MOOMBA TO ADELAIDE PIPELINE SYSTEM

PROPOSED ACCESS ARRANGEMENT UNDER THE NATIONAL ACCESS CODE

FINAL DECISION SUBMISSION #5 (FDS5) REVISED ACCESS ARRANGEMENT DOCUMENTATION

22 JANUARY 2002

Epic Energy South Australia Pty Ltd
ABN 54 068 599 815
Level 7
239 Adelaide Terrace
PERTH WA 6000
CONTACT: Anthony Cribb
TELEPHONE: 08 9492 3803
FACSIMILE: 08 9492 3701

1. Introduction

1. The Regulator released its final decision in relation to the proposed access arrangement for the Moomba to Adelaide Pipeline System ("MAPS") on 12 September 2001.

2. The Regulator requires Epic Energy to make over 50 amendments to the proposed access arrangement before it will be approved.

3. This submission is but one of a number of submissions Epic Energy submits in relation to the final decision.

4. This submission contains (as Attachments 1 and 2) the revised access arrangement and access arrangement information document and are the relevant documents lodged by Epic Energy with the Regulator in accordance with section 2.18 of the Code.

5. The revised access arrangement does not completely comply with the final decision and contains further amendments over and above those contained in the final decision. This submission attempts to outline for the Regulator's benefit:

   (1) the amendments of the final decision that have not been complied with at all in this revised access arrangement document suite;
   (2) the amendments of the final decision that have been modified by Epic Energy in this revised access arrangement document suite;
   (3) the additional amendments that Epic Energy has made to which Epic Energy believes are required as they are either consequential to the amendment/s contained in the final decision or are required to clarify certain aspect/s of the access arrangement.

6. In relation to the amendments referred in items (2) and (3) in the above paragraph, this submission also outlines how the relevant amendments will enable the Regulator to be satisfied, in accordance with section 2.19 of the Code that:

   - each relevant amendment substantially incorporates the relevant final decision amendment; or
   - each relevant amendment otherwise addresses the matter/s the Regulator identified in its final decision as being the reasons for requiring the relevant amendment specified in the final decision.

7. A table of the relevant amendments is contained in attachment 3 to this submission.

Deleted: ¶

2. Amendments in the Final Decision that differ to those set out in the final decision

This section of the Submission outlines the relevant amendments in the final decision that are not expressly incorporated in the revised access arrangement but for which Epic Energy has made an amendment in the revised access arrangement which Epic Energy considers will enable the Regulator to be satisfied, in accordance with section 2.19 of the Code that:

- It substantially incorporates the relevant final decision amendment; or
- It otherwise addresses the matter/s the Regulator identified in its final decision as being the reasons for requiring the relevant amendment specified in the final decision.

2.1 Amendment FDA2.1

2.1.1 ACCC Amendment

For the access arrangement to be approved, the Commission requires the value of the initial capital base to be set to the value derived by the Commission, $353.3 million at 30 June 2001.

2.1.2 Epic Energy Amendment

Epic Energy has not complied expressly with this amendment. Instead, the revised access arrangement and access arrangement information document make reference to the initial capital base as set out in the revised access arrangement lodged with the Commission on 29 June 2001 and the consolidated access arrangement information document lodged with the Commission on 11 September 2000.

2.1.3 Reason for variation

There are in essence 2 principle reasons:

- Epic Energy does not agree with the methodology used by the Commission to determine the DORC value for the Initial Capital Base and believes that its value is consistent with the Code's requirements in this respect
- Epic Energy does not agree that the National Power Expansion can be included as part of the covered pipeline and therefore associated costs should not be included in the capital base calculations

These reasons are set out more fully in Epic Energy's submission FDS#5 entitled "Code Compliance" to be lodged with the Regulator shortly.

2.2 Amendment FDA2.2

2.2.1 ACCC Amendment

For the access arrangement to be approved, the Commission requires that the working capital component not be included in the value of the capital base for the purpose of calculating Epic's capital charge (return on capital assets).

2.2.2 Epic Energy Amendment

The working capital component has been retained in the capital base calculations as proposed in the original access arrangement documentation.

