is received at any time after 1200 hours on the Nomination Day:
 - (i) CMS may in its absolute discretion accept or reject the late nomination; and
 - (ii) CMS will acknowledge receipt of the nomination and notify the User of the quantity of User Gas able to be transported by CMS for the Gas Day as soon as reasonably practicable within the context of CMS' prevailing operational circumstances, and the User will be bound by and comply with that notification.

Nomination Times

6.11. Nomination times:

- (a) may be varied at CMS' discretion from time to time; and
- (b) are to be designated in Australian Western Standard Time, unless otherwise specified in writing by CMS.

Form of Nomination

6.12. All nominations shall be made on the nomination form designated by CMS from time to time and will be transmitted using the form of technology designated by CMS, including electronic facsimile transmission, electronic mail or use of the Internet.

7. QUANTITY VARIATIONS

Effect of Quantity Variations

7.1. Quantity variations of the various types described in this part 7 may cause operational disturbances which may potentially disadvantage all other Parmelia Pipeline Users.

Gas Imbalance

7.2.

- (a) The following expressions have the meaning shown:
- (i) **Daily Gas Imbalance** for a particular Gas Day is the quantity calculated in accordance with items 1.1(a) and (b) of Schedule 2;
 - (ii) **Cumulative Gas Imbalance** is the quantity calculated in accordance with item 1.1(c) of Schedule 2; and
 - (iii) **Gas Imbalance Tolerance** is the quantity calculated in accordance with item 1.1(d) of Schedule 2.
- (b) If at the end of any Gas Day the absolute value of the Cumulative Gas Imbalance is greater than the Gas Imbalance Tolerance the User may, at CMS' discretion, be required to pay to CMS a Cumulative Gas Imbalance Charge in accordance with clause 10.3.
- (c) At the conclusion of the Term, in the case of a Service Agreement for a Firm Extended Service or an Interruptible Extended Service or at the end of each Gas Day in the case of a Service Agreement for a Firm Spot Service or an Interruptible Spot Service, the Cumulative Gas Imbalance shall be set to zero. This may be accomplished by the User trading the Cumulative Gas Imbalance with another User or with CMS within 7 days. If this is not achieved within 7 days, CMS will issue an invoice or refund for the value of the Cumulative Gas Imbalance at gas prices reasonably nominated by CMS, which may vary from time to time.
- (d) The User shall make all reasonable efforts to maintain a Cumulative Gas Imbalance of zero.
- (e) In the event that the User is liable for a Cumulative Gas Imbalance Charge for 7 or more consecutive Gas Days, the User shall agree to CMS either purchasing or selling Gas on the User's behalf in order to set the User's Cumulative Gas Imbalance to zero if CMS so desires.

- (f) In the event that:
 - (i) CMS purchases Gas to set a User's Cumulative Gas Imbalance to zero the User will be invoiced for that Gas at a rate of twice the prevailing System Use Gas price.
 - (ii) CMS sells Gas to set a User's Cumulative Gas Imbalance to zero the User will be credited for that Gas at a rate of half the prevailing System Use Gas price.

Daily Overrun

7.3.

- (a) The following expressions have the meaning shown:
 - (i) **Daily Overrun Quantity** for a particular Gas Day is the quantity calculated in accordance with items 1.2(a) and (b) of Schedule 2.
 - (ii) **Daily Overrun Tolerance** is the quantity calculated in accordance with item 1.2(c) of Schedule 2.
- (b) If at the end of any Gas Day the Daily Overrun Quantity is more than the Daily Overrun Tolerance the User may, at CMS' discretion be required to pay to CMS a Daily Overrun Charge in accordance with clause 10.4.
- (c) The User shall use all reasonable efforts to ensure that the Daily quantity of Gas Received or Gas Delivered is not more than the User's Daily nomination for the Receipt Point or the Delivery Point respectively.

Daily Underrun

7.4.

- (a) The following expressions have the meanings shown:-
 - (i) **Daily Underrun Quantity** for a particular Gas Day is the quantity calculated in accordance with item 1.3 of Schedule 2.

- (ii) **Daily Underrun Tolerance** is the quantity calculated in accordance with item 1.3 of Schedule 2.
- (b) If at the end of any Gas Day the Daily Underrun Quantity is greater than the Daily Underrun Tolerance, the User may, at CMS discretion, be required to pay to CMS a Daily Underrun Charge in accordance with clause 10.5.
- (c) The User shall use all reasonable efforts to ensure that the Daily quantity of Gas Received or Gas Delivered is not less than the User's Daily nomination for the Receipt Point or the Delivery Point respectively.

Hourly Overrun

7.5.

- (a) The following expressions have the meanings shown:
 - (i) **Hourly Overrun Quantity** for a particular Hour is the quantity calculated in accordance with items 1.4(b) and (c) of Schedule 2.
 - (ii) **Maximum Hourly Quantity** is the quantity calculated in accordance with item 1.4(a) of Schedule 2.
 - (iii) **Hourly Overrun Tolerance** is the quantity calculated in accordance with item 1.4(d) of Schedule 2.
- (b) If at the end of any Hour the Hourly Overrun Quantity is more than the Hourly Overrun Tolerance, the User may, at CMS' discretion, be required to pay to CMS an Hourly Overrun Charge in accordance with clause 10.6.
- (c) The User shall use all reasonable efforts to ensure that the Hourly quantity of Gas Received or Gas Delivered is not more than the User's Maximum Hourly Quantity for the Receipt Point or Delivery Point respectively.

Maximum Flow Rate Overrun

7.6.

- (a) The following expressions have the meanings shown:
 - (i) **Peak Flow Rate** for a particular Hour is the gas flow rate determined in accordance with item 1.5(a) of Schedule 2.
 - (ii) **Maximum Flow Rate** is the gas flow rate determined in accordance with item 1.5(b) of Schedule 2.
- (b) If the Peak Flow Rate for any Hour is greater than the Maximum Flow Rate so that there is a **Maximum Flow Rate Overrun** calculated in accordance with item 1.5(c) of Schedule 2 the User may, at CMS' discretion, be required to pay to CMS a Maximum Flow Rate Overrun Charge in accordance with clause 10.7.
- (c) The User shall use all reasonable efforts to ensure that the Peak Flow Rate does not exceed the Maximum Flow Rate.

Daily Nomination Variance

7.7.

- (a) The following expressions have the meaning shown:
 - (i) **Daily Nomination Variance Quantity** for a particular Gas Day is the quantity calculated in accordance with item 1.6(a) of Schedule 2.
 - (ii) **Daily Nomination Variance Tolerance** for a particular Gas Day is the quantity calculated in accordance with item 1.6(b) of Schedule 2.
- (b) If the Daily Nomination Variance Quantity exceeds the applicable Daily Nomination Variance Tolerance on more than three days in any calendar month, then the User may, at CMS' discretion be required to pay to CMS a Daily Nomination Variance Charge in accordance with clause 10.8.
- (c) The User shall use all reasonable efforts to ensure that the Daily quantity of Gas Received or Gas Delivered is not more

or less than the User's Daily nomination for the Receipt Point or the Delivery Point respectively.

8. TRANSPORTATION TARIFFS AND CHARGES

Transportation Charges

8.1. The User shall pay to CMS the Transportation Charges defined in this part 8 for provision of the Services.

Tariff Components

8.2.

- (a) Gas transportation tariffs for Reference Services offered on the Parmelia Pipeline consist of two components:
 - (i) Reservation Tariff; and
 - (ii) Commodity Tariff.
- (b) The Reservation Tariff is applied to the MDQ.
- (c) The Commodity Tariff is applied to the Daily Gas Delivered.

Transportation Charges - Extended Services

8.3. The Transportation Charges resulting from the application of Transportation Tariffs for a Firm Extended Service or an Interruptible Extended Service shall be the sum of the components:

- (a) $ERC = ERT * (MDQ * 1000)$;

Where:

ERC is the Extended Reservation Charge in \$

ERT is the applicable Extended Reservation Tariff in \$/GJ

MDQ is the Maximum Daily Quantity in TJs; and

(b) $ECC = ECT * (GD * 1000)$

Where:

ECC is the Extended Commodity Charge in \$

ECT is the applicable Extended Commodity Tariff in \$/GJ

GD is Gas Delivered in TJs

calculated on a Daily basis commencing from the later of the Date of Agreement or the satisfaction or waiver of any Conditions in the nature of conditions precedent.

Transportation Charges - Spot Services

8.4.

- (a) The Transportation Tariffs applicable to Firm Spot Service and Interruptible Spot Service shall be the price per GJ bid by the User under clause 6.5 and accepted by CMS in its notification under clause 6.9(c).
- (b) The Transportation Charges resulting from the application of the Transportation Tariffs for a Firm Spot Service or an Interruptible Spot Service shall be the sum of the components:
- (i) $SRC = SRT * (MDQ * 1000)$;

Where:

SRC is the Spot Reservation Charge in \$

SRT is the applicable Spot Reservation Tariff which is 80% of the \$/GJ bid by the User under clause 6.5(b) and accepted by CMS in its notification under clause 6.9(c).

MDQ is the User's Daily nomination for the Delivery Point in TJs; and

(ii) $SCC = SCT * (GD * 1000)$

Where:

SCC is the Spot Commodity Charge in \$

SCT is the applicable Spot Commodity Tariff which is 20% of the \$/GJ bid by the User under clause 6.5(b) and accepted by CMS in its notification under clause 6.9(c).

GD is Gas Delivered in TJs

calculated for the relevant Gas Day commencing on the Date of Agreement.

Application to Reference Service Agreement

8.5. The Transportation Tariffs and Transportation Charges set out in this part 8 apply to a Reference Service Agreement for the relevant Reference Service.

Non-Reference Service Agreement - Tariff

8.6. The Transportation Tariffs and Transportation Charges for a Non-Reference Service are set out in the applicable Non-Reference Service Agreement.

9. TARIFF VARIATION

Transportation Tariff - Base and CPI Variation

9.1. The Extended Reservation Tariff and the Extended Commodity Tariff are:

- (a) as set out in Schedule 1, which is current as at 1 January 1999; and
- (b) will be varied by the CPI Escalator at the beginning of every Quarter, commencing on 1 July 1999, in accordance with clause 9.2.

9.2. The Transportation Tariff under clause 9.1(a) shall be effective for the relevant Quarter and shall be varied in the following manner:

- (a) for the Extended Reservation Tariff component of the Transportation Tariff, by the formula:

$$ERT = ERT_o * [1 + (CPI Escalator)]$$

Where:

ERT is the varied Extended Reservation Tariff component of the Transportation Tariff;

ERT_o is the applicable Extended Reservation Tariff component of the Reservation Charge current under the Access Arrangement at the Effective Date; and

CPI Escalator is the CPI Escalator defined in Appendix 1.

