



**Access Arrangement
for the
Queensland Network**

Allgas Energy Pty Ltd
(ABN 52 009 656 446)

27 February 2006

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1 INTRODUCTION

1.1 Purpose and Scope

This Access Arrangement, submitted by Allgas Energy Pty Ltd ABN 009 656 446 ("Allgas") to the Queensland Competition Authority ("QCA" or "the Regulator"), has been approved in accordance with the requirements of the *Gas Pipelines Access (Queensland) Act 1998* which applies the Gas Pipelines Access Law as a law of Queensland. Schedule 2 of the Gas Pipelines Access Law contains the *National Third Party Access Code for Natural Gas Pipeline Systems* ("the Code").

For the Toowoomba and Oakey regions of the Network, the Access Arrangement is filed on behalf of Allgas Energy Toowoomba Pty Ltd ABN 009 655 645, a wholly owned subsidiary of Allgas Energy Pty Ltd.

Any future assigns or successors in title to Allgas are bound by the Access Arrangement approved by the Regulator.

The Access Arrangement describes the policies, terms and conditions applying to Users seeking third-party access to the Covered gas distribution Network within the Area Distribution Authority (No. DA-A-009) as held by Allgas under the Gas Supply Act 2003.

In accordance with section 2 of the Code, this Access Arrangement is submitted to the QCA in conjunction with the Access Arrangement Information that contains information on the Allgas distribution Network and on the derivation of various elements of the Access Arrangement. Maps showing the extent of the Network are also included in the Access Arrangement Information.

Appendices to the Access Arrangement contain:

- A: a glossary of terms.
- B: the tariff schedule for 2006-07.
- C: the Terms and Conditions.

1.2 Commencement

This Access Arrangement commences on the date it is approved by the Regulator (the Commencement Date).

1.3 Term

The term of this Access Arrangement shall be the period of time from the Commencement Date to 30 June 2011.

1.4 Review and Expiry

3.17 *An Access Arrangement must include:*

- (a) *a date upon which the Service Provider must submit revisions to the Access Arrangement (a **Revisions Submission Date**); and*
- (b) *a date upon which the next revisions to the Access Arrangement are intended to commence (a **Revisions Commencement Date**).*

In approving the Revisions Submissions Date and Revisions Commencement Date, the Relevant Regulator must have regard to the objectives in section 8.1, and may in making its

decision on an Access Arrangement (or revisions to an Access Arrangement), if it considers it necessary having had regard to the objectives in section 8.1:

- (i) require an earlier or later Revisions Submission Date and Revisions Commencement Date than proposed by the Service Provider in its proposed Access Arrangement;*
- (ii) require that specific major events be defined that trigger an obligation on the Service Provider to submit revisions prior to the Revisions Submission Date.*

3.18 *An Access Arrangement Period accepted by the Relevant Regulator may be of any length; however, if the Access Arrangement Period is more than five years, the Relevant Regulator must not approve the Access Arrangement without considering whether mechanisms should be included to address the risk of forecasts on which the terms of the Access Arrangement were based and approved proving incorrect. These mechanisms may include:*

- (a) requiring the Service Provider to submit revisions to the Access Arrangement prior to the Revisions Submission Date if certain events occur, for example:*
 - (i) if a Service Provider's profits derived from a Covered Pipeline are outside a specified range or if the value of Services reserved in contracts with Users are outside a specified range;*
 - (ii) if the type or mix of Services provided by means of a Covered Pipeline changes in a certain way; or*
- (b) a Service Provider returning some or all revenue or profits in excess of a certain amount to Users, whether in the form of lower charges or some other form.*

Where a mechanism is included in an Access Arrangement pursuant to section 3.18(a), the Relevant Regulator must investigate no less frequently than once every five years whether a review event identified in the mechanism has occurred.

1.4.1 Revisions Submissions Date

The Revisions Submission Date will be a date nine (9) months prior to the expiry of the term of this Access Arrangement.

1.4.2 Revisions Commencement Date

The Revisions Commencement Date will be 1 July 2011. The Access Arrangement that is current at the time will continue to apply until such time as the Regulator approves any revisions.

1.5 Contact Details

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Allgas Energy Pty Ltd
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Brisbane 4001 Australia

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1.6 Interpretation

Terms in this Access Arrangement have the meaning given in the glossary in Appendix A and defined terms appear with initial capital letters.

Unless otherwise stated, references to section numbers are references to sections in this Access Arrangement. This does not apply to the boxed text which outlines the requirements of the Code and refers to the relevant sections of the Code.

2 SERVICES POLICY

3.1 *An Access Arrangement must include a policy on the Service or Services to be offered (a Services Policy).*

The Services Policy must comply with the following principles:

- (a) The Access Arrangement must include a description of one or more Services that the Service Provider will make available to Users or Prospective Users, including:
 - (i) one or more Services that are likely to be sought by a significant part of the market; and*
 - (ii) any Service or Services which in the Relevant Regulator's opinion should be included in the Services Policy.**
- (b) To the extent practicable and reasonable, a User or Prospective User must be able to obtain a Service which includes only those elements that the User or Prospective User wishes to be included in the Service.*
- (c) To the extent practicable and reasonable, a Service Provider must provide a separate Tariff for an element of a Service if this is requested by a User or Prospective User.*

The Allgas Services Policy provides for all Reference Services and any additional Services.

This section sets out a description of the Services offered, the types of Users who may access those Services, and the conditions associated with those Services. To the extent practicable and reasonable, Allgas will provide separate tariffs for elements of any Service if requested by a User.

To the extent practicable and reasonable, Allgas may also provide Additional Services not covered under this Access Arrangement where requested by a User. These include non-reference Ancillary Services and Negotiated Services as detailed in section 2.2.