2.2.3 Reason for variation

To exclude it from the calculations doesn't reflect a proper consideration of the section 2.24 factors. In adopting the notional project specific company as the basis for deriving the value of the Initial Capital Base the Commission assumes a 60:40 gearing ratio. Based on these assumptions, it is reasonable to expect that a project specific entity with no support from any parent company and only the financial support from its investors at the assumed gearing ratio, that the company would have to borrow funds to commence business.

As such, it is reasonable, when calculating the Initial Capital Base, to require the inclusion of an amount to reflect the cost of initial funds required in the first period of operation. This is further strengthened by the realities of the situation, as previously demonstrated to the Regulator in a submission prior to the release of the Final Decision.

To refuse to include such costs amounts to a failure to recognise not only the legitimate business interests of the notional service provider but also those of the service provider when the pipeline was purchased from the State in 1995.

See in addition, Epic Energy's submission of 29 August 2001.

2.3 Amendment FDA2.3

2.3.1 ACCC Amendment

For the access arrangement to be approved, the Commission requires:

- the WACC estimates and associated parameters forming part of the access arrangement to be amended to reflect the current financial market settings, by adopting the parameters set out by the Commission in Table 2.13 and Table 2.14; and

- the target revenues and forecast revenues to be based on these new parameters.

2.3.2 Epic Energy Amendment

The values of these parameters are set out in Attachment 3 to the revised access arrangement information document. They differ to the values set out by the Commission in the final decision and are consistent with the values proposed by Epic Energy in previous submissions to the Regulator.

2.3.3 Reason for variation

Detailed submissions have been made in respect of the appropriate values for these parameters.

2.4 Amendment FDA2.4

2.4.1 ACCC Amendment

For the access arrangement to be approved, the Commission requires Epic to amend the reference tariff proposed in Schedule 4 of the access arrangement. The amendment must have the effect that the FT tariff:

- is initially derived by applying the system primary capacity (as amended in Amendment FDA3.2) to the revenue figure set out in Table 2.18 in the 'COS revenue ACCC *Final Decision'* column. Subsequent tariffs must be calculated by applying the approved escalator of 95 per cent of CPI;

- comprises a capacity charge and a commodity charge set to the same proportion used in Epic's Access Arrangement Information of 11 September 2000.

2.4.2 Epic Energy Amendment

Epic Energy has complied with this amendment except in the following respects:

- the FT tariff is derived by applying the system primary capacity of 323 TJ/day, as proposed in Epic Energy's original proposed access arrangement filed with the Regulator.
- the system primary capacity of 323 TJ/d has been applied to the capacity component of the smoothed revenue as determined by Epic Energy from the total revenue of the ACCC Final Decision varied by the capital base, cost of capital, and other cost variations noted in this submission; and
- rather than applying the system primary capacity to the commodity component of the smoothed revenue (as determined by Epic Energy), Epic Energy has divided the commodity component by the product of system

primary capacity and average load factor for the MAPS to obtain the commodity charge.

Epic Energy's determination of the FT tariff may be briefly described as follows:

- the total revenue for the MAPS has been determined for each year from 2001 to 2006, and the present value of the total revenue stream has been calculated using the nominal "vanilla" WACC as the discount rate;
- a smoothed revenue figure for each year from 2001 to 2006 has been determined such that the smoothed revenue figure for 2001, when escalated at the approved escalator of 95% of CPI, gives a smoothed revenue stream which has the same present value, when discounted at the nominal "vanilla" WACC, as the total revenue stream;
- the smoothed revenue figure for 2001 has been apportioned between a capacity component and a commodity component so that the two components are in the same proportion as the capacity charge and commodity charge revenues for 1999 which were used in the tariff determination reported in Epic Energy's Access Arrangement Information of 11 September 2000;
- the capacity component of the smoothed revenue figure for 2001 has been apportioned between the main line and the Whyalla lateral so that the two capacity charge revenues are in the same proportion as the capacity charge revenues for the main line and the Whyalla Lateral for 1999 which were used in the tariff determination reported in Epic Energy's Access Arrangement Information of 11 September 2000;
- the difference between the system primary capacity and the Whyalla Lateral capacity (21 TJ/d) has been applied to the main line capacity charge revenue to establish the main line capacity charge of the FT tariff for 2001;
- the Whyalla Lateral capacity has been applied to the Whyalla Lateral capacity charge revenue to determine a Whyalla Lateral capacity charge; the Whyalla Lateral Surcharge of the FT tariff was then obtained by subtracting the mainline capacity charge from the Whyalla Lateral capacity charge; and
- the product of system primary capacity and average load factor (80%) has been applied to the commodity charge revenue to establish the commodity charge of the FT tariff for 2001.