- (b) for the Extended Commodity Tariff component of the Transportation Tariff, by the formula:

$$ECT = CT_o * [1 + (CPI Escalator)]$$

Where:

ECT is the varied Extended Commodity Tariff component of the Transportation Tariff;

ECT_o is the applicable Extended Commodity Tariff component of the Commodity Charge current under the Access Arrangement at the Effective Date; and

CPI Escalator is the CPI Escalator as defined in Appendix I.

Transportation Tariff Redetermination

- 9.3. On each occasion that the Extended Reservation Tariff or the Extended Commodity Tariff is redetermined under the Code, with the approval of the Regulator, then the then applicable Transportation Tariffs shall be adjusted by any resulting increase over those Transportation Tariffs, with effect with the date of notification by CMS.

10. QUANTITY VARIATION CHARGES

Application of Charges

- 10.1. The Quantity Variation Charges described in this part 10 are intended to constitute a potential disincentive to Users which do not utilise the Parmelia Pipeline in the manner intended. Operational disturbances caused by such Users may potentially disadvantage all other Parmelia Pipeline Users.
- 10.2. The Quantity Variation Charges described in this part 10 may be applied or waived solely at CMS' discretion. Waiver of the application of any such charges at any time does not constitute any precedent for waiver of the application of such charges at any time in the future.

Cumulative Gas Imbalance Charge

- 10.3. If applied by CMS, the Cumulative Gas Imbalance Charge shall be calculated in accordance with items 2.1 and 2.2 of Schedule 2.

Daily Overrun Charge

- 10.4. If applied by CMS, the Daily Overrun Charge shall be calculated in accordance with items 2.4 and 2.5 of Schedule 2.

Daily Underrun Charge

- 10.5. Deleted.

Hourly Overrun Charge

- 10.6. If applied by CMS, the Hourly Overrun Charge shall be calculated in accordance with items 2.10 and 2.11 of Schedule 2.

Maximum Flow Rate Overrun Charge

10.7. Deleted.

Daily Nomination Variance Charge

10.8. If applied by CMS, the Daily Nomination Variance Charge shall be calculated in accordance with items 2.16 and 2.17 of Schedule 2.

Limit on Quantity Variation Charges

10.9. If applied by CMS, each Quantity Variation Charge will be limited such that its unit rate in dollars per gigajoule, the unit rate being the Quantity Variation Charge divided by the applicable Quantity Variation Excursion Quantity on which the Quantity Variation Charge is calculated, will not exceed the value obtained by the following calculation:

$$QVC_F * (RT + CT)$$

Where:

QVC_F has the value 3.50

RT is the applicable Reservation Tariff in \$/GJ

CT is the applicable Commodity Tariff in \$/GJ

Quantity Variation Charge Revenue is Rebatable

10.10. Revenue obtained from the application of Cumulative Gas Imbalance Charges, Daily Overrun Charges, Hourly Overrun Charges and Daily Nomination Variance Charges will be treated as if it were revenue from a Rebatable Service as defined in section 10.8 of the Code.

10.11. The revenue obtained from the application of Cumulative Gas Imbalance Charges, Daily Overrun Charges, Hourly Overrun Charges and Daily Nomination Variance Charges will be rebated to all Users to whom Quantity Variation Charges apply on an annual basis in accordance with the formula:

$$URR = \left[TRR * \frac{UMDQ}{TMDQ} \right] * RRF$$

Where:

URR is the revenue rebated for the calendar year in question to a particular eligible User in \$;

TRR is the total revenue obtained from the application of Cumulative Gas Imbalance Charges, Daily Overrun Charges and Hourly Overrun Charges in the calendar year in question in \$;

UMDQ is the arithmetic average over time of the particular eligible User's MDQ for the calendar year in question in TJ;

TMDQ is the arithmetic average over time of the sum of all eligible Users' MDQs for the calendar year in question in TJ; and

RRF has a value of 0.95.

11. MODIFICATION OR NEW WORKS

Works

- 11.1. Requests by a User for a new Service or for a change to Services already being provided (including a Delivery Point Change or Receipt Point Change, or a change in the MDQ), may require the modification, expansion or extension of the Parmelia Pipeline (including the installation or activation of Metering Facilities). If this is the case, then it will be at CMS' discretion as to whether it will or the User is to undertake the necessary works to achieve that modification expansion or extension (**Works**).

User to Pay for Works

- 11.2.
- (a) The User will pay the cost of carrying out all Works plus any indirect costs incurred by CMS as a result of carrying out the Works.
 - (b) If the Works are carried out by CMS, all costs will be paid for by the User by way of capital contribution which may take the form of a lump sum payment or term payments.

- (c) If the Works are carried out by the User, the User will bear all direct costs. All indirect costs to CMS will be paid for by the User by way of capital contribution which may take the form of a lump sum payment or term payments.
- (d) Any lump sum payment will be made at the completion of the Works.
- (e) Term payments will be structured to recover costs over 5 years or the Term of the Service Agreement, whichever is shorter, on a credit foncier (ie. uniform payment of principal plus interest) basis. Interest shall be calculated on a daily basis at the Interest Rate. Conversion of the Interest Rate to a daily rate shall be performed by dividing the Interest Rate by 365.

Works by the User

11.3.

- (a) If the Works are carried out by or on behalf of the User:
 - (i) the Works will be done in a manner and all materials and equipment will be used which comply with all relevant Acts, laws and regulations, are consistent with good pipeline industry practice and are in accordance with any directions given by CMS under subclause (b); and
 - (ii) the User will indemnify CMS and its employees, representatives, agents and contractors against all loss, damages, claims, demands, or expenses of any person arising in connection with anything done or omitted to be done in carrying out the Works
- (b) CMS may inspect, supervise and give such directions as it considers necessary in relation to any Works carried out by or on behalf of the User so as to ensure that the Works:
 - (i) comply with all relevant Acts, laws and regulations;
 - (ii) are compatible with the Parmelia Pipeline;
 - (iii) will not endanger the safety and continuing operation of the Parmelia Pipeline (both during construction

and after completion of the Works) and is consistent with good pipeline industry practice; and

- (iv) will not unduly interfere with CMS' ability to satisfy its obligations under the Grandfathered Contracts and any other Service Agreement.
- (c) CMS may require the User to provide reasonable evidence of sufficient insurance and indemnity cover in respect of any Works to be carried out by or on behalf of the User. The User will provide that evidence to CMS before commencing any of the Works.

Ownership and Access

11.4.

- (a) The ownership of and title in all materials, plant and equipment installed in or connected to the Parmelia Pipeline as a part of the Works will be vested in and pass to CMS absolutely on their installation whether the Works are done by CMS or by or on behalf of the User. If they are done by or on behalf of the User, no consideration or compensation will be payable in respect of them (other than the Service to be provided under the Service Agreement).
- (b) The User will provide to CMS or ensure that CMS has access to and across any land and into or through any buildings so that CMS can carry out the Works (if it is to carry them out) and to carry out any repairs, maintenance, replacement, monitoring or other operational works to the Works as part of the Parmelia Pipeline.

12. INTERRUPTION IN TRANSPORTATION SERVICES

Service Interruption for Maintenance

12.1. CMS:

- (a) may interrupt or reduce the Services either totally or partially for any period which is necessary for the inspection, testing, safe operation, maintenance, repair, replacement or monitoring of, or alteration or addition to the Parmelia Pipeline or for any other purpose which in

CMS' reasonable opinion requires interruption or reduction of the Services; and

- (b) will use all reasonable endeavours:
 - (i) to notify the User, if it is likely to be affected by the interruption or reduction, as soon as reasonably practicable prior to interruption or reduction of the Services, of CMS' intention to interrupt or reduce the Services;
 - (ii) to minimise the period of interruption or reduction of the Services; and
 - (iii) to agree with the User the timing of the interruption or reduction so as to minimise the disturbance to the User's business and other Users' businesses.

Service Interruption in Emergencies

12.2. CMS:

- (a) may interrupt or reduce the Services immediately and without prior notice to the User in cases of emergency, risk of death or injury to any person, risk of adverse impact upon the environment, threat of damage to the Parmelia Pipeline or any other property, or to prevent undesirable changes to the quality of Gas in the Parmelia Pipeline, for such period as CMS considers necessary; and
- (b) will as soon as reasonably practicable notify the User of the circumstances giving risk to the interruption or reduction under subclause (a).
- (c) The User will be liable to pay the applicable Reservation Charge component of the Transportation Tariff for the first 48 hours following notification of the interruption or reduction of the Services.
- (d) Following the first 48 hours after notification of the interruption or reduction of the Services, the User will be liable to pay a proportion of the applicable Reservation Charge component of the Transportation Tariff which reflects the proportion of the User's MDQ which is available during the interruption or reduction of the Services.

Service Interruption for Force Majeure

12.3. The Services may be interrupted or reduced due to the occurrence of an event of Force Majeure. The parties' rights and obligations in this event will be governed by clause 12.4 and part 17.

Order of Interruption to Services

12.4.

- (a) Subject to subclauses (b) and (c), the order in which the Services will be interrupted or reduced under clauses 12.1 to 12.3 will be in the following order:
- firstly, any Interruptible Spot Services;
 - secondly, any Interruptible Extended Services;
 - thirdly, any Firm Spot Services;
 - fourthly, any Firm Extended Services;
 - fifthly, any services in the nature of Non-Reference Services which would yield on a per GJ basis over a contract Year a greater amount of revenue than any of the foregoing would similarly yield; and
 - last, the services provided under the Grandfathered Contracts.
- (b) Where capacity is available to provide part but not all, of the Services in any of the categories listed in subclause (a) then the available capacity will be allocated among the Users in that category on a pro rata basis according to the proportion that the total nominated quantity of Gas at the Delivery Point of each User in the relevant category bears to the total nominated quantities of Gas at the Delivery Point of all Users in the relevant category, as at the date of interruption or reduction.
- (c) If the interruption or reduction of Services is limited to a part of the Parmelia Pipeline or is otherwise restricted in its effect (including being limited in its effect to a particular Receipt Point or Delivery Point), so that not all Users are equally affected by it, then CMS will endeavour to restrict the interruption or reduction of Services to as few Users as

reasonably practicable. CMS will treat the affected Users equitably and, to the extent permitted by the circumstances, in the manner provided for in subclauses (a) and (b).

Reinstatement of Services

- 12.5. When the circumstances giving rise to the interruption to or reduction of the Services abate or no longer apply, the Services will be reinstated in the reverse order to which they were interrupted or reduced, ie. last off first on.

