

# GasNet Australia Access Arrangement

Commencement Date: 1 January 2003

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# GasNet Australia Access Arrangement

## Details

*[Important Note: This draft Access Arrangement is, subject to ACCC approval, designed to take effect on 1 January 2003. It has been prepared for use after that date]*

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<b>Covered Pipeline</b>	GasNet System (“GNS”)	
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<b>Lodged by</b>	GasNet Australia (Operations) Pty Ltd ABN 65 083 009 278 (“GasNet”)	
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<b>Commencement Date</b>	1 January 2003	
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<b>End Date</b>	31 December 2007	
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# GasNet Australia Access Arrangement

## General

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### **1 Introduction**

#### **1.1 Purpose**

This Access Arrangement is established by GasNet for the GNS.

[This Access Arrangement (as revised) has been approved by the Commission under section 2.41 of the Code.]

#### **1.2 Access to GNS**

The GNS is a Covered Pipeline under the Code.

Together, this Access Arrangement and the VENCORP Access Arrangement set out the policies, tariffs and basic terms and conditions which apply to third party access to the GNS.

#### **1.3 Description of the GNS**

The GNS is a high pressure gas transmission network which transports natural gas within Victoria and to New South Wales via the Interconnect Pipeline. As at 1 January 2003, the GNS:

- (a) comprised approximately 1,930 km of pipelines;
- (b) had four main injection points at:
  - (i) Longford (the site of the Esso/BHP Billiton processing facility);
  - (ii) Culcairn (the interconnection with the Moomba-Sydney Pipeline System);
  - (iii) Port Campbell (the injection point for WUGS and local fields); and
  - (iv) Dandenong (the site of the LNG facility); and
- (c) served a total consumption base of approximately 1.4 million residential consumers and approximately 43,000 industrial and commercial consumers in Melbourne and regional Victoria.

The GNS is described more fully in Schedule 5 of this Access Arrangement.

#### **1.4 One system, two access arrangements**

As described in clause 3, there are two Service Providers (as defined in the Code) with respect to the GNS:

- (a) GasNet is the owner of the GNS and is responsible for the maintenance of the GNS; and
- (b) VENCORP is the operator of the GNS under the market carriage regime established by the MSO Rules.

As a result, this Access Arrangement must be read in conjunction with the VENCORP Access Arrangement. In particular, as operator, VENCORP is responsible for the registration of and day-to-day coordination with Users of the GNS. A copy of the VENCORP Access Arrangement is available from VENCORP's web site at [www.vencorp.com.au](http://www.vencorp.com.au).

Under section 10.2 of the Code, there has been an allocation of obligations between GasNet, as owner of the GNS, and VENCORP as operator of the system, which is reflected in this Access Arrangement and the VENCORP Access Arrangement.

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## **2 Term**

### **2.1 Commencement**

This Access Arrangement (as revised) commences on 1 January 2003.

### **2.2 Revisions Submission Date**

The Revisions Submission Date is 31 March 2007.

### **2.3 Revisions Commencement Date**

The Revisions Commencement Date is 1 January 2008.

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## **3 Services Policy**

### **3.1 Relationship with VENCORP**

GasNet owns the GNS and VENCORP operates the GNS.

Access to the GNS for Users is governed by the MSO Rules, which establish a market carriage regime for the transportation of gas. In order to obtain access to the GNS, a User must register with VENCORP as a Market Participant under the MSO Rules. As a result, VENCORP has the direct legal relationship with Market Participants regarding access to the GNS.

In order to provide access to the GNS under the MSO Rules, VENCORP obtains the availability of the GNS from GasNet. GasNet and VENCORP are parties to the Service Envelope Agreement, under which:

- (a) GasNet:
  - (i) makes available the entire GNS to VENCORP; and
  - (ii) provides a range of supporting services to VENCORP; and

- (b) VENCORP:
  - (i) operates the GNS in accordance with the MSO Rules; and
  - (ii) agrees to direct Market Participants to pay the Transmission Tariffs directly to GasNet.

### **3.2 Reference Service**

As the GNS is a market carriage transmission system, Users and Prospective Users of the GNS are offered one Reference Service (or bundle of services) comprising the transportation of gas through the GNS via the Market Carriage system under the MSO Rules.

VENCORP, as operator of the GNS under the MSO Rules, is responsible for the provision of the Reference Service.

Although it is a “Service Provider” under the Code (because “Service Provider” is defined to include both the operator and the owner of a pipeline), GasNet does not, under the MSO Rules regime, provide any aspect of the Reference Service directly to Users.

For the purposes of Reference Tariff calculation, the Reference Service comprises two components:

- (a) VENCORP Services, which VENCORP provides itself (these are dealt with in the VENCORP Access Arrangement); and
- (b) the Tariffed Transmission Service, being the availability of the GNS, which is sourced by VENCORP from GasNet through the Service Envelope Agreement.

### **3.3 Terms and Conditions**

The terms and conditions on which the Reference Service is supplied are as set out in the MSO Rules from time to time. A copy of the MSO Rules is available from the VENCORP website [www.vencorp.com.au](http://www.vencorp.com.au).

### **3.4 What this Access Arrangement covers**

Consistent with section 10.2 of the Code:

- (a) responsibility for the VENCORP Services component of the Services Policy is allocated to VENCORP; and
- (b) responsibility for describing the Tariffed Transmission Service component of the Services Policy is allocated to GasNet.

Therefore, this Access Arrangement relates to the Tariffed Transmission Service, including the portion of the Reference Tariff applicable to the Tariffed Transmission Service.

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## **4 Reference Tariff Policy - Transmission Tariffs**

### **4.1 Transmission Tariffs**

This Access Arrangement governs the Transmission Tariffs, being the portion of the Reference Tariff applicable to the Tariffed Transmission Service.

### **4.2 Initial Transmission Tariffs**

The initial Transmission Tariffs (excluding GST) are set out in Schedule 1.

The Transmission Tariffs comprise:

- (a) the rules and billing parameters set out in Schedule 1;
- (b) the GST-exclusive tariffs set out in Schedule 1 or as amended in accordance with this Access Arrangement; plus
- (c) an additional amount of GST calculated by multiplying the relevant tariffs by the prevailing GST rate.

### **4.3 Tariff Path**

Transmission Tariffs may be altered in accordance with this clause 4 and the procedures and principles set out in Schedules 3 and 4.

The Transmission Tariffs may vary on the basis of a “price path” approach. Under this approach, a set of prices and a price control mechanism have been determined in advance which will allow the price to follow a path designed to deliver a forecast revenue stream, but the mechanism is not adjusted to account for subsequent events until the commencement of the next Access Arrangement Period.

### **4.4 New Facilities Investment that satisfies section 8.16 of the Code**

The Transmission Tariffs have been determined on the basis of New Facilities Investment that is forecast to occur within the Second Access Arrangement Period and is reasonably expected to pass the requirements in section 8.16 of the Code.

In addition, under section 8.15 of the Code, GasNet may, at any time during the Second Access Arrangement Period, submit revisions to this Access Arrangement to increase the Capital Base of the GNS to recognise further New Facilities Investment that satisfies section 8.16 of the Code.

### **4.5 New Facilities Investment that does not satisfy section 8.16 of the Code**

In addition to its other rights under the Code, GasNet may, at its discretion, undertake New Facilities Investment that does not satisfy the requirements of section 8.16 of the Code (“**Speculative Facilities**”).

If GasNet constructs Speculative Facilities, then:



- (a) the portion of the New Facilities Investment which does satisfy the requirements of section 8.16 of the Code (the “**Recoverable Portion**” under the Code) may, on a revision application by GasNet, be incorporated into the Capital Base of the GNS; and
- (b) an amount in respect of the balance of the New Facilities Investment forms part of the Speculative Investment Fund (as contemplated by the Code) and may be subsequently added to the Capital Base if at any time the type and volume of services provided using the increase in Capacity attributable to the Speculative Facilities change such that any part of the Speculative Investment Fund would then satisfy the requirements of section 8.16.

The amount of the Speculative Investment Fund is to be calculated in accordance with section 8.19 of the Code.

#### **4.6 Capital Redundancy**

The Commission may review, and if necessary, adjust the Capital Base (at the start of the Third Access Arrangement Period) to take account of wholly redundant assets, being assets which no longer contribute to the provision of the Tariffed Transmission Service.