2.4.3 Reasons for variation

Epic Energy's reversion to the system primary capacity of 323 TJ/day, as proposed in Epic Energy's original proposed access arrangement filed with the

Regulator, is discussed in this submission and the submission to be lodged shortly with the Regulator entitled Code Compliance.

Epic Energy has redetermined the total revenue stream for the MAPS to reflect the variations from the amendments required by the Final Decision noted in sections 2.1, 2.2 and 2.3 of this submission.

2.5 Amendment FDA3.9

2.5.1 ACCC Amendment

For the access arrangement to be approved, the Commission requires that Epic amend clause 15.3(d) by adding the following provision:

> Provided that the service provider will not be indemnified to the extent that such losses, costs, damages and expenses result from its own negligence or default in complying with its obligations under the Agreement.

2.5.2 Epic Energy proposed Amendment

The following additional words have been inserted in brackets at the end of the wording required by FDA 3.9:

> "(other than its obligations under clause 15.2(b)(v))"

2.5.3 Reason for variation

To make it consistent with proposed amendment RAA 8 (see below).

2.6 Amendment FDA3.11

2.6.1 ACCC Amendment

For the access arrangement to be approved, the Commission requires Epic to insert the following provision into clause 15 of the access arrangement:

> Where the Service Provider receives gas complying with the Gas Specification at the Receipt Point from all Users on a day but then supplies Non-Specification Gas at one or more Delivery Points, the Service Provider will indemnify the User from and against all losses, costs, damages or expenses that the Service Provider may suffer or incur as a result of the Non-Specification Gas entering the Pipeline System.

2.6.2 Epic Energy proposed Amendment

Clause 15.5 has been inserted as follows:

> *Where the Service Provider receives Gas complying with the Gas Specifications at all Receipt Points from all Users on a Day but then supplies Non Specification Gas at one or more Delivery Points, the Service Provider will indemnify the User from and against all Direct Losses that the User may suffer as a result of the Non Specification Gas entering the Pipeline System provided that the User will not be indemnified to the extent that such Direct Losses result from the User's or any Other User's negligence or default in complying with that User's or Other Users' obligations under the relevant agreement with the Service Provider.*

2.6.3 Reason for Amendment

Epic Energy has amended slightly the clause as contained in the final decision in two respects:

- To provide for where there is more than one Receipt Point.
- The indemnity has also been limited to only Direct Losses. This is on the basis that the provision proposed by the ACCC in the final decision is not reflective of normal industry practice. It is unreasonable to impose a mirror obligation on the service provider to that being imposed on the user in respect of the supply of non specification gas because the instances in which the service provider would be injecting non specification gas would only arise in circumstances where it is ensuring it is able to provide services to Users (eg maintenance). The change stipulated by the ACCC amounts to a requirement for the Service Provider to underwrite all risks associated with the delivery of non spec gas (other than that non spec gas delivered by the User at a receipt point). It is unreasonable to expect a service provider to bear such risks in such circumstances. Furthermore, it is accepted industry practice that a Service Provider of a transmission pipeline should not be liable for more than direct losses in such cases.

2.7 Amendment FDA3.16

2.7.1 ACCC Amendment

For the access arrangement to be approved, the Commission requires Epic to amend the access arrangement to provide that if the Service Provider does not notify the User of an Imbalance by 0900 hours on any day, then the service provider may not levy the Excess Imbalance Charge for that day.