13. QUALITY OF GAS

Gas Quality

- 13.1. The User will ensure that Gas Received is merchantable natural gas comprised primarily of methane and free from impurities, objectionable odours, any solid matter, any liquid matter, trace metals, dust, gum, gum-forming constituents, waxes, hydrogen, carbon monoxide, helium, aromatic hydrocarbons, mercury, crude oils, lubricants (including compressor lubricants), glycol, methanol and other materials used for dehydration, chemicals employed in gas processing plants, or any other substance that might become separated from the Gas in the Parmelia Pipeline and from any other matter which might interfere with transportation and use of the Gas.

Gas Specifications

- 13.2. The User will be responsible for ensuring that Gas Received shall at all times conform to the Gas Specifications, unless CMS agrees otherwise in writing.

The **Gas Specifications** are those set out in Schedule 3 or such other Gas Specifications as may be approved by the Regulator on a review of the Access Arrangement (including these General Terms and Conditions) at any time during the Term.

Breach of Gas Quality

- 13.3. CMS, upon becoming aware of a breach of clauses 13.1 or 13.2:
- (a) may, if CMS considers necessary, and without prejudice to any other rights and remedies of CMS, immediately cease or reduce the receipt of User Gas without prior warning; and

- (b) shall notify the User of that breach as soon as reasonably practicable.

Gas Quality Tests

13.4.

- (a) In order for CMS to check that User Gas is suitable for admission into the Parmelia Pipeline, the User will supply to CMS upon demand written evidence suitable in all respects to CMS of any of the quality specifications of User Gas from time to time.
- (b) The User, at its own expense and as soon as reasonably practicable, will carry out such tests and checks upstream of the Receipt Point as CMS may deem appropriate from time to time, provided that CMS gives to the User at least 24 hours prior notice of its requirement to have the tests and checks carried out.
- (c) CMS may require the installation, at the User's expense, of gas chromatograph, moisture meter, hydrocarbon dewpoint meter, and/or other equipment for measuring User Gas characteristics and quality required by CMS.
- (d) The ownership of and title in all equipment installed and connected to the Parmelia Pipeline for the purposes of measuring User Gas characteristics and quality will be vested in and pass to CMS absolutely on their installation.
- (e) CMS shall be entitled at its own cost to arrange for a representative to be present on site to witness the tests and checks undertaken by the User, and the User will furnish written details of the tests and checks and the results thereof to CMS.

User Indemnity

- 13.5. Without limiting any other indemnity in the Service Agreement, the User will indemnify CMS and its employees, representatives, agents and contractors against all loss, damages, claims, demands or expenses suffered or incurred as a result of a breach by the User of any of its obligations under this part 13.

14. INVOICING AND PAYMENT

Invoicing and Payment

14.1.

- (a) On or before the 15th day of each Month, CMS shall use reasonable endeavours to provide to the User:
 - (i) an invoice for the Transportation Charges, Quantity Variation Charges and System Use Gas Charges for the preceding Month or part of the Month; and
 - (ii) an invoice together with reasonable detailing and supporting documentation, for any payment or reimbursement of any other charges payable to CMS under the Service Agreement which were incurred in the preceding Month (**Invoice**).
- (b) The User shall pay the amount specified in the Invoice to CMS within 14 days of the date of the Invoice.
- (c) An Invoice may be served in any manner provided for in clause 23.1, including by facsimile transmission.

Form of Payment

14.2.

- (a) An Invoice shall be expressed in and payment shall be made in Australian currency by electronic transfer to such bank account as CMS may notify to the User.
- (b) If the User has not been provided with sufficient information by CMS to enable an electronic transfer to be made, the User shall make payment by bank cheque issued by a major Australian bank and mailed by pre-paid post to CMS' last notified address.
- (c) The User shall pay an additional amount equal to statutory charges such as financial institutions duty which CMS will be liable to pay.

Deemed Payment

- 14.3. Payment shall be deemed to have been made by the User and received by CMS:
- (a) in the case of electronic transfer - on the date on which CMS' bank confirms receipt of the funds, whether by bank statement or otherwise; or
 - (b) in the case of a cheque - on the date on which CMS actually receives the cheque, provided that if the cheque is subsequently dishonoured payment will only be deemed to have been made and received on the date on which the cheque is honoured and cleared funds are credited to CMS' bank account.

Disputed Invoice

- 14.4.
- (a) Payment of an Invoice does not prejudice the right of the User to question its correctness, provided the question is raised no later than 3 months after the date of receipt of the Invoice.
 - (b) The User shall pay the whole amount of an Invoice by the due date unless the User raises a question as to the correctness of an Invoice based on a reasonable perception of manifest error, in which case it shall pay such portion of the amount that is not in question.
 - (c) If the User questions the correctness of an Invoice it shall have no rights to inspect or make copies of records pertaining to the preparation of the invoice, but the User may appoint a third party chartered accountant who is independent of the parties and each of their Related Corporations and who is satisfactory to CMS (**Accountant**), who shall provide an undertaking as to confidentiality in a form and content as required by CMS.
 - (d) The Accountant may inspect the records pertaining to the preparation of the questioned Invoice.
 - (e) The Accountant must keep all details of the records inspected confidential and is to report to the User and CMS

only as to whether or not the Invoice is correct, and if not, by what amount the Accountant considers it is not correct.

- (f) The parties shall be deemed to have accepted the Accountant's report unless either party notifies the other party to the contrary, within 28 days of receiving the Accountant's report. If either party does not accept the Accountant's report, the matter shall be determined by a Dispute Resolution Procedure.
- (g) Within 14 days of the Accountant's report being accepted or deemed to have been accepted or within 28 days of a dispute as to the correctness of an Invoice being determined by Dispute Resolution Procedure:
 - (i) CMS shall reimburse to the User the full amount of any overpayment agreed or determined to have been paid by the User, together with interest at the Interest Rate calculated from the date the overpayment was made; or
 - (ii) the User shall pay to CMS the full amount of any underpayment agreed or determined not to have been paid by the User, with interest at the Interest Rate calculated from the date that the payment was originally due in accordance with the provision for Interest on Overdue Payments in this part.

Interest on Overdue Payments

14.5.

- (a) If all or part of an Invoice or other payment due and payable by the User to CMS under the Service Agreement is not paid by the due date then the User shall pay to CMS interest on the unpaid amount calculated from the due date for payment until the date on which payment is deemed to have been made and received in terms of clause 14.3.
- (b) Without limiting subclause (a), interest is payable on:
 - (i) the amount of an Invoice which is not paid by the due date, whether or not the User raises a question as to its correctness; and

- (ii) the amount of any underpayment referred to in clause 14.4(g)(ii), if that underpayment is not made within the 28 day period referred to in that clause.
- (c) Interest shall be calculated on a daily basis at the Interest Rate applicable for the period from the due date for payment until the date on which payment is deemed to have been made and received in terms of clause 14.3 (converted to a daily rate by dividing by 365).
- (d) Interest shall be payable on any judgment or order for payment of a monetary sum arising out of or in connection with the Service, to be calculated at the rate and in the manner provided for in this clause 14.5.
- (e) Nothing in this clause 14.5 shall prejudice any other right or remedy available to CMS with respect to such default.

15. SYSTEM USE GAS AND CHARGES

User Fuel Gas

15.1.

- (a) CMS will supply all Gas required as fuel for gas compressors on the Parmelia Pipeline.
- (b) When, in CMS' sole opinion, the operation of pipeline compression is required to assist in the transport of User Gas from the Receipt Point to the Delivery Point, the User will pay for the Fuel Gas required for such compressor operation for each Gas Day in which User Gas is received.
- (c) The User's proportion of Fuel Gas is to be determined on a Daily basis in accordance with the following formula:

$$UFG = \left[FG * \frac{GD}{TDV} \right] * GHV * 1000$$

Where:

UFG is the Daily quantity of User Fuel Gas in GJ;

FG is the Daily total volume of Fuel Gas used in SCM;

GD is the Daily volume of User Gas Delivered, in SCM;

TDV is the total Daily throughput volume of Gas in the Parmelia Pipeline in SCM. CMS will calculate this amount in good faith; and

GHV is the Gross Heating Value of Fuel Gas in MJ per SCM determined by CMS using whatever method is required to determine the Gross Heating Value of the Fuel Gas and determined on a Daily basis.

- (d) The User shall have no rights to inspect or make copies of records pertaining to the determination of the Daily quantity of User Fuel Gas.
- (e) The User may appoint a third party inspector who is independent of the parties and each of their Related Corporations and who is satisfactory to CMS (**Inspector**), who shall provide an undertaking as to confidentiality in a form and content as required by CMS.
- (f) The Inspector may inspect the records referred to in subclause (d) at a time and frequency convenient to CMS, all at the User's expense, including reimbursement of CMS' time in assisting toward these inspections.
- (g) The Inspector shall report its findings as to the accuracy of such determinations to the User and CMS. CMS shall make reasonable endeavours to correct any errors or inaccuracies discovered by the Inspector to the satisfaction of the Inspector and a corresponding adjustment will be made to return the parties to a similar position to that which they would have been in had the error or inaccuracy not occurred.

User Spent Gas

15.2.

- (a) CMS shall not be liable to the User in respect of quantities of User Gas which have been vented, lost or which cannot be accounted for following measurement in accordance with part 16.

- (b) Where Gas is vented, lost or cannot be accounted for in the Parmelia Pipeline, the User will pay for the Gas required to make up such losses, being in the same proportion as the quantity of Gas Received for any Month bears to the total quantity of Gas admitted into the Parmelia Pipeline in that same Month.

System Use Gas Charges

- 15.3. The User will pay a System Use Gas Charge for System Use Gas on the basis of gas prices reasonably nominated by CMS on the basis of competitive quotes publicly solicited by CMS and made available for inspection by any User, which may vary from time to time.

Line Pack

- 15.4. CMS may, in its absolute discretion, purchase the whole or part of the User's Cumulative Gas Imbalance for line pack in the Parmelia Pipeline, from time to time.

16. MEASUREMENT

General

- 16.1. Unless expressly provided otherwise in the Service Agreement:
- (a) the quantity of Gas Received from the DBNGP into the Parmelia Pipeline shall be deemed to be the same as the quantity of Gas delivered from the DBNGP into the Parmelia Pipeline on behalf of the User, as notified by the operator of the DBNGP from time to time;
 - (b) where CMS is responsible for measurement, the quantities of Gas Received from and Gas Delivered to any other pipeline or other source into and from the Parmelia Pipeline, and the Gross Heating Value shall be measured in accordance with good pipeline industry practice; and
 - (c) the quantities of Gas Received and Gas Delivered and the Gross Heating Value determined in accordance with this part 16 shall apply for the purposes of determining amounts owing by the User under and for all other purposes of the Service Agreement.