#### **4.7 Incentive Mechanism**

As contemplated by section 8.44 of the Code, this Access Arrangement incorporates an incentive mechanism that permits GasNet to retain certain returns (if any) from the Transmission Tariffs during the Second Access Arrangement Period that exceed the level of returns expected at the beginning of the Second Access Arrangement Period.

In particular, schedules 3 and 4 provide that the price path for the Transmission Tariffs, which is determined at the beginning of the Second Access Arrangement Period based on forecasts of all relevant variables, is not adjusted to account for subsequent events until the commencement of the Third Access Arrangement Period.

#### **4.8 Fixed Principles**

The Fixed Principles applying to the Third Access Arrangement Period are set out in clause 7.

#### **4.9 Pass Through Events**

If a Pass Through Event occurs, then GasNet is entitled to amend the Transmission Tariffs to pass through the financial effect of the Pass Through Event in accordance with clause 6.

#### **4.10 Amending Zones**

- (a) If GasNet believes the Zones specified in Schedule 2 require or required amendment, then GasNet may give a statement to the Commission specifying:

- (i) details of the amendment concerned (which may include the amendment, addition or deletion of a Zone); and
  - (ii) details of any associated amendments to the Transmission Tariffs;
  - (iii) the date the amendment took effect or will take effect.
- (b) If GasNet gives a statement under clause 4.10(a) then the Commission must decide whether to approve the amendment and notify GasNet in writing of the Commission's decision.
  - (c) In deciding whether to approve an amendment, the Commission must ensure that the amendment is consistent with the cost allocation methodology used to determine the initial Transmission Tariffs.
  - (d) If the Commission does not give a notice to GasNet under clause 4.10(b) within 20 Business Days of receiving a statement from GasNet under clause 4.10(a), then the Commission is taken to have notified GasNet of its decision under clause 4.10(b) that the amendment is approved.

#### **4.11 Tariff amendment**

To avoid doubt, any amendment to the Transmission Tariffs in the Second Access Arrangement Period made under or as contemplated by clauses 4.2, 4.3, 4.7, 4.9, 4.10 or 6:

- (a) constitutes an amendment under GasNet's Reference Tariff Policy; and
- (b) does not constitute a revision of this Access Arrangement under the Code.

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## **5 Extensions and Expansions Policy**

### **5.1 Coverage**

- (a) Subject to clause 5.1(c), an Extension to, or Expansion of, the GNS is covered by this Access Arrangement.
- (b) Prior to an Extension or Expansion coming into service, GasNet will give notice to the Commission specifying:
  - (i) the location of the Extension or Expansion;
  - (ii) its costs (or, where these are not available, its anticipated costs);
  - (iii) a description of the Extension or Expansion, including, in the case of an Extension, its length; and
  - (iv) any other matter GasNet considers relevant.

- (c) Subject to clause 5.1(d), an Extension will not be covered by this Access Arrangement if GasNet gives written notice to the Commission (which notice may be given together with a notice under clause 5.1(b)) before the Extension comes into service that the Extension will not be covered by this Access Arrangement.
- (d) Clause 5.1(c) does not apply where the cost of the Extension was assumed and included in the calculation of the Transmission Tariffs.

## **5.2 Effect of extension/expansion on Reference Tariffs**

- (a) If an Extension to, or Expansion of, the GNS is covered by this Access Arrangement, then GasNet may, as contemplated by clauses 4.4 and 4.5 of this Access Arrangement, submit revisions to this Access Arrangement under section 2.28 of the Code, seeking to increase the Capital Base for the GNS to recognise the actual capital costs incurred in constructing the Extension or Expansion.
- (b) Those revisions will be considered under the relevant provisions of the Code (including sections 8.15 to 8.19 of the Code) and, as contemplated by the Code, may result in the Capital Base being increased to reflect:
  - (i) the actual capital costs incurred in relation to the Extension or Expansion; or
  - (ii) if the New Facilities Investment does not satisfy the requirements of section 8.16, the Recoverable Portion.

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## **6 Pass Through Events**

### **6.1 Pass Through Event statement**

If a Pass Through Event has occurred or will occur, then GasNet may give a statement to the Commission specifying:

- (a) details of the Pass Through Event concerned;
- (b) the date the Pass Through Event took or will take effect;
- (c) the estimated financial effects of the Pass Through Event on GasNet;
- (d) the Pass Through Amount GasNet proposes in relation to the Pass Through Event; and
- (e) the manner in which the Pass Through Amount is proposed to apply (for example a change to the Transmission Tariffs).

### **6.2 Commission's decision**

- (a) If GasNet gives a statement under clause 6.1 then the Commission must decide whether the Pass Through Event specified in the statement occurred or will occur, and if the Commission decides that

the Pass Through Event occurred or will occur then, the Commission must decide:

- (i) the Pass Through Amount; and
  - (ii) the manner in which the Pass Through Amount is to apply, and notify GasNet in writing of the Commission's decision.
- (b) If the Commission does not give a notice to GasNet under clause 6.2(a) within 20 Business Days of receiving a statement from GasNet under clause 6.1, then the Commission is taken to have notified GasNet of its decision under clause 6.2(a) that the Pass Through Amount and the manner in which the Pass Through Amount is to apply are as proposed in the statement given by GasNet under clause 6.1.

### **6.3 Factors the Commission must take into account**

In deciding the Pass Through Amount and the basis on which the Pass Through Amount is to apply under clause 6.2, the Commission must ensure that the financial effect on GasNet associated with the Pass Through Event concerned is economically neutral taking into account:

- (a) the relative amounts of Tariffed Transmission Service used by Users;
- (b) the time cost of money for the period over which the Pass Through Amount is to apply;
- (c) the manner in which and period over which the Pass Through Amount is to apply;
- (d) the financial effect to GasNet associated with the Tariffed Transmission Service attributable to the Pass Through Event concerned, and the time at which the financial effect arises;
- (e) in relation to a Change in Taxes Event, the amount of any change in another tax which, in the Commission's opinion, was introduced as complementary to the Change in Taxes Event concerned;
- (f) the effect of any other previous Pass Through Event since the later of:
  - (i) 1 January 2003; and
  - (ii) the date the last decision was made under clause 6.2;
- (g) any other factors the Commission considers relevant.

### **6.4 When does GasNet apply a Pass Through Amount?**

GasNet may, after:

- (a) receipt of a notice from the Commission or a deemed receipt of a notice under clause 6.2 as to a Positive Pass Through Amount; and

- (b) notifying affected Users of:
  - (i) the Positive Pass Through Amount which the Commission has approved or is deemed to have approved; and
  - (ii) the manner in and date from which GasNet will apply the Positive Pass Through Amount,

apply the Positive Pass Through Amount specified (or taken to be specified) in the notice.

#### **6.5 Pass Through Amount not within price control calculations**

A Pass Through Amount applied by GasNet under this clause 6 is not:

- (a) taken into account in deciding GasNet's revenues or Transmission Tariffs used in schedule 4 in deciding whether GasNet's Transmission Tariffs comply with the principles and formulas in schedule 4; and
- (b) not subject to the procedures in schedule 3.

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## **7 Fixed Principles**

In making a determination in relation to the Reference Tariff (or Reference Tariffs) with respect to GasNet for the Third Access Arrangement Period, the Commission must adopt the following Fixed Principles.

### **7.1 K factor carry-forward**

The Commission must include in the Reference Tariffs for the Third Access Arrangement Period:

- (a) an allowance for  $Kt_a_t$  (as defined in Schedule 4) relating to 2007 as if Schedule 4 continued to apply in the Third Access Arrangement Period;
- (b) an allowance for  $Kt_b_t$  (as defined in Schedule 4) relating to each of 2006 and 2007 as if Schedule 4 continued to apply in the Third Access Arrangement Period.

These allowances must be based on actual figures (or estimates where actual figures are not available).

### **7.2 Benefit sharing allowance**

The Commission must include in the Reference Tariffs for the Third Access Arrangement Period an allowance relating to the efficiency gains achieved in the Second Access Arrangement Period, calculated as follows:

$$B = S \times NPV \text{ in perpetuity of } (C_2 - C_3)$$

where

B is the benefit sharing allowance, which cannot be less than zero;

S is an amount (between 0 and 1, expressed to two decimal places) representing a reasonable share of these benefits that should be kept by GasNet taking into account the actual conditions faced by GasNet, including the ageing of the GNS and changes in workload;

C<sub>2</sub> is the forecast operating costs approved by the Commission for the last year of the Second Access Arrangement Period adjusted to account for additional workload;

C<sub>3</sub> is the average forecast operating costs approved by the Commission for the Third Access Arrangement Period;

All amounts are expressed in 2008 dollars.