2.7.2 Proposed Epic Energy Amendment

Clause 19.3(a)(ii) has been amended to read:

> "if the Service Provider has notified the User of the Imbalance pursuant to clause 19.2(a) (or it has failed to do so and that failure is due in part or in total to the failure of the User to provide the Service Provider with the

necessary information to enable it to comply with clause 19.2(a)), an Excess Imbalance Charge will be payable by the User on that amount of the Excess Imbalance not exchanged in accordance with clause 20.1."

2.7.3 Reasons for Variation

The obligation is on the User to correct an Excess Imbalance and therefore any Excess Imbalance after a Day should be cleared by way of a trade through Receipt Point allocations rather than through the imposition of charges.

2.8 Amendment FDA3.17

2.8.1 ACCC Amendment

For the access arrangement to be approved, the Commission requires that Epic amend clause 19.4 by deleting the phrase 'and if it is of such a nature' and replacing it with 'and if the conditions in clause 25.1(a)(i) are met'.

2.8.2 Epic Energy proposed Amendment

Amend the introductory paragraph to clause 19.4 so that it reads as follows:

"When the Service Provider becomes aware of an Excess Imbalance, or the likelihood of an Excess Imbalance, the Service Provider will post a notification on the EBB. If the User does not remedy the situation immediately after the notification has been posted, the Service Provider may, in addition to its rights under clause 19.3, exercise its rights under clause 25. If the situation is not then remedied immediately, the Service Provider will take one or more of the following actions:"

2.8.3 Reasons for Variation

There are no conditions to be met in clause 25.1(a)(i). Instead, the proposed amendment clarifies the position.

2.9 Amendment FDA3.24

2.9.1 ACCC Amendment

For the access arrangement to be approved, the Commission requires Epic to replace the words 'the User' in clause 23.2(a) with the words 'all Users'.

2.9.2 Epic Energy proposed Amendment

The introduction to clause 23.2(a) is to be amended to read as follows:

(a) In the case of a Non-Specified Service, the Service Provider may, by written notice to a User whose priority will be adversely affected by the implementation of this clause 23.2, vary the priority and sequence in clause 23.1 by:

2.9.3 Reasons for Variation

The effect of the amendment proposed by the Commission is that Epic Energy would be fettered in its ability to negotiation the inclusion or exclusion of this term in any contract for a service because there is a requirement to notify all Users. There may be a particular User who does not require notification for one reason or another. Because a User of a Reference Service can insist on the inclusion of this clause (as it forms part of the terms and conditions of access), the Service Provider would be prevented from excluding it in other cases. This is inconsistent with the legitimate business interests of Prospective Users and the objectives of the Code.

Epic Energy suggests that its amendment is a suitable compromise and addresses the concerns of the Commission that led to the amendment in the first place.

2.10 Amendment FDA3.25

2.10.1 ACCC Required Amendment

For the access arrangement to be approved, the Commission requires Epic to:

Amend clause 24.3(a) by deleting after the word 'greater' the words 'or less'.

Amend clause 24.6 as follows:

> The Service Provider will only be liable for any losses, costs, damages or expenses that the User may suffer or incur as a result of:
>
> (a) any curtailment, interruption or discontinuation invoked by the Service Provider under clause 24.1;
>
> (b) the User complying or failing to comply with a curtailment notice invoked by the Service Provider which was issued negligently or in breach of the Service Providers obligations under the Agreement;
>
> (c) any curtailment, interruption or discontinuation invoked by the Service Provider under clause 24.5 where the Service Provider has been negligent or has failed to comply with its obligations under the Agreement.

Add to clause 24.2 the following clause:

> The Service Provider will, on reasonable request by a User, provide such information as is reasonably required to justify the issue of a curtailment notice.

2.10.2 Epic Energy proposed Amendment

In relation to the third bullet point of the amendment, Epic Energy proposes the following alternative amendment:

> The Service Provider will, on a reasonable request by a User and within a reasonable time after the request is made, provide such information as is reasonably required to support the issue of a curtailment notice. Nothing in this clause 24 limits a Service Provider's rights to curtail, interrupt, or discontinue in accordance with the provisions of this Agreement.