Equipment Testing

16.2.

- (a) CMS will test the metering and other measuring equipment on the Parmelia Pipeline at times and in a manner which is in accordance with good pipeline industry practice.
- (b) The maximum uncertainty of the measurement will be:
 - (i) plus or minus 2% of actual corrected volume flow rate at a minimum of the 95% confidence level for metering equipment with a design maximum flow rate of 5 TJ/d or greater;
 - (ii) plus or minus 3% of actual corrected volume flow rate at a minimum of the 95% confidence level for metering equipment with a design maximum flow rate of less than 5 TJ/d;
 - (iii) plus or minus 0.5 % of actual Gross Heating Value at a minimum of the 95 % confidence interval for gas chromatographs used for the purposes of determining Gross Heating Value.
- (c) CMS will use all reasonable endeavours to notify the User orally or in writing before performing such tests so that the User may have a representative present.
- (d) If the User has reason to believe that any metering or other measuring equipment is not measuring or registering accurately, the User may request, in writing, CMS to perform an accuracy test and CMS shall co-operate with the User in performing such test as soon as reasonably practicable after CMS receives the User's notice.
- (e) In the absence of manifest error, the determination by CMS of the measurements of any metering or other measuring equipment (whether on a test or otherwise) shall be deemed to be correct.

Accuracy

- 16.3. If the equipment tested is found to be accurate in accordance with clause 16.2(b):
- (a) the User shall bear all costs of performing each test requested by the User in accordance with clause 16.2(d), otherwise such costs shall be borne by CMS; and
 - (b) previous readings of that equipment shall be deemed accurate and correct in computing the measurements applicable to that equipment, including quantities of Gas Received and Gas Delivered or the Gross Heating Value.

Inaccuracy

- 16.4. If the equipment tested is found to be inaccurate in accordance with clause 16.2(b):
- (a) previous readings of that equipment will be in accordance with clause 16.5;
 - (b) any necessary consequential adjustment shall be made to the Transportation Charges, Quantity Variation Charges and System Use Gas Charges for the applicable period, on the next Invoice provided by CMS under clause 14.1; and
 - (c) if required, the User will be charged for Gas required to make up any discrepancy which occurs as a result of these adjustments, at a gas price reasonably nominated by CMS, which may vary from time to time.

Adjustment of Readings

- 16.5. The following applies where any metering or other measuring equipment is found to be inaccurate in terms of clause 16.4 (**Inaccurate**), or is out of service (**Out of Service**) so that the measurements applicable to that equipment cannot be estimated or computed from the reading:
- (a) the measurements for the period when the equipment is Inaccurate or Out of Service shall be estimated and reasonably agreed upon by the parties, having regard to the evidence available;

- (b) failing agreement under subclause (a) within 28 days of first discussing the issue, the measurements shall be deemed to be one half of:
 - (i) the amount of inaccuracy in the readings found on the test, where the equipment is Inaccurate; or
 - (ii) the difference between the readings taken immediately before and after the equipment was and is no longer Out of Service, where the equipment is Out of Service; and
- (c) the period over which the equipment is Inaccurate, for the purposes of this clause 16.5, shall be:
 - (i) the period from when the equipment was last tested as accurate until when equipment is next tested as accurate; unless
 - (ii) some identifiable event occurs which causes the inaccuracy, in which case the period shall be from the date of that event until when the equipment is next tested as accurate; and
- (d) the period over which the equipment is Out of Service, for the purposes of this clause 16.5, shall be the period during which the equipment was not actually operating.

Adjustment of Equipment

- 16.6. If an error in accuracy is found in any test, the equipment tested shall be adjusted immediately by CMS, as closely as possible to a condition of accuracy.

Records

- 16.7. The records from all metering and other measuring equipment shall remain the property of CMS but the User shall have the right to inspect and make copies of such records, at reasonable intervals and after having given CMS reasonable prior notice, to the extent that they relate to the Service provided to the User.

17. FORCE MAJEURE

No liability due to Force Majeure

17.1. No party is liable to the other party for delay in performing or failure to perform any of its obligations under a Service Agreement, except for:

- (a) the obligation to pay moneys which are due; and
- (b) the continuing obligation to pay the applicable Reservation Charge component of the Transportation Tariff for the first 48 hours of the Force Majeure period; and
- (c) following the first 48 hours of the Force Majeure period, the continuing obligation to pay a proportion of the applicable Reservation Charge component of the Transportation Tariff which reflects the proportion of the User's MDQ which is available during the interruption or reduction of the Services.

as a result of Force Majeure.

Force Majeure Defined

17.2. The term **Force Majeure** means any act, omission or circumstance occasioned by or as a consequence of:

- (a) any acts of God, including but not limited to landslides, lightning, earthquakes, cyclones, fires, storms, floods and washouts;
- (b) strikes, boycotts, lockouts or other industrial disturbances;
- (c) acts of war (declared and undeclared), blockades, insurrections, riots or other civil disturbances;
- (d) restraints of government (either federal, state, civil or military);
- (e) refusal or delay in obtaining any necessary consent, approval or licence from any government local or statutory authority;

- (f) explosions or shutdowns or interruptions due to breakdowns of or damage or accident to plant, equipment, machinery or facilities including the Metering Facilities or lines of pipe necessary for a party's operation or production;
- (g) acts of vandalism;
- (h) nuclear accidents;
- (i) shortages of equipment, labour or essential materials;
- (j) reasonable failure to secure contractors or delays of contractors;
- (k) law, orders, rules, regulations or acts of any court or government, semi-government local or statutory authority;
- (l) shutdowns or interruptions required to conform to design or regulatory limits in production and pipeline facilities, including environmental limits or restrictions; and
- (m) any other cause, whether of the kinds enumerated or otherwise, other than failure of funds, not reasonably within the control of the party claiming suspension.

Notice of Force Majeure

17.3. If a party becomes aware of circumstances which are or are likely to become Force Majeure under the Service Agreement then it shall promptly advise the other party and shall use its best endeavours to prevent or remove the Force Majeure. Best endeavours shall not include:

- (a) settling a labour dispute on terms not acceptable to a party;
or
- (b) doing anything which:
 - (i) may cause death or injury to any person;
 - (ii) may cause adverse impact upon the environment;
 - (iii) is not technically or economically feasible;
 - (iv) might endanger the safety of the Parmelia Pipeline;
or

- (v) is not consistent with good pipeline industry practice.

Proportionate Reduction in Flow of Gas

- 17.4. If a Force Majeure event interrupts or reduces the throughput capacity of the Parmelia Pipeline, then the provisions of clauses 12.3 and 12.4 apply.

Reinstatement of Services

- 17.5. When the circumstances giving rise to the interruption to or reduction of the Services abate or no longer apply, the Services will be reinstated in accordance with clause 12.5.

Limitation on Relief

17.6.

- (a) Nothing in this part 17 affects or alters the User's obligation to supply User Gas that complies with the quality and other specifications set out in part 13 if, despite an event of Force Majeure, User Gas is able to be admitted and received into the Parmelia Pipeline.
- (b) No event of Force Majeure shall relieve either party from its obligation to comply with the terms of any indemnity given to the other party under the Service Agreement.

Termination for Extended Force Majeure

17.7.

- (a) If a Force Majeure event continues for a period of at least 6 months, either party may terminate the Service Agreement by giving one month's notice to the other party.
- (b) The party terminating the Service Agreement will not have any liability to the other party in respect of any termination under subclause (a) but that termination will not affect any rights and obligations of the parties which have occurred prior to the date of termination.

18. WARRANTIES AND TITLE

User's Warranty

- 18.1. The User warrants to CMS that it has full right, title and authority to supply and deliver User Gas to CMS, free from all Encumbrances for transportation and delivery as provided in the Service Agreement and that User Gas when supplied to CMS will be free from Encumbrances.

Title and Possession Transfer

- 18.2. Title to and possession and control of Gas Received shall pass from the User to CMS at the Receipt Point, free from all Encumbrances.

Title and Possession Retransfer

- 18.3. Title to and possession and control of Gas Delivered shall pass from CMS to the User at the Delivery Point, and CMS warrants that at the time of delivery (except for any lien for unpaid services rendered and claimed under the Service Agreement) it has no lesser title to the Gas delivered than that received from the User under clause 18.2.

19. INDEMNITIES

Breach of Agreement

- 19.1. The User shall indemnify and keep indemnified CMS and its employees, representatives, agents, and contractors (collectively **Indemnitees**), and shall hold the Indemnitees harmless against all loss, damages, claims, demands or expenses of any person arising in connection with any breach by the User of its obligations or warranties under the Service Agreement.

General Indemnity

- 19.2.
- (a) Subject to subclause (b), the User shall indemnify and keep indemnified the Indemnitees and shall hold the Indemnitees harmless against all loss, damages, claims, demands, costs or expenses of any person in respect of injury to or death of any person, damage to any property (including the Parmelia

Pipeline) or the environments, or the operation, maintenance and repair of the Parmelia Pipeline to the extent that the same are caused or contributed to by the acts or omissions of the User or its employees, representatives, agents or contractors.

- (b) The Indemnitees shall not be entitled to the benefit of the indemnity contained in subclause (a) to the extent that the loss, damages, claims, demands, costs or expenses are caused by the Wilful Misconduct of the Indemnitees.

CMS Not Liable

19.3. The Indemnitees shall not be liable for and shall be indemnified by the User against all loss, damages, claims, demands, costs or expenses suffered, incurred or made by the User or its employees, representatives, agents, contractors or any other person in respect of:

- (a) consequential or indirect losses or damages of any kind including loss of profits, lost or deferred production or use of User Gas, losses or damages sustained by any person whether arising under contracts with the User or in tort, and whether or not such losses or damages are caused or contributed to by any wrongful act, omission or negligence of the Indemnitees;
- (b) losses or damages arising from damage to or disruption in the operation of the Parmelia Pipeline, except to the extent caused by the Wilful Misconduct of the Indemnitees;
- (c) losses or damages arising from the inability, for any reason, of CMS to receive User Gas or deliver Gas, where CMS has acted in the course of a reasonable and bona fide endeavour to perform its obligations under the Service Agreement;
- (d) losses or damages arising from the receipt of Gas from any other pipeline including but not restricted to the DBNGP or anything done by CMS in reliance on or as a consequence of any nomination made, notice given or other thing done or omitted to be done by the operator of the DBNGP or any other pipeline, where CMS has acted in good faith; and
- (e) any other loss incurred by the User or any person contracting or dealing with or relying upon the provision of

goods or services by the User (except for CMS) or having legitimate expectations as to the reliability of the supply of Gas howsoever caused.