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## **8 General**

### **8.1 Description of terms and conditions**

Consistent with section 10.2 of the Code, responsibility for complying with the obligations imposed by section 3.6 of the Code is allocated to VENCORP.

### **8.2 Capacity Management Policy**

The GNS is a Market Carriage pipeline.

### **8.3 Trading Policy**

Consistent with section 10.2 of the Code, responsibility for complying with the obligations imposed by sections 3.9 to 3.11 of the Code is allocated to VENCORP.

### **8.4 Queuing Policy**

Consistent with section 10.2 of the Code, responsibility for complying with the obligations imposed by sections 3.12 to 3.15 of the Code is allocated to VENCORP.

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## **9 Interpretation**

### **9.1 Definitions**

The following meanings apply unless the contrary intention appears.

**Access Arrangement Period** has the meaning given in the Code.

**Applicable Law** means any legislation, delegated legislation (including regulations), codes, licences or guidelines associated with the Tariffed Transmission Service, and includes the Code and the MSO Rules.

**Authority** means any government or regulatory department, body, instrumentality, minister, agency or authority (including VENCORP and the Commission) or any body which is the successor to the administrative responsibilities to that department, body, instrumentality, minister, agency or authority.

**Benchmark Insurance Costs** means the costs (whether forecast or actual) included in the determination of the Transmission Tariff associated with GasNet's Minimum Insurance Level.

**Business Day** means a day other than a Saturday or Sunday or a day proclaimed as a public holiday in Melbourne.

**Capacity** has the meaning given in the Code.

**Capital Base** has the meaning given in the Code.

**Change in Taxes Event** means:

- (a) a change in the way or rate at which a Relevant Tax is calculated (including a change in the application or official interpretation of Relevant Tax); or
- (b) the imposition of a new Relevant Tax,  
to the extent that the change or imposition:
- (c) occurs after the Commencement Date; and
- (d) results in a change in the amount GasNet is required to pay or is taken to pay (whether directly or under any contract) by way of Relevant Taxes.

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

**Commencement Date** means 1 January 2003.

**Commission** means the Australian Competition & Consumer Commission.

**CPI** means the Consumer Price Index All Groups, Weighted Average of Eight Capital Cities published by the Australian Bureau of Statistics.

**Expansion** has the meaning given in the Code.

**Extension** has the meaning given in the Code.

**Fixed Principles** has the meaning given in the Code.

**GasNet (NSW)** means GasNet Australia (NSW) Pty Ltd, ABN 14 079 136 413 (formerly Transmission Pipelines Australia (Assets) Pty Ltd).

**GNS** means the GasNet System, being the Gas Transmission System as defined in the Service Envelope Agreement.

**GIA** means the Gas Industry Act 2001 (Vic).

**GST** means the tax imposed by the GST Act and the related imposition Acts of the Commonwealth.

**GST Act** means *A New Tax System (Goods and Services Tax) Act 1999* including all amendments made to the Act and any other regulations and other instruments made under the Act.

**Interconnect Pipeline** means the pipeline constructed by GasNet from Barnawartha in Victoria to Culcairn in New South Wales.

**Insurance Event** means circumstances in which:

- (a) there has been a change in one or more costs in the insurance comprising GasNet's Minimum Insurance Level; and
- (b) as a result of that change, the aggregate costs of GasNet's Minimum Insurance Level exceeds the Benchmark Insurance Costs.

**Market Carriage** has the meaning given in the Code.

**Market Participant** has the meaning given in the MSO Rules.

**Minimum Insurance Level** means the level of insurance comprising the insurance policies (whether as a policy or by way of cover note or similar) held (or required to be held) by GasNet as at the Commencement Date, taking into account all relevant aspects of the insurance including:

- (a) the type of the insurance;
- (b) the amount of the insurance;
- (c) the amount of any deductibles; and
- (d) any exclusions.

**MSO Rules** has the meaning given in the GIA.

**New Facilities Investment** has the meaning given in the Code.

**New Facility** has the meaning given in the Code.

**Pass Through Event** means:

- (a) a Change in Taxes Event;
- (b) a Regulatory Event; and
- (c) an Insurance Event.

**Pass Through Amount** means in relation to the occurrence of a Pass Through Event, the amount or amounts that the Commission has approved (or is taken to have approved) as the financial effect of the Pass Through Event.

**Prospective Use** has the meaning given in the Code.

**Recoverable Portion** has the meaning given in the Code.

**Reference Service** means the service described in clause 3.2.



**Reference Tariff** has the meaning given in the Code.

**Regulatory Event** means a decision made by the Commission or any other Authority or any amendment to an Applicable Law after the Commencement Date that has the effect of:

- (a) imposing minimum standards (including safety or technical standards) on GasNet relating to the Tariffed Transmission Service that are different from the set of minimum standards imposed on GasNet associated with the Tariffed Transmission Service at the Commencement Date;
- (b) altering the nature or scope of the services that comprise the Tariffed Transmission Service; or
- (c) substantially varying the manner in which GasNet is required to undertake any activity forming part of the Tariffed Transmission Service from the Commencement Date,

as a result of which GasNet incurs materially higher costs associated with the Tariffed Transmission Service than it would have incurred but for that event.

**Regulatory Year** means each year during the Current Access Period beginning on 1 January and ending on 31 December.

**Relevant Tax** means any tax, rate, duty, charge, levy or other like or analogous impost paid or taken to be paid by GasNet associated with the Tariffed Transmission Service, but excludes income tax and capital gains tax.

**Revisions Commencement Date** has the meaning given in the Code.

**Revisions Submission Date** has the meaning given in the Code.

**Second Access Arrangement Period** means the Access Arrangement Period commencing on the date this Access Arrangement (as revised) takes effect and ending on 31 December 2007.

**Service Envelope Agreement** means the agreement of that name entered into between VENCORP, GasNet (NSW) and GasNet dated 30 November 1998.

**Service Provider** has the meaning given in the Code.

**Speculative Facilities** has the meaning given in clause 4.5.

**Speculative Investment Fund** has the meaning given in the Code.

**Tariffed Transmission Service** means availability of the GNS, as sourced by VENCORP through the Service Envelope Agreement.

**Third Access Arrangement Period** means the Access Arrangement Period commencing on 1 January 2008.

**Transmission Tariffs** means the portion of the Reference Tariff for the Reference Service associated with the Tariffed Transmission Service, calculated in accordance with this Access Arrangement.

**User** has the meaning given in the Code.

**VENCorp** has the meaning given in the GIA.

**VENCorp Services** has the meaning given in the VENCorp Access Arrangement.

**VENCorp Access Arrangement** means the Access Arrangement by VENCorp for the GNS which was approved by the Commission for the period 1 January 2003 to 31 December 2007.

**WUGS** means the western underground gas storage facility located at Iona.

## 9.2 Interpretation

Unless the contrary intention appears, a reference in this Access Arrangement to:

- (a) **(variations or replacement)** a document (including this Access Arrangement) includes any variation or replacement of it;
- (b) **(clauses and schedules)** a clause or schedule is a reference to a section of or schedule to this Access Arrangement;
- (c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) **(singular includes plural)** the singular includes the plural and vice versa;
- (e) **(executors, administrators, successors)** a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (f) **(dollars)** Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia;
- (g) **(calculation of time)** if a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (h) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (i) **(meaning not limited)** the words "include", "including", "for example" or "such as" are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;

## 9.3 GasNet (NSW)

GasNet makes this Access Arrangement for itself and on behalf of GasNet (NSW) as owners of the GNS. However, GasNet and GasNet (NSW) are not

partners. Where relevant, all references to GasNet are taken to be references to each of GasNet and GasNet (NSW) severally.

# GasNet Australia Access Arrangement

## Schedule 1 - Initial Transmission Tariffs

### 1.1 Transmission Tariffs

The Transmission Tariffs comprise:

- (a) the Injection Tariffs, being the tariffs for Injections into the GNS calculated under clause 1.2 of this Schedule; and
- (b) the Withdrawal Tariffs, being the tariffs for Withdrawals from the GNS calculated under clause 1.3 of this Schedule.