In relation to the second bullet point of the amendment, Epic Energy proposes the following alternative amendment to clause 24.6(a) to (c):

> (a) any curtailment, interruption or discontinuation invoked by the Service Provider under clauses 24.1;
>
> (b) the User complying with a Curtailment Notice invoked by the Service Provider; or
>
> (c) any curtailment, interruption or discontinuation invoked by the Service Provider under clause 24.5;

2.10.3 Reason for variation

In relation to the third bullet point, the last sentence ensures that this clause is consistent with the Service Provider's rights under clause 24.

In relation to the second bullet point, Epic Energy comments that a reasonable and prudent pipeline operator needs to be able to promptly respond to fluctuating operating conditions on a pipeline on a day to day basis, conditions which are often out of the Service Provider's control. Curtailment is not a breach of the service provider's obligations and Epic Energy should not be penalised as a result of exercising its rights accordingly. The fact that Epic Energy will not be able to recover any capacity charge is sufficient disincentive to prevent Epic Energy from exercising its rights under clause 24.1 unnecessarily. This amendment amounts to a double penalty for the Service Provider when combined with the inability to impose a capacity charge in relation to the amounts curtailed.

2.11 Amendment FDA3.1

2.11.1 ACCC Required Amendment

For the access arrangement to be approved, the Commission requires Epic to insert the following wording into clause 24:

> Where an FT Service is curtailed, interrupted or discontinued pursuant to clause 24.1 the Service Provider will forfeit the proportion of any Capacity Charge for that Day equal to the amount of haulage service curtailed, interrupted or discontinued.

2.11.2 Epic Energy proposed amendment

Epic Energy proposes the following to the introduction to clause 24.6:

> *The Service Provider will only be liable for any losses, costs, damages or expenses (and in respect of clause 24.5(a) this includes, but is not limited to, the proportion of any Capacity Charge for that Day equal to that proportion of the Service of a User whose Service is interrupted or curtailed under clause 24.1 other than to the extent that it is a reduction in Capacity caused by a User under clause 12) that the User may suffer or incur as a result of:*

2.11.3 Reasons for variation

Epic Energy has already provided submissions to the ACCC in this regard. However, it should be noted that in addition, were the ACCC's amendment to prevail, it would therefore require the Service Provider to prove in every instance where there had been a curtailment under clause 24.1, that it was not negligent or in breach of its obligations of the agreement. If it could not, then a User could refuse to pay the capacity charge until the Service Provider went to court or notified an access dispute. The service provider should be allowed a degree of flexibility in its operation of the pipeline. Clause 24.1 proposes just that. There are sufficient caveats to the exercise of the power under clause 24.1 to ensure that it is not exercised by the service provider vexatiously or capriciously.

2.12 Amendment FDA3.1

2.12.1 ACCC Required Amendment

For the access arrangement to be approved, the Commission requires that Epic:

Amend clause 36.4 as follows:

> The User may terminate the agreement and/or suspend its obligations under the agreement if the Service Provider…

Add, after clause 36.4(b) (sic) the following clause:

> (c) fails to pay any amount due to the User and that amount, plus interest accrued at the Interest Rate plus 2 per cent per annum, is still outstanding 7 Days after the date of a notice of demand from the Service Provider.

2.12.2 Epic Energy proposed Amendment

The clause has been varied to read as follows:

> The User may terminate the Agreement or suspend the Operation of this Agreement until the default or failure referred to in (a), (b) or (c) below has been rectified, if the Service Provider:
>
> (a) defaults in providing the Specified Service to the User under the Agreement and does not remedy that default within 7 Days after the date of a notice from the User requiring that default to be remedied;
>
> (b) otherwise defaults in performance of a material obligation and does not remedy that default within a period of 21 Days from the date of a notice from the User requiring the default to be remedied; or
>
> (c) fails to pay any amount due and payable to the User under this Agreement and that amount, plus interest accrued at the Interest Rate plus 2 percent per annum, is still outstanding 7 Days after the date of a notice of demand from the User.

2.12.3 Reasons for Variation

Slight amendments have been made to both clauses to provide greater clarity.