Limit of Liability

19.4.

- (a) If, despite anything contained in any other clause of this part 19, CMS is found to be liable to the User or any other person in any manner whatsoever, then the liability of CMS to the User or to any other person shall in any event be limited to such sum as is recoverable under any valid and enforceable insurance policy in respect of public liability (less any deductible thereon), under which CMS is insured.
- (b) CMS shall maintain at all times during the Term general public liability insurance in an amount of not less than \$5,000,000 for any one occurrence or series of occurrences arising out of one event.
- (c) Notwithstanding anything else contained in the Service Agreement, CMS shall not be liable for any liability or loss to the extent that it is the fault of any other party or person. Where negligence is found to have been contributory each party will bear responsibility in accordance with that party's proportionate fault.

Wilful Misconduct Defined

19.5. For the purposes of this part 19, **Wilful Misconduct** means any act or omission intentionally done or made, with deliberate or reckless disregard for reasonably foreseeable and harmful consequences.

User's Insurance

19.6. The User shall take out and maintain at all times during the Term:

- (a) general public liability insurance in an amount of not less than \$5,000,000.00 (or such other amount up to a maximum of \$20,000,000.00 as CMS may notify from time to time);
- (b) any insurance policies required by law, including workers' compensation insurance; and

- (c) such other insurance policies as CMS may reasonably require,

on such terms as CMS may reasonably require from time to time, so that the insurance coverage is sufficient to satisfy the indemnities contained in clauses 19.1 to 19.3 and the User's other obligations under the Service Agreement.

Insurance Policies

- 19.7. The insurance policies referred to in clauses 19.6(a) and (c) shall have the interest of CMS noted or endorsed on them so that CMS is effectively insured under those policies and the insurer waives all rights of subrogation which it would or may otherwise have had against CMS under those insurance policies.

Copies of Policies

- 19.8. The User will provide to CMS copies of the insurance policies referred to in clause 19.6 or certificates of currency, whenever requested by CMS.

20. ASSIGNMENT

Assignment by CMS

- 20.1.
- (a) Subject to subclause (b), CMS may assign its interest, rights and obligations under the Service Agreement or sell or otherwise part with possession or proprietorship of any portion of the Parmelia Pipeline which is required for the performance of CMS' obligations under the Service Agreement provided that CMS causes any assignee, licensee, transferee or other person otherwise in possession of the relevant portion of the Parmelia Pipeline to give a written undertaking in favour of the User to be bound by the Service Agreement to the same extent as if that person had been named as CMS in the Service Agreement. The assignment will be by way of novation so that CMS is released of its future obligations under the Service Agreement, unless the undertaking expressly provides otherwise.

- (b) CMS may in its discretion assign in whole or in part any right to payment arising under the Service Agreement.

Bare Transfer

- 20.2. Subject to clause 20.3, the User may transfer or assign all or part of its Capacity under a Service Agreement, without CMS' consent, if:
- (a) the User's obligations under the Service Agreement with CMS remain in full force and effect after the transfer or assignment;
 - (b) CMS is not placed in a legal or contractual relationship with the transferee or assignee;
 - (c) CMS will continue to deal exclusively with the User after the transfer or assignment;
 - (d) the terms of the Service Agreement with CMS are not altered as a result of the transfer or assignment; and
 - (e) there is no change of Receipt Points or Delivery Points,
- (Bare Transfer).**

Notification of Bare Transfer

- 20.3. Prior to utilising any portion of the Capacity the subject of the Bare Transfer, the transferee or assignee must notify CMS in writing of the Bare Transfer and of the portion and nature of the Capacity the subject of the Bare Transfer.

Consent Transfer

- 20.4. The User may transfer or assign all or part of its rights under the Service Agreement, other than by a Bare Transfer, with CMS' prior consent (**Consent Transfer**).

Consent Withheld or Subject to Conditions

- 20.5. CMS may withhold its consent to a Consent Transfer, or give its consent to a Consent Transfer subject to conditions, only on reasonable commercial and technical grounds.

Consent Transfer Withheld

- 20.6. For the purposes of (but without limiting) clause 20.5, it will be deemed reasonable for CMS to withhold its consent to a Consent Transfer if:
- (a) the transfer or assignment is not commercially or technically reasonable;
 - (b) the effect of the transfer or assignment, if agreed to, will adversely affect or prejudice the rights of any person having a position in any Queue who would otherwise have priority;
 - (c) the effect of the transfer or assignment, if agreed to, will interfere with CMS' ability to satisfy its obligations under the Grandfathered Contracts or any other Service Agreement; or
 - (d) the request for the Consent Transfer involves a change of a Receipt Point or a Delivery Point and such change is not accepted by CMS under the provisions of part 5.

Consent Transfer Conditions

- 20.7. For the purposes of (but without limiting) clause 20.5, it will be deemed reasonable for CMS to give its consent to a Consent Transfer on condition that:
- (a) the User and transferee or assignee execute a deed of assignment and assumption in a form acceptable to CMS, in which:
 - (i) the transferee or assignee assumes the obligations of the User under the Service Agreement from the date of assignment; and
 - (ii) the User is relieved of its future obligations under the Service Agreement from the date of assignment but is not released from any obligations or liabilities accrued up to the date of assignment;
 - (b) the transferee or assignee provides reasonable evidence to CMS as to the requirements for Access Requests as if it was a Prospective User under that clause;

- (c) the transferee or assignee or any of its Related Corporations or any other person provides a Performance Security, as may be reasonably required by CMS;
- (d) the transferee or assignee pays CMS' reasonable costs and expenses relating to undertaking any necessary investigations in relation to the proposed transfer or assignment and preparing or approving the form of deed of assignment and assumption (including solicitor's costs);
- (e) the transferee or assignee or any of its Related Corporations are not in default of any Grandfathered Contract or other Service Agreement; and
- (f) CMS is entitled to receive at least the same amount of revenue after the Consent Transfer as it is entitled to receive before the Consent Transfer.

Deemed Transfer

20.8.

- (a) If the User is a company, which is not listed on the Australian Stock Exchange, any change in control of the User (or if the User is a subsidiary, any change in control of its holding company) is taken to be a Consent Transfer and requires CMS' consent under part 20.
- (b) CMS may require as a condition of its consent, a further or alternative Performance Security to be provided to secure performance of the User's obligations under the Service Agreement.
- (c) In this clause 20.8:
 - (i) **control** means control of the composition of the board of directors or control of more than 50% of the shares with the right to vote at general meetings of the company or control of more than 50% of the interest in any Trust; and
 - (ii) words used in this clause 20.8 that are defined in the Corporations Law have the same meaning given to them in that Law.

Encumber Interest in Service Agreement

20.9. The User may grant an Encumbrance in respect of its interest in a Service Agreement provided that prior to granting the Encumbrance, the person to have the benefit of the Encumbrance (**Encumbrancee**) enters into a deed of covenant with CMS, in a form acceptable to CMS, in which the Encumbrancee agrees that, on realising, enforcing or exercising any of its powers under the Encumbrance, it will be bound by the terms of the Service Agreement as if it was named as the User in the Service Agreement.

21. IMPOSTS AND GST

User's Liability

21.1. The User shall pay and discharge all Imposts arising in respect of the production, gathering, processing, compression, transportation to a Receipt Point, transportation from a Delivery Point, or handling of User Gas by any party other than CMS, or which may otherwise be charged or imposed in respect of User Gas prior to its delivery at the Receipt Point or after delivery of the User's share of Gas at the Delivery Point.

CMS' Liability

21.2. CMS shall pay and discharge all Imposts which may be charged or imposed in respect of Gas Received after receipt at the Receipt Point and before delivery at the Delivery Point of the User's share of Gas.

Fines etc.

21.3. The party responsible for paying any Impost under this part 21 will also pay all fines, penalties and interest imposed with respect to that Impost, unless the fine, penalty or interest is imposed as a result of some thing done or omitted to be done by the other party and which is solely within the power or ability of the other party. In this case, the other party shall pay the fine, penalty or interest imposed.

Royalties

21.4. The User shall pay and discharge any royalty payment which is due to any person in respect of the production or sale of Gas

transported by CMS or to any person who has an interest in User Gas, or who has an interest in Gas Received or Gas Delivered and the User shall indemnify CMS against any liability in respect thereof.

Goods and Services Tax

21.5. If a GST is imposed or measured during a Term the following applies:

- (a) notwithstanding any other term or condition set out herein, CMS is entitled to pass on as part of the Transportation Charges, Quantity Variation Charges, System Use Gas Charges for the Services and any other charges, and recover from the User the amount of any GST levied upon CMS or payable by CMS in respect of the Services supplied under a Service Agreement;
- (b) if, after a GST is introduced, the amount of GST applicable to the Services supplied under a Service Agreement is subsequently increased or decreased by a GST Rate Change then the amount of any GST charged on the Services supplied will vary proportionately with the movement in the GST Rate Change;
- (c) despite any provision of a Service Agreement to the contrary, if the introduction of a GST, or a subsequent GST Rate Change is accompanied by or undertaken in connection with the abolition of or reduction in any existing taxes (including income tax), then the amount (excluding the GST) payable by the User will be reduced by the same proportion as the actual total costs of CMS (including any taxes but excluding any input GST paid or payable by CMS) are reduced as a consequence of the abolition of or reduction in taxes, whether directly by way of the abolition of or a reduction in taxes paid or payable by CMS to its suppliers or to any government, or indirectly by way of a reduction in the prices (excluding GST) charged by the suppliers to CMS;
- (d) upon the introduction of a GST, or subsequent GST Rate change, the User and Supplier shall, as soon as possible thereafter endeavour to agree an adjustment to the Transportation Charges, Quantity Variation Charges, System Use Gas Charges, and any other charges to reflect the impact on the net economic benefit derived by CMS from

the provision of the Services under a Service Agreement of any contemporaneous or related change in the imposition of any other taxes, imposts or duties levied under legislation of the Commonwealth of Australia or the State of Western Australia which are intended to compensate in whole or in part for the imposition of the GST or GST Rate Change. If CMS and the User are unable to agree an appropriate adjustment within 90 days, either CMS or the User may refer the matter for resolution under part 25;

- (e) if the introduction of a GST, or a subsequent GST Rate Change alters the CPI then the parties agree to adjust the CPI Escalator to reflect the real change in the CPI that would have been calculated by the CPI Escalator but for the introduction of the GST or the subsequent GST Rate Change. If CMS and the User are unable to agree on an appropriate adjustment to the CPI Escalator within 90 days, either CMS or the User may refer the matter for resolution under part 25;
- (f) if the Commonwealth Government requires CMS to collect and pay GST on dates that precede the User's obligation to pay for the Services supplied under a Service Agreement then CMS and the User agrees to review the existing payment arrangements under that Service Agreement so as to synchronise the timing of the User's payments with the timing of CMS' GST payments to the Commonwealth Government. If CMS and the User are unable to agree an appropriate payment arrangement within 90 days, either CMS or the User may refer the matter for resolution under part 25; and
- (g) for the purposes of this clause 21.5, the following expressions have the meaning shown:

GST means any goods and services tax, sales tax, use tax, consumption tax, value-added tax or any similar tax or duty levied upon CMS or payable by CMS in respect of Services supplied under a Service Agreement and includes any GST Rate change.