### 1.2 Injection Tariffs

The Injection Tariff applicable to an Injection into the GNS is determined by reference to the location of the Injection and the deemed location of the Matched Withdrawal.

The principles for determining the applicable Injection Zone and Matched Withdrawal Zone are discussed in clauses 1.4 and 1.5 of this Schedule.

(a) *Injection at Longford Injection Zone*

Matched Withdrawal Zone	Base Injection Tariff (\$/GJ, for 10 day Injection MDQ)	X-factor
All Zones except LaTrobe, Tyers and Lurgi Withdrawal Zones	2.3152	0.05
LaTrobe	0.5573	0.05
Tyers & Lurgi	0.5762	0.05
West Gippsland	1.5257	0.05

(b) *Injection at Culcairn Injection Zone*

Matched Withdrawal Zone	Base Injection Tariff (\$/GJ, for 10 day Injection MDQ)	X-factor
All Zones except Interconnect Withdrawal Zone	1.1432	0.05
Interconnect	0.2604	0.05

(c) *Injection at Port Campbell Injection Zone*

Matched Withdrawal Zone	Base Injection Tariff (\$/GJ, for 10 day Injection MDQ)	X-factor
All Zones except Western and South	4.0860	0.0

West Withdrawal Zones		
Western	0.0	0.0
South West	2.9426	0.0

(d) *Injection at Pakenham Injection Zone*

Matched Withdrawal Zone	Base Injection Tariff (\$/GJ, for 10 day Injection MDQ)	X-factor
All Zones	0.4600	0.05

(e) *Injection at Dandenong Injection Zone*

Matched Withdrawal Zone	Base Injection Tariff (\$/GJ, for 10 day Injection MDQ)	X-factor
All Zones	0.0000	0.0

### 1.3 Withdrawal Tariffs

The Withdrawal Tariff applicable to a Withdrawal from the GNS is determined by reference to the location of the Connection Point at which the Withdrawal occurs and the nature of the Withdrawal.

The principles for determining the applicable Zone in which a Connection Point is located and the nature of a Withdrawal are discussed in clauses 1.4 and 1.6 of this Schedule.

(a) *Transmission Delivery Tariff*

Subject to the exceptions in clauses 1.3(b), (c), (d), (e) and (f) of this Schedule, the Withdrawal Tariffs are as follows:

Withdrawal Zone Number	Withdrawal Zone Name	Transmission delivery tariff D (\$/GJ)	Transmission delivery tariff V (\$/GJ)	X-factor
1	LaTrobe	0.0460	0.0520	0.05
2	West Gippsland	0.1166	0.1166	0.05
3	Lurgi	0.1821	0.1850	0.05
4	Metro	0.2586	0.2783	0.05
5	Calder	0.9911	1.0615	0.05
6	South Hume	0.3847	0.4191	0.05
7	Echuca	0.5944	0.8165	0.05
8	North Hume	0.8867	1.1835	0.05
9	Western	0.5150	0.6040	0.05
10	Murray Valley	2.0377	2.5556	0.0
11	Interconnect	0.8833	1.3433	0.05
13	South West	0.1142	0.1158	0.05
17	Wodonga	1.0518	1.3021	0.05

<b>Withdrawal Zone Number</b>	<b>Withdrawal Zone Name</b>	<b>Transmission delivery tariff D (\$/GJ)</b>	<b>Transmission delivery tariff V (\$/GJ)</b>	<b>X-factor</b>
18	Tyers	0.1500	0.1557	0.05
19	Culcairn, MIRN V000M126	0.7163	-	0.05

(b) *Transmission Refill Tariff*

Where a Connection Point services a Storage Facility all gas Withdrawn through that Connection Point is subject to the Transmission Refill Tariff specified below, instead of the Withdrawal Tariff specified in clause 1.3(a) of this Schedule.

<b>Storage Facility Number</b>	<b>Storage Facility Name</b>	<b>Transmission Refill Tariff (\$/GJ)</b>	<b>X-factor</b>
1	LNG	0.1130	0.0
2	WUGS	0.1210	0.0

(c) *Cross System Withdrawal Tariff*

If:

- (i) gas is Withdrawn at a Connection Point located on an Injection Pipeline and
- (ii) that Withdrawal is a Matched Withdrawal with respect to an Injection Zone other than the Injection Zone for that Injection Pipeline),

then the Withdrawal is subject to the following Cross System Withdrawal Tariff in addition to the applicable Injection Tariff and Withdrawal Tariff.

<b>Injection Pipeline</b>	<b>Cross System Withdrawal Tariff D (\$/GJ)</b>	<b>Cross System Withdrawal Tariff V (\$/GJ)</b>	<b>X-factor</b>
All	0.1428	0.1624	0.05

(d) *Matched Withdrawals - Culcairn*

If a Withdrawal in one of the following Zones is a Matched Withdrawal relating to Injections in the Culcairn Zone, then the following Matched Withdrawal Tariffs apply instead of the tariffs described in clause 1.3(a) of this Schedule:

<b>Withdrawal Zone Number</b>	<b>Withdrawal Zone Name</b>	<b>Transmission delivery tariff D (\$/GJ)</b>	<b>Transmission delivery tariff V (\$/GJ)</b>	<b>X-factor</b>
8A	North Hume	0.3979	0.4517	5.0
10A	Murray Valley	1.3183	1.6280	0.0

11A	Interconnect	0.1166	0.1166	5.0
17A	Wodonga	0.1090	0.1554	0.0

(e) *Matched Withdrawals - Metro (Pakenham)*

If a Withdrawal in the Metro Zone at a Connection Point designated by MIRN 30000002PC, MIRN 30000003PC or MIRN 30000005PC is a Matched Withdrawal relating to Injections in the Pakenham Zone, then the following Matched Withdrawal Tariffs apply instead of the tariffs described in clause 1.3(a) of this Schedule:

<b>Withdrawal Zone Number</b>	<b>Withdrawal Zone Name</b>	<b>Transmission delivery tariff D (\$/GJ)</b>	<b>Transmission delivery tariff V (\$/GJ)</b>	<b>X-factor</b>
4B	Metro	0.0090	0.0090	0.0

(f) *Prudent discounts - Warrnambool and Koroit*

If:

- (i) a Withdrawal is made in the Western Zone at a Connection Point designated by MIRN 30000089PC or MIRN 30000091PC; and
- (ii) at the time the Withdrawal is made, either the SEA Gas Pipeline or the Southern Gas Pipeline has been commissioned,

then that Withdrawal is subject to the Withdrawal Tariff specified below instead of the Withdrawal Tariff specified in clause 1.3(a) of this Schedule.

<b>Withdrawal Zone Number</b>	<b>Withdrawal Zone Name</b>	<b>Transmission delivery tariff D (\$/GJ)</b>	<b>Transmission delivery tariff V (\$/GJ)</b>	<b>X-factor</b>
9A	Western, MIRN 30000089PC (Warrnambool)	0.0630	0.0730	0.0
9B	Western, MIRN 30000091PC (Koroit)	0.1900	0.2660	0.0

#### 1.4 Assignment of Zones

- (a) Each Withdrawal at a Connection Point is taken to occur in the Withdrawal Zone to which the Connection Point is allocated in accordance with Schedule 2.
- (a) Each Injection at a Connection Point is taken to occur in the Injection Zone to which the Connection Point is allocated in accordance with Schedule 2.