3. Other Amendments that were not included in the Final Decision but that have been included in the Revised Access Arrangement

There are certain further amendments that Epic Energy believes need to be made to the access arrangement in order for certain amendments required by the Final Decision, to make sense. The relevant additional amendments are highlighted in red below and the Final Decision Amendments to which they relate are also referred to (where applicable).

Amendment RAA1

3.1.1 Clause 8.1(a)

The clause has been amended to read as follows:

> **(a) Obligations of Service Provider**
>
> If New Facilities are not required to satisfy a particular FT Request or an IT Request, and the Service Provider and Prospective User reach agreement under any of clause 10.5, 10.6(c), 10.6(f) or 10.6(i), the Service Provider will (unless the Service Provider and User or the Service Provider and Prospective User (as the case may be) agree otherwise):
>
> (i) complete the Schedule of the relevant Applicable Contract in accordance with the details contained in the Complying Request; and
>
> (ii) forward the completed Applicable Contract for execution by the Prospective User.

3.1.2 Reason for Amendment

This is a consequential amendment required as a result of FDA 3.35 & 3.36. It is appropriate that an applicable contract be drafted only after there has been an allocation of capacity pursuant to the Queuing Policy. Furthermore, once capacity has been allocated, it should be open to both the Prospective User and the Shipper to agree on the terms and conditions of access to that capacity on the proviso that those amendments will not affect the Service Provider's ability to provide services to all users and prospective users. This allows for greater flexibility but ensure that the Prospective User will be entitled to the terms and conditions as stipulated in the Complying Request, if the parties are unable to agree. Hence the inclusion of the words "unless the parties otherwise agree" at the introduction to clause 8.1(a).

3.2 Amendment RAA2

3.2.1 Clause 8.2(a)

Clause 8.2(a) is amended to read as follows:

> **(a) Queuing**
>
> If New Facilities are required to satisfy an FT Request or an IT Request, then:
>
> (iii) in the case of an FT Request, the FT Request will remain in the Developable Capacity Queue and clause 10.7 will apply; and
>
> (iv) in the case of an IT Request, the IT Request will remain in the Developable Capacity Queue and clauses 10.7 and 10.8 will apply.

3.2.2 Reason for Amendment

The amendment is required as a consequence of FDA 3.35 and 3.36.

3.3 Amendment RAA3

3.3.1 Clauses 6.3 and 7.2

Insertion of the following additional paragraph (c):

> (d) be accompanied with an executed EBB System Agreement together with the EBB User Charge

3.3.2Reason for Amendment

To ensure that all participants of an Open Season under the queuing policy are made aware of the outcome. Under the current previous version of the access arrangement, the User or Prospective User was not obliged to enter into an EBB agreement prior to entering into an applicable contract. The above amendment overcomes this procedural problem.

3.4 Amendment RAA4

3.4.1 Clause 10

See entire clause.

3.4.2 Reason for Amendment

While the general thrust of the clause required by virtue of the relevant amendments in the final decision has been retained, Epic Energy has made some further modifications in relation to the following:

- The treatment of requests for reference as opposed to other services. The effect of the changes seeks to prevent parties from making ambit claims and imposes an additional tension on parties seeking non reference services.
- Minor modifications have been made to ensure that the priority of prospective users' requests are retained.

3.5 Amendment RAA5

3.5.1 Clause 13

Clauses 13.1 and 13.2 have been made subject to clause 12.1.

3.5.2 Reason for Amendment

It is only logical that a Service Provider's obligations should not arise if the User does not ensure that gas is available for transportation at the Receipt Points.

3.6 Amendment RAA6

3.6.1 Clause 15.2(a)

(a) If at any time during the Term uniform Gas specifications for transmission pipelines are required by law to be applied by the Service Provider to the Pipeline System, the Service Provider will adopt the uniform Gas specifications, and they will apply in lieu of the Gas Specification.

3.6.2 Reason for Amendment

It may be the case that uniform specifications are introduced as a Law but do not apply to the MAPS. The Service Provider should not be required to comply with them if the Law does not oblige it to do so.