GST Rate Change means an increase or decrease in the amount of GST by reason of:

- (i) an alteration in the applicable law;

- (ii) the issue of or an alteration in a ruling or advice of the authority responsible for administering the GST;
- (iii) the allowance to CMS of a refund of GST in respect of the Services supplied under this Agreement; or
- (iv) a decision of the Administrative Appeals Tribunal (or its equivalent) or a court.

22. PROPER LAW

The Service Agreement shall be construed and interpreted in accordance with the law of Western Australia and the parties agree to submit to the jurisdiction of the Courts of the State of Western Australia.

23. NOTICES

Form of Notice

23.1. All notices and other communications to be given under a Service Agreement shall be:

- (a) given in writing;
- (b) signed by the party giving it or that party's solicitor or authorised representative;
- (c) either delivered by hand or sent by facsimile or by prepaid ordinary post (airmail if posted to or from a place outside Australia); and
- (d) addressed to the party to which the notice is required to be given at the address of that party shown in the Order Form or as otherwise advised in accordance with this clause.

Effective Time

23.2. Any notice or other communication takes effect from the time it is received unless a later time is specified in it.

Deemed Receipt

23.3. A notice or other communication is taken to be received:

- (a) if delivered by hand to the address of the addressee, at the time it is delivered;

- (b) if it is posted, on the third Business Day after posting (seventh, if posted to or from a place outside Australia); and
- (c) if it is sent by facsimile, on production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the addressee.

Express Provisions

23.4. The provisions of this part 23 operate subject to any express provision to the contrary elsewhere in the Service Agreement.

24. CONFIDENTIALITY

Confidential Information

24.1.

- (a) Each party will treat as confidential the terms of the Service Agreement and all information which is disclosed by the other party pursuant to the Service Agreement and which is:
 - (i) notified by the disclosing party as being confidential; or
 - (ii) in the circumstances in which the information is given or the nature of the information given may be reasonably considered to be confidential.
- (b) Subject to clauses 24.2 and 24.3, a party will not disclose Confidential Information to third parties without the prior written consent of the other party and it will take all reasonable precautions to ensure that its employees and consultants will maintain the confidentiality of that Confidential Information.

Permitted Disclosure

24.2. Each party may disclose Confidential Information:

- (a) to any Related Corporation with the prior approval of the other party and provided the Related Corporation agrees in writing to be bound by the confidentiality obligations under this part 24;

- (b) as is required by law, any legally binding order of a court or government, government or semi-government authority or administrative body by the listing rules of any stock exchange or regulatory agency having jurisdiction over the party or its ultimate holding company; or
- (c) as necessary for any of the following persons to perform their duties and who have first executed an undertaking in favour of the other party in substantially identical terms to this part 24:
 - (i) any financier or prospective financier;
 - (ii) any professional adviser;
 - (iii) any assignee or transferee, or prospective assignee or transferee; or
 - (iv) a representative of the User or CMS, or the operator from time to time of the Parmelia Pipeline.

Non-Applicable Information

24.3. This part 24 does not apply to information:

- (a) which is or becomes part of the public domain through no fault of the party seeking to disclose it;
- (b) which a party had possession of prior to the User lodging the Access Request as a result of which the Service Agreement was entered into; or
- (c) which a party seeking to disclose it received from a third person, if the third person was not subject to confidentiality obligations with the other party, and of which obligations the party seeking to disclose the information is or ought reasonably be aware.

Code Requirements

24.4. Nothing in this part 24 affects CMS' obligations under the Code with respect to Confidential Information.

25. TECHNICAL AND COMMERCIAL DISPUTE RESOLUTION PROCEDURES

Definitions

25.1. In this part 25 and parts 26 and 27:

Act means the Commercial Arbitration Act 1985 (WA).

Arbitrator means an arbitrator appointed under clause 27.1.

Dispute means a dispute that arises out of, relates to or is in connection with any aspect of the Service Agreement, or the validity of the Service Agreement.

Expert means an expert appointed under clause 26.1.

Notice means a notice given by a party under clause 25.3(a).

Negotiation

25.2. If a Dispute arises, the parties undertake with each other to use all reasonable endeavours, in good faith, to settle the Dispute by negotiation.

Notice and Representation

25.3. For the purpose of facilitating the process of negotiation referred to in clause 25.2:

- (a) the party claiming that the Dispute has arisen is to give notice to that effect to the other party which:
 - (i) briefly identifies the subject matter of the Dispute; and
 - (ii) designates a representative for the negotiation who will have authority to settle the dispute on behalf of that party; and
- (b) the other party is then to promptly designate by notice to the party giving the Notice, its representative for the negotiation who will have authority to settle the Dispute on behalf of that other party.

Condition to proceedings

25.4. Unless a party has complied with clauses 25.2 and 25.3, that party may not commence the appointment of an Expert, or court or arbitration proceedings relating to the Dispute.

Reference to Expert or Arbitrator

- 25.5. If the parties or their representatives do not settle the Dispute by negotiation within 21 days after the Notice is given:
- (a) the Dispute, where it relates principally to matters of technical opinion, is to be finally determined by an Expert in accordance with part 26; or
 - (b) the Dispute, where it relates principally to matters of commercial judgement or opinion, is to be finally determined by an Arbitrator in accordance with the Act and part 27; or
 - (c) the Dispute where it is unclear that it comes within subclause (a) and (b) is to be finally determined by an arbitrator in accordance with the Act and part 27 and who is authorised to direct either or both of the parties to appoint an Expert on matters of technical opinion in accordance with part 26.

Privacy

25.6. Any proceedings under parts 26 or 27 are to be conducted in private, and information disclosed by any party in the course of the proceedings is to be kept confidential by the parties and their advisers, except as otherwise agreed by the parties or directed by a court.

Obligations continue

- 25.7. Pending and during any proceedings under parts 26 or 27, the parties are to continue to perform their obligations under the Service Agreement.
- 25.8. Subject to clause 27.6, the costs and expenses of all counsel, witnesses and employees retained by each party in any proceedings under parts 26 or 27 will be borne by that party.

Express Provisions

25.9. The application and operation of parts 25, 26 and 27 to resolve a Dispute is subject to any express provision elsewhere in the Service Agreement which provides for the manner in which a particular Dispute is to be resolved.

26. EXPERT

Expert's Appointment

26.1. An expert is to be appointed as follows:

- (a) the parties may jointly appoint a sole Expert as they may agree within 35 days after the Notice is given; or
- (b) if an Expert is not jointly appointed within that period, either party may request the President of the Australian Gas Association to nominate a panel of 3 persons from which the Expert is to be chosen by the parties;
- (c) if the President does not make the nominations within 14 days of receipt of the above request, or if the President is an employee of, or affiliated with, any of the parties, then the President of the Institute of Arbitrators Australia (Western Australian Chapter) will be requested to make the 3 nominations; and
- (d) the party which gave the Notice in respect of the Dispute will have the first opportunity to strike out one nominee from the panel, then the other party will strike out one nominee from the panel and the remaining member of the panel will be appointed the Expert.

Qualification

26.2. A person nominated to act as the Expert shall be qualified by education, training and experience to determine the matter in Dispute.

Duty of Disclosure

26.3. Any person nominated as an Expert will fully disclose any interest which may conflict with the nomination before accepting such nomination and will be entitled to act as such Expert, where no

party objects to the appointment within three business days of being advised of any such interest, notwithstanding that he has, or may have, some interest which conflicts with such nomination provided that no employee of a party or of any Related Corporation of a party will be nominated.

Powers and Duties

26.4. An Expert will, within 14 days of his acceptance of the appointment, fix a reasonable time and place (in the Perth metropolitan area) for receiving submissions or information from the parties or any other persons that he may think fit and may make further enquiries and require such other evidence as he considers necessary and will determine the matter with all due diligence. The Expert will provide a detailed report including findings of fact, reasons for the decision and the determination of the Dispute.

Not an Arbitrator

26.5. The Expert will not be an arbitrator but will give his decision as an Expert and the provisions of the Act will not apply to the Expert, his determination or the determination procedure.

Determination Binding

26.6. The Expert's determination of fact will be final and binding upon the parties except for fraud or manifest error.

Expert's Costs

26.7. The costs and expenses of the Expert will be borne equally by all parties to the Dispute, unless the Expert finds a party to be in material error or against whom the Expert makes an adverse finding and orders that that party is to pay the costs, in which case the party so ordered will pay all of the costs and expenses of the Expert.

Removal of Expert

26.8. If at any time prior to a determination the Expert is shown on the basis of reasonably conclusive evidence to have failed to make disclosure under clause 26.3 or has not made a determination within 90 days of his or her appointment, any party may, by notice, terminate such appointment.

Appointment of Replacement

26.9. In the event of such termination, a new Expert will be appointed within 14 days in accordance with the procedure in clause 25.1 and the matter will be determined in accordance with this part 26.

Expert's Indemnity

26.10. Each of the parties agrees to indemnify the Expert against any claim, loss, liability, cost or expense incurred or suffered by the Expert in the course of or arising out of the proper discharge of his duties.

26.11. The Expert is to keep all evidence, information and records obtained during the course of considering the Dispute and his report confidential and will, at or before accepting his nomination, provide to the parties a written undertaking as to confidentiality, on terms reasonably acceptable to the parties.

27. ARBITRATION

Arbitrator's Appointment

27.1. An Arbitrator is to be appointed as follows:

- (a) the parties may jointly appoint a sole Arbitrator as they may agree within 35 days after the Notice is given; or
- (b) if an Arbitrator is not jointly appointed within that period, either party may request the President of the Institute of Arbitrators Australia (Western Australian Chapter) to appoint an Arbitrator.