## 1.5 Assignment of Injections to Withdrawal locations

- (a) For the purposes of this Schedule, an Injection by a Shipper at a Injection Point on a Gas Day is deemed to be Withdrawn:
  - (i) if the Shipper makes a Withdrawal on that Gas Day from one Connection Point only, from that Connection Point;
  - (ii) if the Shipper makes a Withdrawal on that Gas Day from more than one Connection Point:
    - (A) first, from the Connection Point at which the Shipper made a Withdrawal that is nearest the Injection Point; plus
    - (B) if the Shipper Withdrew insufficient gas at the nearest Connection Point to exhaust the Injection, the amounts of Withdrawals made at other Connection Points on a successive basis in ascending order of distance from the Injection Point.
- (b) For the purposes of paragraph (a):
  - (i) all Injections and Withdrawals will be as determined by VENCORP under the MSO Rules;
  - (ii) the distance between an Injection Point and a Withdrawal Point is measured by pipeline distance (and not geographic distance); and
  - (iii) if a Shipper Injects gas on a Gas Day at more than one Injection Point, then the Injections are taken to be allocated in order of Injection Zone (as applicable), as follows:
    - (A) Port Campbell Injection Zone;
    - (B) Culcairn Injection Zone;
    - (C) Pakenham Injection Zone;
    - (D) any new Injection Zone created under Schedule 2 (in order of creation); and
    - (E) Longford Injection Zone.
- (c) If a Shipper's total Withdrawals on a Gas Day are greater than its total Injections on the Gas Day, then the applicable Withdrawal Tariff for Withdrawal quantities greater than Injections will be the Withdrawal Tariff in the Withdrawal Zone at which the gas is Withdrawn (after the allocation under paragraph (a)).
- (d) If
  - (i) the quantity of gas that a Shipper has Injected at an Injection Zone on a Gas Day is greater than that Shipper's Matched



Withdrawals between and including that Injection Zone and the Metro Withdrawal Zone for that Gas Day; and

- (ii) that excess is Withdrawn from one or more of the LaTrobe, Tyers, Lurgi, West Gippsland or South West Withdrawal Zones,

then, in addition to any other applicable tariffs, all such excess gas will be subject to the Cross System Withdrawal Tariff, in addition to any applicable Injection or Withdrawal Tariff.

## 1.6 Allocation to Tariff D and Tariff V

Withdrawals at a Connection Point are allocated to Tariff D and Tariff V as follows.

- (a) If the Connection Point services individual Consumer, then all gas delivered through that Connection Point is allocated to Transmission Delivery Tariff D.
- (b) If the Connection Point is a connection with a transmission system, then all gas delivered through that Connection Point is subject to Transmission Delivery Tariff D.
- (c) If the Connection Point services a distribution system, then the volume of gas subject to Transmission Delivery Tariff D is the sum of the gas delivered from that distribution system, subject to Distribution Tariff D, plus the applicable benchmark DUAFG allowance (if any), as determined by VENCORP. Where the allocation of gas cannot be made at an individual Connection Point, the data is aggregated at the Transmission Zone level.
- (d) In any other case, the Withdrawal is subject to Transmission Delivery Tariff V.

## 1.7 Billing parameters

Transmission Tariffs are charged in accordance with the billing parameters defined below.

- (a) Except where otherwise agreed between GasNet and the Shipper, the Shipper will be charged monthly.
- (b) Transmission Tariffs applying to the calendar year are charged in accordance with the following procedure:

Charges are levied monthly in arrears where the monthly charge for month  $m$  is calculated by applying the following, summed over all Zones (1 –  $n$ ):

$$MCA = \sum_1^n (MV_e * TC)_D + (MV_e * TC)_V + (MV_e * TC)_R + (MV_e * TC)_C + ADJ$$

where:

$MCA$  is the charge for the billing period;

$MV_e$  is the estimated monthly volume for month  $m$  Withdrawn in the relevant Zone as provided by VENCORP at day  $M+18$ ;

$TC$  is the tariff applicable for that Zone;

$D$  refers to Transmission Delivery Tariff  $D$ ;

$V$  refers to Transmission Delivery Tariff  $V$ ;

$R$  refers to Refill Withdrawal Tariffs;

$C$  refers to Cross System Tariffs; and

$ADJ$  is the adjustment for month  $m-3$ .

Where:

$$ADJ = \sum_1^n ((MV - MV_e) * TC)_D + ((MV - MV_e) * TC)_V + ((MV - MV_e) * TC)_R + ((MV - MV_e) * TC)_C$$

where:

$MV$  is the monthly volume for month  $m$  Withdrawn in the relevant Zone as provided by VENCORP at day  $M+18$ .

(c) Injection Tariffs applying to the Peak Period are charged in aggregate according to the following procedure:

(i) for a billing period between January and October, the monthly charge is calculated by applying the relevant tariff to EMC, where EMC is:

(A) a monthly allocation of forecast 10 Day Injection MDQ for Regulatory Year “ $t$ ”, using a quantity agreed by GasNet and the Shipper or, failing agreement:

(aa) a load profile, based on the Shipper’s actual annual Withdrawal load profile for Regulatory Year “ $t-1$ ”; or

(ab) if the Shipper has no load profile for Regulatory Year “ $t-1$ ”, the average system load profile for Regulatory Year “ $t-1$ ”.

Where the forecast 10 Day Injection MDQ for Regulatory Year “ $t$ ” is based on an allocation of the forecast 10 Day Injection MDQ used to set the Transmission tariffs for Regulatory Year “ $t$ ”.

(ii) for the November and December billing periods, the monthly charge is calculated by applying the following formula:

$$MC = (AAC - CBTD)/2$$

where:

*MC* is the charge for the November and December billing periods in Regulatory Year “t”.

*CBTD* is the sum of the charges for all prior billing periods of Regulatory Year “t”.

*AAC* is the annual charge calculated by applying the relevant Transmission Tariff components to *EAD*.

where *EAD* is:

the actual 10 Day Injection MDQ for Regulatory Year “t”.

## 1.8 Glossary

The following meanings apply unless the contrary intention appears:

**Base Injection Tariff** means the tariff applicable to Injections at an Injection Zone before application of any Matched Injection Factors

**Connection Point** means a point where gas may be Injected into or Withdrawn from the GNS.

**Consumer** means a person who consumes or proposes to consume gas transported through the GNS.

**Distribution Tariff D** means the relevant gas distribution tariff of that name or, of no such tariff exists, a reasonable replacement nominated by GasNet and approved by the Commission.

**DUAFG** means distribution unaccounted for gas.

**Gas Day** has the same meaning as in the MSO Rules.

**Injection** means an Injection of gas into the GNS (and Inject has a corresponding meaning).

**Injection Pipeline** means, in relation to an Injection Zone, the corresponding pipeline or pipelines and, to avoid doubt, includes:

- (a) in relation to the Longford Injection Zone, any or all of the pipeline from Longford to Pakenham;
- (b) in relation to the Western Injection Zone, any or all of the pipeline from Iona to Lara; and
- (a) in relation to the Culcairn Injection Zone, any or all of the pipeline from Culcairn to Barnawartha.

**Injection Tariffs** means the tariffs for Injections of gas into the GNS calculated in accordance with clause 1.2 of this Schedule.

**Injection Point** means a Connection Point at which gas may be Injected into the GNS.

**Injection Zone** means the Injection Point or Injection Points identified in Schedule 2 as an “Injection Zone”.

**LNG Storage Facility** means the LNG storage facility owned by GasNet which is located at Dandenong.

**Matched Withdrawal** means, in relation to any gas Injected into the GNS, the corresponding Withdrawal (if any) to which the gas is allocated under the rules set out in clause 1.5 of this Schedule.

**MIRN** means meter identification registration number.

**Peak Period** means the period of 1 June to 30 September of a calendar year.

**Regulatory Year** means a period beginning on 1 January and ending on 31 December each year during the Second Access Arrangement Period.

**Shipper** means a person who transports gas on the GNS.

**Storage Facility** means a facility for the storage of gas including the LNG Storage Facility and underground storage.

**10 Day Injection MDQ** means, in relation to each Zone a quantity of gas (in GJ) Injected on behalf of a Shipper at an Injection Zone during the 10 Gas Days in the Peak Period when the 10 highest quantities of gas (in GJ) were Injected at that Zone.

**Transmission Delivery Tariff** means Transmission Delivery Tariff D or Transmission Delivery Tariff V.

**Transmission Delivery Tariff D** means the tariffs identified as “transmission delivery tariff D” in clause 1.3(a) of this Schedule..

**Transmission Delivery Tariff V** means the tariffs identified as “transmission delivery tariff V” in clause 1.3(a) of this Schedule.

**Transmission Refill Tariff** means the tariffs specified in 1.3(b) of this Schedule.

**Withdrawal** means a withdrawal of gas from the GNS (and Withdraw has a corresponding meaning).

**Withdrawal Point** means a Connection Point at which gas may be Withdrawn from the GNS.

**Withdrawal Tariffs** means the tariffs for Withdrawals of gas from the GNS calculated in accordance with clause 1.3 of this Schedule.