3.7 Amendment RAA7

3.7.1 Clause 15.3(b)(vi)

(vi) will incur no liability whatsoever to the User for any financial or other consequences arising from any of the actions referred to in paragraphs (i), (ii), (iii), (iv) and (v) above.

3.7.2 Reason for Amendment

This is a consequential amendment as a result of FDA 3.10.

3.8 Amendment RAA8

3.8.1 Clause 15.3(b)(v)

(v) will, as soon as it becomes aware that a User has introduced Non- Specification Gas into the Pipeline System, post a notice on the EBB notifying all Users of that fact (but failure to do so will not give rise to any liability on the Service Provider)

3.8.2 Reason for Amendment

This amendment was required to be included as part of clause 15.3(d)(i) (see FDA 3.10). However, it is more consistent for it to be inserted in clause 15.3(b). Epic Energy has also added the words in brackets as Users will already have received notification of the non specification gas through the receipt of an OFO – Epic Energy should therefore be penalised just because it fails to also notify the fact via the EBB.

3.9 Amendment RAA9

3.9.1 Clause 20.1

Clauses 20.1(a) and (b) are amended as marked in red in the following clauses:

(a) The User may exchange all or part of the User's Imbalance for an equal but opposite quantity of an Other User's Imbalance on such terms as they may agree, provided that notice of the exchange is received by the Service Provider from both the User and the Other User no later than 1030 hours on the Day after the Day of the User's Imbalance. Where an exchange is made, both the User's Imbalance and the Other User's Imbalance will be adjusted accordingly by the amount of the exchange.

(b) If the User has contracts with the Service Provider for both FT Service and IT Service the User may exchange equal but opposite quantities of Imbalance that have arisen under those contracts provided that notice is received by the Service Provider

no later than 1030 hours on the Day after the Day of the Imbalance.

3.9.2 Reason for Amendment

Epic Energy considers that it is more appropriate for Users to exchange their imbalances by way of a receipt point allocation. This will result in costs savings for Users by reducing the instances where Imbalance Charges will occur and save in administrative costs.

3.10 Amendment RAA10

3.10.1 Clause 21.2

The clause is to be amended by inserting the following additional words as shown in red:

> Subject to any different allocation arrangements agreed between the Producers, the User and all Other Users using a Receipt Point which are notified to the Service Provider by no later than 08.30 am after the end of a Day, the following allocation procedures will apply where a Receipt Point is used on the Day by the User and by one or more Other Users:

3.10.2 Reason for Amendment

Imposing a time limit on the provision of an alternative allocation arrangement ensures that the Service Provider is able to deal with process and administrative matters in a timely manner. It also avoids Epic Energy having to make retrospective changes to data.

3.11 Amendment RAA11

3.11.1 Clause 21.3

The following additional clause has been added:

> *Where the Service Provider exercises its rights under clause 24 or 25 and a Receipt Point is used on the Day by the User and one or more Other Users, then notwithstanding clause 21.2, the Service Provider will, allocate quantities at a Receipt Point in accordance with a prior allocation arrangement entered into between the Producer, the User and the Other Users using the Receipt Point provided to the Service Provider prior to that Day or failing that, pro-rata according to the Scheduled Receipt Quantities for that Day unless otherwise agreed with the Service Provider.*

3.11.2 Reason for Amendment

This ensures that there is flexibility when warranted by the circumstances.

3.12 Amendment RAA10

3.12.1 Clause 34.4(b)

The clause has been amended as highlighted in red below:

(b) An event or circumstance of Force Majeure will suspend or reduce the User's obligation to pay any moneys payable under the Agreement (including, where the Agreement is for FT Service, the Capacity Charge) only where, and to the extent that, the Force Majeure event prevents the Service Provider's ability to provide the relevant Service.

3.12.2 Reasons for Amendment

This amendment simply clarifies the clause.

ATTACHMENT 1

REVISED ACCESS ARRANGEMENT

See Attached

ATTACHMENT 2

REVISED ACCESS ARRANGEMENT INFORMATION

See Attached

ATTACHMENT 3

TABLE OF AMENDMENTS

See attached