Place and Law of Arbitration

27.2. The arbitration is to be held in Perth and conducted in accordance with and subject to the law of Western Australia.

Representation

27.3. Each party may be represented by a qualified legal practitioner.

Procedure

27.4. All evidence and submissions to the Arbitrator are to be in writing unless the Arbitrator otherwise directs or the parties otherwise agree.

Arbitrator's Authority

27.5. The Arbitrator is to have authority to give a party any relief which could be ordered by a court having the appropriate jurisdiction.

Related Disputes

27.6. The Arbitrator may, in the Arbitrator's discretion, determine any Dispute raised by either party in the course of the arbitration additional to that or those referred to in the Notice, subject to:

- (a) the additional Dispute being capable of being referred to arbitration in terms of this part 27; and
- (b) any conditions as to costs or otherwise which the Arbitrator may propose.

Arbitrator's Indemnity

27.7. Each of the parties agrees to indemnify the Arbitrator against any claim, loss, liability, cost or expense incurred or suffered by the Arbitrator in the course of or arising out of the proper discharge of his duties.

Arbitrator's Decision

27.8. The Arbitrator's decision shall be final and binding on the parties, except for any error of law.

Confidentiality

27.9. The Arbitrator is to keep all evidence, information and records obtained during the course of the arbitration and his decision and orders confidential and will, at or before accepting his appointment, provide to the parties a written undertaking as to confidentiality, on terms reasonably acceptable to the parties.

28. REPRESENTATIVE OR SUBCONTRACTOR

CMS Representative

28.1. CMS may appoint a person to act as its representative and upon receiving notice of such appointment the User may act and shall be protected in acting in reliance upon all acts and things performed by, or agreements with respect to, all matters dealt with in the Service Agreement made by such representative on behalf of CMS as fully and effectively as though CMS had performed or executed them.

User Representative

28.2. The User may appoint a person to act as its representative and upon receiving notice of such appointment CMS may act and shall be protected in acting in reliance upon all acts and things performed by, or agreements with respect to, all matters dealt with in the Service Agreement made by such representative on behalf of the User as fully and effectively as though the User had performed or executed them.

Subcontractor

28.3. CMS may appoint a subcontractor to act as operator of the Parmelia Pipeline, and upon receiving notice of the appointment the User may act and shall be protected in acting in reliance upon all acts and things performed by, or agreements with respect to, all matters dealt with in the Service Agreement made by such operator on behalf of CMS as fully and effectively as though CMS had performed or executed them, but limited only to those acts, things or agreements which are set out in the notice of appointment as being within the authority of the operator.

29. TRUST

Capacity

29.1. If the User enters in to the Service Agreement as trustee of a trust (**Trust**) whether or not the Trust is disclosed to CMS, the User acknowledges that it enters into the Service Agreement both in its individual capacity and in its capacity as trustee of the Trust and all agreements, warranties, indemnities and other obligations of the User in the Service Agreement bind the User in both capacities.

Trustee Warranties

29.2. If clause 29.1 applies, the User warrants that:

- (a) it is the only trustee of the Trust and no action has been taken or is proposed to remove it as trustee of the Trust;
- (b) it has the power and authority under the terms of the Trust to enter into and perform its obligations under the Service Agreement;
- (c) the entry into and performance of the Service Agreement is for the benefit of the beneficiaries of the Trust, whose consents have been obtained;
- (d) it has a right to be fully indemnified out of the Trust assets in respect of all of its obligations and liabilities incurred by it under the Service Agreement and the assets of the Trust are sufficient to satisfy that right; and
- (e) during the Term, the User will not:
 - (i) resign as trustee of the Trust or permit any substitute or additional trustee to be appointed except with the prior written consent of CMS which will not be reasonably withheld if the new, substituted or additional trustee enters into a deed of covenant with CMS agreeing to be bound by the terms of the Service Agreement as if the new, substituted or additional trustee had been named as the User in the Service Agreement, and otherwise on the terms and conditions approved by CMS;
 - (ii) do anything which effects or facilitates the termination of the Trust;
 - (iii) do anything which effects or facilitates the variation of the terms of the Trust, except where the variation does not have any material effect on the performance by the User of its obligations under the Service Agreement;
 - (iv) vest or distribute or advance any property of the Trust to any beneficiary or sell any of the property of the Trust except in the ordinary course of conduct of its day to day business operations; or

- (v) do anything which effects or facilitates the resettlement of the Trust funds.

30. GENERAL PROVISIONS

Exercise of Rights

- 30.1. A party may exercise a right, power or remedy (in this clause, collectively a **right**) at its discretion. The exercise of a right does not prevent the further exercise of that right or the exercise of any other right. Failure to exercise a right is not to be taken as a waiver of that right. Waiver of a right is not to be taken as a waiver of the same or a similar right in the future nor of any other right.

Remedies Cumulative

- 30.2. The rights, powers and remedies provided in the Service Agreement are cumulative with and not exclusive of the rights, powers and remedies provided by law independently of the Service Agreement.

Payments

- 30.3. Except as expressly provided in the Service Agreement, any payment that the User is liable to make under the Service Agreement will be made without set off, counterclaim or deduction. The party to whom a payment is to be made need not make a demand for payment unless a demand is expressly required.

Indemnities

- 30.4. In relation to each of the indemnities in the Service Agreement:
- (a) the indemnity is a continuing obligation, separate and independent from the other obligations of a party and survives the expiration or earlier termination of the Service Agreement;
 - (b) it is not necessary for a party to incur expense or make a payment before enforcing a right of indemnity conferred by the Service Agreement; and

- (c) a party is liable to pay to the party to be indemnified an amount equal to any loss suffered or incurred by a representative, employee, officer or agent of that party.

Entire Agreement

- 30.5. The Service Agreement contains the entire agreement between the parties about its subject matter and supersedes any prior representation, agreement, negotiation or understanding by the parties or any of their representatives about its subject matter (including any letter, agreement or heads of agreement).

Variation of Document

- 30.6. The Service Agreement may only be varied or amended by an agreement in writing signed by the parties.

Severance

- 30.7. If any provision of the Service Agreement or the application of that provision to any person or circumstance is or becomes invalid or unenforceable, then the remaining provisions of the Service Agreement are not affected and are valid and enforceable to the fullest extent permitted by law. This clause has no effect if the severance alters the basic nature of the Service Agreement.

Execution by Attorney

- 30.8. If the Service Agreement (including any Order Form) is executed by a person as attorney for a party, that person by signing declares that he or she has no notice of revocation of the power of attorney pursuant to which the document is executed.

SCHEDULE 1 Tariffs

Firm Extended Service: Reference Tariff

	Tariff excluding GST	GST @ 10%	Tariff including GST
Reservation Tariff	\$ 0.44 / GJ	\$ 0.044 / GJ	\$ 0.484 / GJ
Commodity Tariff	\$ 0.11 / GJ	\$ 0.011 / GJ	\$ 0.121 / GJ

Interruptible Extended Service: Reference Tariff

	Tariff excluding GST	GST @ 10%	Tariff including GST
Reservation Tariff	\$ 0.396 / GJ	\$ 0.040 / GJ	\$ 0.436 / GJ
Commodity Tariff	\$ 0.099 / GJ	\$ 0.010 / GJ	\$ 0.109 / GJ

SCHEDULE 2

Quantity Variations and Charges

1. QUANTITY VARIATIONS

Gas Imbalance

1.1.

- (a) **Daily Gas Imbalance** for a particular Gas Day means that quantity of Gas which is calculated as follows:

$$DGI = DGR - DGD$$

Where:

DGI is the Daily Gas Imbalance in TJs

DGR is the Daily quantity of Gas Received in TJs

DGD is the Daily quantity of Gas Delivered in TJs

- (b) Daily Gas Imbalance may be a positive or a negative number. A positive Daily Gas Imbalance means the Gas Received was greater than the Gas Delivered for the Gas Day in question. A negative Daily Gas Imbalance means that the Gas Received was less than the Gas Delivered for the Gas Day in question.
- (c) **Cumulative Gas Imbalance** is the arithmetic sum of all Daily Gas Imbalances.
- (d) **Gas Imbalance Tolerance** means that quantity of Gas which is calculated as:

$$GIT = MDQ * GITF$$

Where:

GIT is the Gas Imbalance Tolerance in TJs

MDQ is the Maximum Daily Quantity in TJs

GITF has the value **0.08**

- (e) **Gas Imbalance Excursion Quantity** means that quantity of Gas which is calculated as:

$$GIEQ = (abs(CGI) - GIT) * 1000$$

Where:

GIEQ is the Gas Imbalance Excursion Quantity in GJs
CGI is the Cumulative Gas Imbalance in TJs
GIT is the Gas Imbalance Tolerance in TJs

Daily Overrun

1.2.

- (a) When the Daily quantity of Gas Delivered is greater than the User's MDQ, the **Daily Overrun Quantity** for the Delivery Point for a particular Gas Day means that quantity of Gas which is calculated as follows:

$$DOQ = DG - MDQ$$

Where:

DOQ is the Daily Overrun Quantity in TJs

DG is the Daily quantity of Gas
Delivered in TJs

MDQ is the User's Maximum Daily Quantity in TJs

- (b) When the Daily quantity of Gas Delivered is less than or equal to the User's MDQ, the Daily Overrun Quantity for the Delivery Point is zero.

- (c) **Daily Overrun Tolerance** means that quantity of Gas which is calculated as:

$$DOT = MDQ * DOTF$$

Where:

DOT is the Daily Overrun Tolerance in TJs

MDQ is the User's Maximum Daily Quantity in TJs

DOTF has the value **0.08**

- (d) **Daily Overrun Excursion Quantity** means that quantity of Gas which is calculated as:

$$DOEQ = (DOQ - DOT) * 1000$$

Where:

DOEQ is the Daily Overrun Excursion Quantity in GJs

DOQ is the Daily Overrun Quantity in TJs

DOT is the Daily Overrun Tolerance in TJs

Daily Underrun

1.3. Deleted.

Hourly Overrun

1.4.

- (a) The **Maximum Hourly Quantity** for a User is the User's Maximum Daily Quantity divided by 24 and then multiplied by the factor 1.1.
- (b) When the Hourly quantity of Gas Delivered is greater than the User's Maximum Hourly Quantity at the Delivery Point, the **Hourly Overrun Quantity** for a particular Hour means that quantity of Gas which is calculated as follows:

$$HOQ = HG - MHQ$$

Where:

HOQ is the Hourly Overrun Quantity in TJs

HG is the Hourly quantity of Gas Delivered in TJs

MHQ is the User's Daily Maximum Hourly Quantity for the Delivery Point.