**Withdrawal Zone** means the Withdrawal Point or Withdrawal Points identified in Schedule 2 as a “Withdrawal Zone”.

**Zone** means a Withdrawal Zone or an Injection Zone.

# GasNet Australia Access Arrangement

## Schedule 2 - Injection and Withdrawal Zones

### 2.1 Injection Zones

The Injection Zones are as described below.

An Injection Point forms part of an Injection Zone if the Injection Point is designated by a MIRN identified with respect to an Injection Zone, as follows.

Injection Zone	Meter No.	MIRN	Site Name
Port Campbell	M000	30000000PC	North Paaratte
	NA	30000154PC	Iona
Longford	M001	30000001PC	Longford
Dandenong	M108	30000101PC	Dandenong (LNG 2750)
Pakenham	NA	NA	Pakenham
Culcairn	M126	V0000M126	V0000M126

The Pakenham Zone will be designated by GasNet if gas supplies from the Yolla field are Injected into the GNS at or near Pakenham.

Any Injection Point that is not described above will be allocated by GasNet to an Injection Zone consistent with the existing allocations.

### 2.2 Withdrawal Zones

The Withdrawal Zones are as described below.

A Withdrawal Point forms part of a Withdrawal Zone if the Withdrawal Point is designated by a MIRN identified with respect to a Withdrawal Zone, as follows.

Meter No.	Site Name	MIRN
<b>1 LaTrobe Zone</b>		
M060	Churchill	30000055PC
M078	Rosedale	30000072PC
M079	Sale	30000073PC
M085	Traralgon	30000079PC
M104	Maryvale (Amcor)	30000097PC
M134	EMEAL (Loy Yang)	30000164PC
<b>2 West Gippsland</b>		
n/a		
<b>3 Lurgi</b>		
M062	Drouin	30000057PC

<b>Meter No.</b>	<b>Site Name</b>	<b>MIRN</b>
M070	Longwarry	30000065PC
M075	Moe	30000069PC
M084	Trafalgar	30000078PC
M090	Warragul (Works)	30000084PC
M092	Yarragon	30000086PC
M098	Cloverlea (Darnum)	30000092PC
<b>4 Metro</b>		
M002	Dandenong T.S. (Peninsula)	30000002PC
M003	Dandenong (Henty St)	30000003/4PC
M004	Murrumbeena	30000005/6PC
M005	Dandenong T.S. (Lurgi)	30000007PC
M006	Dandenong (LNG 700)	30000159/160PC
M007	Dandenong T.S. (Edithvale)	30000009PC
M008	Brooklyn Compressor Station	30000010/11PC
M009	West Melbourne (Footscray)	30000012PC
M011	Melbourne (Queens Wharf Rd)	30000013PC
M012	St. Kilda (Aughtie Dr)	30000014PC
M013	Spotswood	30000015/16PC
M014	West Melbourne (N. Melbourne)	30000017/18PC
M015	Noble Park	30000019PC
M016	Clayton	30000020PC
M017	Oakleigh	30000021PC
M018	Malvern (Ewart St)	30000022PC
M019	St. Kilda East (Orrong Rd)	30000023PC
M023	Port Melbourne (Howe Pde)	30000024PC
M024	Port Melbourne (Lorimer St)	30000025PC
M026	Derrimut City Gate	30000026PC
M027	Melton South City Gate	30000027PC
M028	Laverton North City Gate	30000028PC
M029	Hoppers Crossing (Forsyth Rd)	30000029PC
M030	Hoppers Crossing (Heath's Rd)	30000030PC
M031	Werribee (Old Sneydes Rd)	30000031PC
M032	Werribee (Lock Av)	30000032PC
M033	Healesville	30000033PC
M034	Gembrook	30000034PC
M035	Lyndhurst	30000035PC
M036	Cranbourne (Huon Park Rd)	30000036PC
M037	Cranbourne (Narre Warren Rd)	30000037PC
M038	Clyde North (Tuckers Rd)	30000038PC
M040	Pakenham (Koo Wee Up Rd)	30000039PC
M042	Hampton Park	30000040PC
M043	Narre Warren	30000041PC
M044	Berwick	30000042PC
M045	Sunbury	30000043PC
M048	Diggers Rest	30000044PC
M049	Sydenham	30000045PC
M051	Avalon	30000046PC
M065	Corio	30000060PC
M069	Lara	30000064PC
M103	Newport (Ecogen)	30000096PC
M105	Port Melbourne (Unichema)	30000098PC
M107	Laverton North (BHP Methanol)	30000100PC
M109	Dandenong (LNG 7000)	30000102PC
M115	Keon Park East	30000107/108PC
M116	Keon Park West	30000109/110PC
M117	Craigieburn	30000111PC
M118	Epping (O'Herns Rd)	30000112PC

<b>Meter No.</b>	<b>Site Name</b>	<b>MIRN</b>
M121	Rockbank	30000117PC
M125	Mernda (Laurimar Park)	30000145PC
M135	Somerton	30000165PC
<b>5 Calder</b>		
M052	Bacchus Marsh	30000047PC
M053	Ballan	30000048PC
M054	Ballarat	30000049PC
M057	Bendigo	30000052PC
M059	Castlemaine	30000054PC
M061	Daylesford	30000056PC
M068	Kyneton	30000063PC
M073	Maryborough	30000067PC
M086	Wallace	30000080PC
M099	Carisbrook	30000093PC
<b>6 South Hume</b>		
M058	Broadford	30000053PC
M064	Euroa	30000059PC
M066	Kilmore	30000061PC
M077	Seymour (Supply to Puckapunyal)	30000071PC
M080	Seymour (Telegraph Rd)	30000074PC
M087	Wallan	30000081PC
<b>7 Echuca</b>		
M063	Echuca	30000058PC
M067	Kyabram	30000062PC
M074	Merrigum	30000068PC
M081	Shepparton	30000075PC
M082	Tatura	30000076PC
M083	Tongala	30000077PC
<b>8 North Hume</b>		
M055	Benalla	30000050PC
M056	Benalla (Supply to Monsbent)	30000051PC
M088	Wangaratta	30000082PC
M089	Wangaratta East	30000083PC
M100	Chiltern	30000094PC
<b>9 Western</b>		
M093	Cobden	30000087PC
M094	Hamilton	30000088PC
M096	Portland	30000090PC
M095	Koroit	30000089PC
M097	Allansford	30000091PC
<b>10 Murray Valley</b>		
M111	Rutherglen	30000103PC
M112	Yarrawonga	30000104PC
M113	Cobram	30000105PC
M114	Koonoomoo	30000106PC
<b>11 Interconnect</b>		
M126	Culcairn	V0000M126
M130	Walla Walla	20000003PC
<b>13 South West</b>		
M133	Colac	30000161PC
NA	Iona (WUGS)	30000154PC
<b>17 Wodonga</b>		
M091	Wodonga	30000085PC
<b>18 Tyers</b>		
M071	Morwell (Firmin's Lane)	30000066PC
M076	Morwell (Porter's Rd)	30000070PC
M102	Jeeralang (Ecogen)	30000095PC



<b>Meter No.</b>	<b>Site Name</b>	<b>MIRN</b>
<b>19 Culcairn</b>		
M126	Culcairn	V0000M126

Any Withdrawal Point that is not described above will be allocated by GasNet to a Withdrawal Zone consistent with the existing allocations.

# GasNet Australia Access Arrangement

## Schedule 3 - Altering Transmission Tariffs

### 3.1 Proposed tariffs

For the Regulatory Year after the Regulatory Year ending 31 December 2003, GasNet must, at least 15 business days before the start of that Regulatory Year, give the Commission a statement:

- (a) setting out its proposed Transmission Tariffs for that Regulatory Year;
- (b) demonstrating compliance of the proposed Transmission Tariffs with the relevant principles and formulas in schedule 4; and
- (c) setting out the proposed changes (if any) in the billing parameters contained in schedule 1, or to any other matters in that schedule.

### 3.2 Altering a tariff during a Regulatory Year

GasNet may alter a Transmission Tariff during a Regulatory Year in accordance with section 2 of the Code.