- (c) When the Hourly quantity of Gas Delivered is less than or equal to the User's Maximum Hourly Quantity at the Delivery Point, the Hourly Overrun Quantity for the Delivery Point is zero.
- (d) **Hourly Overrun Tolerance** means that quantity of Gas which is calculated as:

$$HOT = MHQ * HOTF$$

Where:

HOT is the Hourly Overrun Tolerance in TJs

MHQ is the User's Maximum Hourly Quantity for the Delivery Point in TJs

HOTF has the value **0.08**

- (e) **Hourly Overrun Excursion Quantity** means that quantity of Gas which is calculated as:

$$HOEQ = (HOQ - HOT) * 1000$$

Where:

HOEQ is the Hourly Overrun Excursion Quantity in GJs

HOQ is the Hourly Overrun Quantity in TJs

HOT is the Hourly Overrun Tolerance in TJs

Maximum Flow Rate Overrun

1.5.

- (a) **Peak Flow Rate** for a particular Hour means the highest instantaneous Gas flow rate of User Gas during that Hour, in TJ/Day.

- (b) **Maximum Flow Rate** for a particular Hour at the Receipt Point and/or the Delivery Point means the User's Maximum Daily Quantity multiplied by the factor 1.2.
- (c) For a particular hour when the Peak Flow Rate is greater than the Maximum Flow Rate at the Receipt Point and/or the Peak Flow Rate is greater than the Maximum Flow Rate at the Delivery Point, the **Maximum Flow Rate Overrun** for that particular Hour means the Gas flow rate which is calculated as follows:

$$MFRO = PFR - MFR$$

Where:

MFRO is the Maximum Flow Rate Overrun in TJ/Day

for a Receipt Point

PFR is the Peak Flow Rate at the Receipt Point in TJ/Day

for a Delivery Point

PFR is the Peak Flow Rate at the Delivery Point in TJ/Day

MFR is the Maximum Flow Rate in TJ/Day

Daily Nomination Variance

1.6.

- (a) When the Daily quantity of Gas Received at the Receipt Point is less than or greater than the User's Daily Nomination for the Receipt Point for a particular Gas Day, and/or the Daily quantity of Gas Delivered at the Delivery Point is less than or greater than the User's Daily Nomination for the Delivery Point for a particular Gas Day, the **Daily Nomination Variance Quantity** for that Gas Day means that quantity of Gas which is calculated as follows:

$$DNVQ = abs(DG - NOM)$$

Where:

DNVQ is the Daily Nomination Variance Quantity on the Gas Day in question in TJs

for a Receipt Point

DG is the Daily quantity of Gas Received on the Gas Day in question in TJs

NOM is the User's Daily nomination of Gas for the Receipt Point on the Gas Day in question in TJs

for a Delivery Point

DG is the Daily quantity of Gas Delivered on the Gas Day in question in TJs

NOM is the User's Daily nomination of Gas for the Delivery Point on the Gas Day in question in TJs

- (b) **Daily Nomination Variance Tolerance** means that quantity of Gas which is calculated as:

$$DNVT = NOM * DNVTF$$

Where:

DNVT is the Daily Nomination Variance Tolerance on the Gas Day in question in TJs

for a Receipt Point

NOM is the User's Daily nomination of Gas for the Receipt Point on the Gas Day in question in TJs

for a Delivery Point

NOM is the User's Daily nomination of Gas for the Delivery Point on the Gas Day in question in TJs

DNVTF has the value **0.08**

- (c) **Daily Nomination Variance Excursion Quantity** means that quantity of Gas which is calculated as:

$$DNVEQ = (DNVQ - DNVT) * 1000$$

Where:

DNVEQ is the Daily Nomination Variance Excursion Quantity in GJs

DNVQ is the Daily Nomination Variance Quantity in TJs

DNVT is the Daily Nomination Variance Tolerance in TJs

2. QUANTITY VARIATION CHARGES

Cumulative Gas Imbalance Charge

- 2.1. When the absolute value of the Cumulative Gas Imbalance is greater than the Gas Imbalance Tolerance, the **Cumulative Gas Imbalance Charge** will be calculated as follows:

$$CGI_C = [(abs(CGI) - GIT) * 1000] * CGI_CF * (RT + CT)$$

Where:

CGI_C is the Cumulative Gas Imbalance Charge in \$

CGI is the Cumulative Gas Imbalance in TJs

GIT is the Gas Imbalance Tolerance in TJs

CGI_CF is the Cumulative Gas Imbalance Charge Factor as defined in item 2.2 below

RT is the applicable Reservation Tariff in \$/GJ

CT is the applicable Commodity Tariff in \$/GJ

- 2.2. Cumulative Gas Imbalance Charge Factor is calculated in accordance with the formula:

$$CGI_CF = PRM_GI * \frac{abs(CGI) - GIT}{MDQ}$$

Where:

CGI_CF is the Cumulative Gas Imbalance Charge Factor

PRM_GI has the value **40**

CGI is the Cumulative Gas Imbalance in TJs

GIT is the Gas Imbalance Tolerance in TJs

MDQ is the Maximum Daily Quantity in TJs

- 2.3. The Cumulative Gas Imbalance Charge Factor is designed to generate a Charge on a sliding scale so that small variations attract only a small quantity variation charge.

Daily Overrun Charge

- 2.4. When the Daily Overrun Quantity at the Delivery Point is greater than the Daily Overrun Tolerance, the **Daily Overrun Charge** will be calculated as follows:

$$DO_C = [(DOQ - DOT) * 1000] * DO_CF * (RT + CT)$$

Where:

DO_C is the Daily Overrun Charge in \$

DOQ is the Daily Overrun Quantity in TJs

DOT is the Daily Overrun Tolerance in TJs

DO_CF is the Daily Overrun Charge Factor as defined in item 2.5 below

RT is the applicable Reservation Tariff in \$/GJ

CT is the applicable Commodity Tariff in \$/GJ

- 2.5. **Daily Overrun Charge Factor** is calculated in accordance with the formula:

$$DO_CF = PRM_DO * \left(\frac{DOQ - DOT}{MDQ} \right)$$

Where:

DO_CF is the Daily Overrun Charge Factor

PRM_DO has the value **40**

DOQ is the Daily Overrun Quantity for the Delivery Point in TJs

DOT is the Daily Overrun Tolerance for the Delivery Point in TJs

MDQ is the User's Maximum Daily Quantity at the Delivery Point in TJs

- 2.6. The Daily Overrun Charge Factor is designed to generate a charge on a sliding scale so that small variations attract only a small quantity variation charge.

Daily Underrun Charge

2.7. Deleted.

2.8. Deleted.

2.9. Deleted.

Hourly Oerrun Charge

- 2.10. When the Hourly Oerrun Quantity at the Delivery Point is greater than the Hourly Oerrun Tolerance, the **Hourly Oerrun Charge** will be calculated as follows:

$$HO_C = [(HOQ - HOT) * 1000] * HO_CF * (RT + CT)$$

Where:

HO_C is the Hourly Oerrun Charge in \$

HOQ is the Hourly Oerrun Quantity in TJs

HOT is the Hourly Oerrun Tolerance in TJs

HO_C F is the Hourly Oerrun Charge Factor as defined in item 2.11 below

RT is the applicable Reservation Tariff in \$/GJ

CT is the applicable Commodity Tariff in \$/GJ

- 2.11. **Hourly Oerrun Charge Factor** is calculated in accordance with the formula:

$$HO_CF = PRM_HO * \left[\frac{(HOQ - HOT)}{MHQ} \right]$$

Where:

HO_C F is the Hourly Oerrun Charge Factor

PRM_HO has the value **40**

HOQ is the Hourly Oerrun Quantity in TJs

HOT is the Hourly Oerrun Tolerance in TJs

MHQ is the User's Maximum Hourly Quantity at the Delivery Point in TJs

- 2.12. The Hourly Oerrun Charge Factor is designed to generate a charge on a sliding scale so that small variations attract only a small quantity variation charge.

Maximum Flow Rate Overrun Charge

2.13. Deleted.

2.14. Deleted.

2.15. Deleted.

Daily Nomination Variance Charge

2.16. When the **Daily Nomination Variance Charge** is applicable in accordance with clause 10.8, it will be calculated for each Gas Day on which the Daily Nomination Variance Quantity exceeded the Daily Nomination Variance Tolerance as follows:

$$DNV_C = [(DNVQ - DNVT) * 1000] * DNV_CF * (RT + CT)$$

Where:

DNV_C is the Daily Nomination Variance Charge in \$

DNVQ is the Daily Nomination Variance Quantity in TJs

DNVT is the Daily Nomination Variation Tolerance in TJs

DNV_CF is the Daily Nomination Variation Charge Factor as defined in item 2.17 below

RT is the applicable Reservation Tariff in \$/GJ

CT is the applicable Commodity Tariff in \$/GJ

- 2.17. **Daily Nomination Variance Charge Factor** is calculated in accordance with the formula:

$$DNV_CF = PRM_DO * \left(\frac{DINVQ - DNV T}{NOM} \right)$$

Where:

DNV_CF is the Daily Overrun Charge Factor

PRM_DO has the value **40**

DINVQ is the Daily Overrun Quantity in TJs

DNVT is the Daily Overrun Tolerance in TJs

for a Receipt Point

NOM is the User's Daily nomination of Gas at the Receipt Point in TJs

for a Delivery Point

NOM is the User's Daily nomination of Gas at the Delivery Point in TJs

- 2.18. The Daily Nomination Variance Charge Factor is designed to generate a charge on a sliding scale so that small variations attract only a small quantity variation charge.

SCHEDULE 3 Gas Specifications

Gas entering and being transported through the Parmelia Pipeline must at all times comply with, for each component of the following gas quality specifications, the most stringent component of the following:

- a) the standards detailed in regulation 5 of the Gas Standards (Gas Supply and System Safety) Regulations 2000, excluding the requirement to odorise the gas detailed in regulation 6; and
- b) the specification requirements detailed in the table below:

Component	Units	Min	Max
Carbon Dioxide	mol %		4.0
Total Inerts	mol %		7.0
Hydroc. Dewpoint 1.5 to 7.5 MPa	Deg C		10
Oxygen by Volume	mol %		0.2
Total Sulphur (unodorised)	mg/m3		10
Hydrogen Sulphide	mg/m3		4.6
Delivery Temperature	Deg C		50
WOBBE Index	MJ/m3	46.0	51.5
Water Vapour	mg/m3		100
Gross Heating Value	MJ/m3	35.1	42.3
Radioactive Components	Becq/m3		600

Note: Gas entering the Parmelia Pipeline shall be unodorised.