### 3.3 Commission's approval

- (a) The Commission must not approve a statement given by GasNet under clause 3.1 of this Schedule if the statement does not comply with the formulae in schedule 4.
- (b) The Commission must approve a statement given by GasNet under clause 3.1 of this Schedule if the statement complies with the formulae in schedule 4.
- (c) If the Commission does not notify GasNet of the Commission's decision regarding a statement given by GasNet under clause 3.1 of this Schedule within 15 Business Days of the Commission receiving the statement, the Commission is taken to approve the statement.
- (d) If, under clause 3.3(a) of this Schedule the Commission must not approve a statement given by GasNet, the Commission may allow GasNet to replace the statement within such time as specified by the Commission.
- (e) Where a statement has been replaced in accordance with clause 3.3(a) of this Schedule, the replacement statement will be taken to be a statement validly provided under clause 3.1 of this Schedule and the replaced statement will be taken not to have been submitted by GasNet.

### **3.4 Effective date**

The Transmission Tariffs in the statement given by GasNet approved or taken to have been approved by the Commission apply from the latest of:

- (a) the date on which the Commission approves or is taken to have approved the alteration; and
- (b) the start of the Regulatory Year in which the Transmission Tariffs are to apply.

### **3.5 Failure to provide a statement**

If GasNet does not provide a statement to the Commission required under clause 3.1 of this Schedule in relation to a Regulatory Year or such a statement is provided but is not approved by the Commission, the Commission may re-set the relevant Transmission Tariffs for GasNet for the Regulatory Year in a manner in which the Commission could have approved of the Transmission Tariffs if included in a statement given by GasNet under clause 3.1 of this Schedule.

# GasNet Australia Access Arrangement

## Schedule 4 - Price Control Formula

### 4.1 Average revenue control

The average revenue control is:

The forecast average Transmission Tariff (**FATT**) must be less than the maximum average Transmission Tariff (**MATT**),

where:

- FATT is calculated in accordance with clause 4.2 of this Schedule, and
- MATT is calculated in accordance with clause 4.3 of this Schedule.

### 4.2 FATT

$$FATT_t = \frac{FTR_t}{FTV_t}$$

Where:

$FATT_t$  (in \$/GJ) is the forecast average Transmission Tariff for regulatory year "t".

$FTR_t$  (in \$) is the forecast transmission revenue based on the full Transmission Tariffs which are being submitted to the Commission for approval for regulatory year "t" (ie no discounts other than approved prudent discounts are to be included).

$FTV_t$  (in GJ) is the forecast calendar year volume of gas transmitted in regulatory year "t".

The forecast transmission revenues and volumes exclude the revenues and volumes associated with the storage refill tariffs

### 4.3 MATT

If regulatory year "t" is the year ended 31 December 2003 then  $MATT_t$  is calculated as for  $FATT_{2003}$ .

Otherwise  $MATT_t$  is calculated using the following formula:

$$MATT_t = ATT_t - KT_t$$

where:

$MATT_t$  (in \$/GJ) is the maximum average Transmission Tariff for regulatory year "t".

$ATT_t$  (in \$/GJ) is the average Transmission Tariff for the regulatory year "t" and adjusted for CPI and the price path factor for the current regulatory period, based

upon the forecasts at the commencement of the current regulatory period, as calculated in accordance with clause 4.4 of this Schedule,

$KT_t$  (in \$/GJ) is a retrospective correction factor, calculated in accordance with clause 4.5 of this Schedule

#### 4.4 ATT

$ATT_{t-1}$  (in \$/GJ) is determined in accordance with the following:

For regulatory year "t"	$ATT_t$
2004	$= 0.430606.CPI_{(2003)}. (1 - PPT)$
2005	$= 0.431070.CPI_{(2003)}.CPI_{(2004)}. (1 - PPT)^2$
2006	$= 0.433798.CPI_{(2003)}.CPI_{(2004)}.CPI_{(2005)}. (1 - PPT)^3$
2007	$= 0.436241.CPI_{(2003)}.CPI_{(2004)}.CPI_{(2005)}.CPI_{(2006)}. (1 - PPT)^4$

where:

$CPI_t$  is the CPI for regulatory year "t". (i.e., annual CPI movement for the period to the previous 30<sup>th</sup> September expressed as index at 30 Sept  $t-1$  /index at 30 Sept  $t-2$ )

PPT is the price path factor for the current regulatory period expressed as an index, as follows:

$$PPT = 0.045$$

#### 4.5 KT

$KT_t$  (in \$/GJ) is a composite correction factor to correct for any differences between forecast and actual quantities, calculated as follows:

$$KT_t = \frac{KTA_t + KTB_t}{FTV_t} (1+i_t)$$

where:

$KTA_t$  is calculated in accordance with clause 4.6 of this Schedule.

$KTB_t$  is calculated in accordance with clause 4.7 of this Schedule.

$i_t$  is the *Australian Financial Markets Association End of Day 1 Year Swap Reference Rate* at 30 September in the regulatory year immediately preceding regulatory year "t" varied by:

- (a) where  $KT_t$  is a negative value, subtraction of 50 basis points; and
- (b) where  $KT_t$  is a positive value, addition of 50 basis points.

$FTV_t$  is defined in clause 4.2 of this Schedule.

#### 4.6 KTa

$$KTa_t = ETR_{t-1} - (ETV_{t-1} \cdot MATT_{t-1}) - EEA_{t-1}$$

where:

$ETR_{t-1}$  (in \$) is the estimated transmission revenue in regulatory year “t-1”, based on full Transmission Tariffs as approved by the Commission for regulatory year “t-1” (ie no discounts are to be included).

$ETV_{t-1}$  (in GJ) is the estimated volume of gas transmitted in regulatory year “t-1”.

$MATT_{t-1}$  (in \$/GJ) is the figure used for  $MATT_t$  for regulatory year “t-1”.

$EEA_{t-1}$  (in \$) is the estimated expansion allowance for Unanticipated System Expansion for regulatory year “t-1”.  $EEA_{t-1}$  is calculated as follows:

$$EEA_{t-1} = EETR_{t-1} - (EETV_{t-1} \cdot MATT_{t-1})$$

where:

$EETR_{t-1}$  (in \$) is the estimated “expansion” transmission revenue in year t-1 which is attributable to Unanticipated System Expansion, determined as follows:

If the regulatory year is the year ending 31 December 2003, then  $EETR_{t-1} = 0$ .

If the regulatory year is after the year ending 31 December 2003, then;

$$EETR_{t-1} = \sum_{tc} TTC_{t-1} \cdot {}^{\circ}ETD_{t-1}$$

Where:

$TTC_{t-1}$  (in \$/GJ) is the relevant Transmission Tariff component applicable in year “t-1”

${}^{\circ}ETD_{t-1}$  (in GJ) is the estimated quantity of the relevant Transmission Tariff component in regulatory year “t-1” attributable to Unanticipated System Expansion.

$\sum_{tc}$  is the sum over all relevant Transmission Tariff components.

$EETV_{t-1}$  is the estimated calendar year volume that is attributable to Unanticipated System Expansion in the year “t-1”.

#### 4.7 KTb

$$KTb_t = [ATR_{t-2} - ETR_{t-2} - \{(ATV_{t-2} - ETV_{t-2}) \cdot MATT_{t-2}\} - \{AEA_{t-2} - EEA_{t-2}\}] \cdot (1 + i_{t-1})$$

where:

$ATR_{t-2}$  (in \$) is the actual transmission revenue in regulatory year “t-2”, based on full Transmission Tariffs as approved by the Commission for the regulatory year “t-2” (ie no discounts are to be included).

$ETR_{t-2}$  (in \$) is the figure used for  $ETR_{t-1}$  when calculating  $KTa_t$  for regulatory year “t-1”.

$ATV_{t-2}$  (in GJ) is the actual volume of gas transmitted in regulatory year “t-2”.

$ETV_{t-2}$  (in GJ) is the figure used for  $ETV_{t-1}$  when calculating  $Kta_t$  for regulatory year “t-1”.

$MATT_{t-2}$  (in \$/GJ) is the figure used for  $MATT_t$  for the regulatory year “t-2”.

$AEA_{t-2}$  (in \$) is the actual allowance for Unanticipated System Expansion in regulatory year “t-2”.  $AEA_{t-2}$  is calculated as follows:

$$AEA_{t-2} = AETR_{t-2} - (AETV_{t-2} \cdot MATT_{t-2})$$

Where:

$AETR_{t-2}$  is the actual expansion transmission revenue in year “t-2” attributable to Unanticipated System Expansion;

where:

$$AETR_{t-2} = \sum_{tc} TTC_{t-2} \cdot {}^cATD_{t-2}$$

Where

$TTC_{t-2}$  (in \$/GJ) is the relevant Transmission Tariff component applicable in year “t-2”

${}^cATD_{t-2}$  (in GJ) is the actual quantity of the relevant Transmission Tariff component in regulatory year “t-2” attributable to Unanticipated System Expansion.

$AETV_{t-2}$  is the actual calendar year volume that is attributable to Unanticipated System Expansion in the year “t-2”.

$EEA_{t-2}$  (in \$) is the figure used for  $EEA_{t-1}$  when calculating  $Kta_t$  for regulatory year “t-1”.

$i_{t-1}$  is the figure used for  $i_t$  for the regulatory year “t-1”.

#### 4.8 Rebalancing Control Formula

The approved price of each Transmission Tariff component (**APTC**) must be less than the maximum price for each Transmission Tariff component (**MPTC**) where MPTC is calculated in accordance with clause 4.9 of this Schedule.

This procedure applies to all Transmission Tariff components with the exception of the revenues and volumes associated with the transmission refill tariffs described in clause 1.3(b) of Schedule 1.

#### 4.9 MPTC

$MPTC_t$  (in \$/GJ) for each Transmission Tariff component in regulatory year “t” is determined as follows:

For regulatory year 2003,  $MPTC_{2003}$  is the relevant Transmission Tariff component set out in Schedule 1.

For regulatory years after 2003,  $MPTC_t$  is calculated in three steps, as follows:

*Step 1:*

Step 1 is designed to determine the base figure for  $MPTC_t$ , as follows:

$$MPTC_{t(step\ 1)} = APTC_{t-1} \cdot CPI_t \cdot (1 - X)$$

where

$APTC_{t-1}$  is the approved price for the relevant Transmission Tariff component from the previous regulatory year;

$CPI_t$  is as defined in clause 4.4 of this Schedule; and

$X$  is the tariff control factor for the relevant Transmission Tariff component, as specified in Schedule 1.

*Step 2*

Step 2 is designed to have the effect of scaling each Transmission Tariff component so that the forecast average revenue from clauses 4.2 and 4.3 of this Schedule is obtained, as follows:

$$MPTC_{t(step\ 2)} = MPTC_{t(step\ 1)} \cdot (MATT_t \cdot FTV_t) / FR_{t(step\ 1)}$$

where

$MATT_t$  is defined in clause 4.3 of this Schedule;

$FTV_t$  is defined in clause 4.2 of this Schedule; and



$FR_{t(\text{step } 1)}$  is the forecast transmission revenue as calculated for year  $t$  using the forecast tariff components  $MPTC_{t(\text{step } 1)}$  from step 1 (excluding storage refill revenues and volumes).

### *Step 3*

The procedure in step 3 is designed to allow each Transmission Tariff component to be rebalanced upwards by up to 2% provided the total transmission revenue is unchanged.

GasNet may alter a Transmission Tariff component provided that:

- (a) the Transmission Tariff Component (as altered) meets the following requirement:

$$MPTC_{t(\text{step } 3)} \leq MPTC_{t(\text{step } 2)} \cdot 1.02$$

and

- (b) the total forecast transmission revenue calculated using the Transmission Tariff components (as altered) meets the following requirement:

$$FR_{t(\text{step } 3)} = MATT_t \cdot FTV_t$$

where:

$FR_{t(\text{step } 3)}$  is the forecast transmission revenue calculated using the Transmission Tariff components (as amended) (excluding storage refill revenues and volumes);

$MATT_t$  is defined in clause 4.3 of this Schedule; and

$FTV_t$  is defined in clause 4.2 of this Schedule.

## **4.10 General**

- (a) Where an application for altered Transmission Tariffs is made prior to the start of a regulatory year (as contemplated in clause 3.1 of Schedule 3), forecasts of demand, volume and revenue for the regulatory year should be based on the best estimates available at the time of application.
- (b) In this Schedule, “Unanticipated System Expansion” means gas volume transported through the GNS as a result of construction of a significant pipeline extension (greater than 10km or \$5 million) not included in the capital expenditure forecast for the regulatory period.
- (c) In this Schedule, a “regulatory year” means a period of 12 months commencing on 1 January.

# GasNet Australia Access Arrangement

## Schedule 5 - Description of GNS

Pipeline Licence	Location/Route	Length (km)	Pipe Diameter (mm)	MAOP (kPa)
	<i>Longford to Dandenong and Wollert System</i>			
Vic:68	Healesville-Koo-Wee-Rup Rd	1.2	80	2760
Vic:91	Anderson St, Warragul	4.8	100	2760
Vic:107	Pound Rd to Tuckers Rd	2.0	100	2760
Vic:50	Supply to Jeeralang	0.4	300	2760
Vic:50	Morwell to Dandenong	126.8	450	2760
Vic:75	Longford to Dandenong	174.2	750	6890
Vic:117	Rosedale to Tyers	34.3	750	7070
Vic:120	Longford to Rosedale	30.5	750	7070
Vic:135	Bunyip to Pakenham	18.7	750	7070
Vic:141	Pakenham to Wollert	93.1	750	6890
Vic:121	Tyers to Morwell	15.7	500	7070
Vic:67	Maryvale	5.4	150	6890
	<i>Wollert to Wodonga/Echuca/Bendigo System</i>			
Vic:101	Keon Park to Wollert	14.1	600	2760
Vic:202	Keon Park East - Keon Park West	0.6	450	2760
Vic:101	Wollert to Wodonga	269.4	300	7400
Vic:101	Euroa to Shepparton	34.5	200	7400
Vic:132	Shepparton to Tatura	16.2	200	7390
Vic:136	Tatura to Kyabram	21.3	200	7390
Vic:152	Kyabram to Echuca	30.7	150	7390
Vic:143	Wandong to Kyneton	59.5	300	7390
Vic:128	Mt Franklin to Kyneton	24.5	300	7390
Vic:131	Mt Franklin to Bendigo	50.8	300	7390
Vic:78	Ballan to Bendigo	90.8	150	7390
Vic:125	Guildford to Maryborough	31.4	150	7390
Vic:238	Somerton Pipeline	3.4	250	2760
Vic:176	Chiltern Valley to Rutherglen	14.7	200	7400
Vic:182	Rutherglen to Koonoomoo	88.8	200	7400
Vic:178	Barnawartha to Murray River	5.5	450	10200
NSW:24	Murray River to Culcairn	57.0	450	10200

<b>Pipeline Licence</b>	<b>Location/Route</b>	<b>Length (km)</b>	<b>Pipe Diameter (mm)</b>	<b>MAOP (kPa)</b>
	<b><i>Brooklyn to Ballarat System</i></b>			
Vic:78	Brooklyn to Ballan	66.6	200	7390
Vic:78	Ballan to Ballarat	22.7	150	7390
Vic:134	Ballan to Ballarat	22.8	300	7390
Vic:122	Derrimut to Sunbury	24.0	150	7390
	<b><i>Brooklyn to Geelong System</i></b>			
Vic:81	Brooklyn to Corio	50.7	350	7390
Vic:162	Laverton to BHP	1.6	150	2760
	<b><i>Dandenong to West Melbourne / Brooklyn System</i></b>			
Vic:36	Dandenong to West Melbourne	36.2	750	2760
Vic:108	South Melbourne to Brooklyn	12.8	750	2760
Vic:129	Princess Hwy to Henty St	0.2	500	2760
Vic:129	Dandenong to Princess Hwy	5.0	750	2760
Vic:36	Princess Hwy to Regent St	0.8	200	2760
Vic:164	Supply to Bay St To Unichema	0.4	150	2760
Vic:124	Supply to Newport Power Station	1	450	2760
	<b><i>Western Network</i></b>			
Vic:145	Paaratte to Allansford	33.3	150	7400
Vic:155	Allansford to Portland	100.4	150	9890
Vic:168	Curdievale to Cobden	27.7	150	9890
Vic:171	Codrington to Hamilton	54.6	150	9890
	<b><i>South West Pipeline</i></b>			
Vic:227	Iona to Paaratte	7.8	150	7400
Vic:231	Iona to Lara	143.9	500	10200