The terms and conditions attached to this Access Arrangement apply to all Reference Services provided to Users.

Each User must enter into an Access Agreement applicable to that Service and that User. These agreements include a:

- standard agreement as covered by the terms and conditions of this Access Arrangement; or
- negotiated agreement where agreed by both the User and Allgas.

2.1 Reference Services

The Reference Services available under this Access Arrangement are:

- Volume Customer Service;
- Demand Customer Service; and
- Ancillary Services.

The Volume and Demand Customer Services are for forward haulage of gas and include:

- (a) receiving Natural Gas from or for the account of the User at each Receipt Point;
- (b) transporting Natural Gas from each Receipt Point through the Network;
- (c) delivering Natural Gas to or for the account of the User through each Delivery Point;

- (d) provision of data on metered volumes (in energy terms) from Delivery Points at scheduled intervals; and
- (e) gas balancing for the Network as required under the Business Rules.

These Reference Services apply to all existing End Users except where pre-existing contractual arrangements provide alternative arrangements. All Prospective Users can request an Access Agreement under the terms and conditions associated with the Reference Services. However, under certain circumstances, including those requiring difficult or lengthy Network extensions, Prospective Users may be required to negotiate specific arrangements outside of the Reference Services. These conditions are detailed in the Allgas Extensions/Expansions Policy in section 6.

Allgas will determine from time to time the category of Reference Service applicable to each End User. The Allgas determination will bind the User. Allgas will not be liable for any costs incurred by the User or the End User as a result of an incorrect determination by Allgas of the End User's Reference Service category.

2.1.1 Volume Customer Service

Description

The Volume Customer Service is available where the End User is reasonably expected to withdraw a quantity of Natural Gas less than 10TJ per year. This Service provides for the transportation of gas delivered into the Network by or on behalf of the End User. Deliveries of gas may only be curtailed or interrupted in specified circumstances (eg. emergencies, events of force majeure, Network maintenance as described in the Terms and Conditions in Appendix C).

Qualifications

End Users at Single Premises existing at the commencement of this Access Arrangement whose total consumption at the Single Premises is less than 10TJ/year qualify for this Service. This Service applies to a single connection facility only.

Terms and Conditions

The general Terms and Conditions in Appendix C apply to the Volume Customer Service.

The pricing for the Volume Customer Service will consist of a base fixed charge component and variable volume components. Allgas will charge these components to the User in accordance with the tariff schedule set out in Appendix B, which will be updated on an annual basis.

For End Users utilising the Volume Customer Service, Allgas will provide a guaranteed minimum delivery pressure of 1.125kPa. Minimum delivery pressures in excess of 1.125kPa may be provided on a negotiated basis, at the discretion of Allgas and subject to Network constraints. Allgas does not warrant that appliances requiring minimum delivery pressures above 1.125kPa can be connected and Users should ensure that they contact Allgas before such appliances are connected.

2.1.2 Demand Customer Service

Description

The Demand Customer Service is available where the End User is reasonably expected to withdraw a quantity of Natural Gas of greater than 10TJ per year. This Service provides for the transportation of gas delivered into the Network by or on behalf of the End User. Deliveries of gas

may only be curtailed or interrupted in specified circumstances (eg. emergencies, events of force majeure, Network maintenance as described in the Terms and Conditions in Appendix C).

Qualifications

Users must have an annual usage quantity of at least 10TJ at a single Delivery Point. This usage must be based on actual consumption in the past 12 months unless otherwise agreed by Allgas.

End Users at Single Premises that existed prior to 2001 and whose total consumption at the Single Premises is at least 10TJ per annum, qualify for this Service and are considered to have a single Delivery Point for this qualification. For new End Users at new or existing Single Premises this Service applies to a single connection facility only.

Terms and Conditions

The general Terms and Conditions in Appendix C apply to the Demand Customer Service.

The pricing for the Demand Customer Service includes a fixed charge component, an Agreed Demand (MHQ) component plus a daily volume component (MDQ). Allgas will charge these components to the User in accordance with the tariff schedule set out in Appendix B, which will be updated on an annual basis.

Reference Tariffs are on a zonal basis with maps of the relevant zones provided in the Allgas Access Arrangement Information.

Users are charged according to the Agreed Demand (MHQ) to be delivered to their Delivery Point. The Agreed Demand shall be nominated and fixed by Allgas for each User's Delivery Point. An End-User's Agreed Demand will only be revised when they require additional capital expenditure spent on the Network or Delivery Point.

Users are also charged based on the required daily throughput to be delivered to each Delivery Point (MDQ). Allgas shall fix the MDQ for each End User prior to the commencement of each Contract Year. For End Users with Interval Metering, the MDQ will be set at the maximum MDQ for that End User in the previous year unless otherwise agreed. For End Users without Interval Metering, the MDQ shall be nominated by Allgas and will be based on the maximum average daily quantity calculated monthly for that End User in the previous year multiplied by a factor of 1.1.

For End Users utilising the Demand Customer Service, Allgas will provide a guaranteed minimum delivery pressure of 1.125kPa. Minimum delivery pressures in excess of 1.125kPa may be provided on a negotiated basis, at the discretion of Allgas and subject to Network constraints. Allgas does not warrant that appliances requiring minimum delivery pressures above 1.125kPa can be connected and Users should ensure that they contact Allgas before such appliances are connected. Other minimum guaranteed delivery pressures must be specifically negotiated with Allgas.

Unauthorised Overruns

An End User overruns when the actual MDQ for the End User exceeds the MDQ for that End User at the Delivery Point as fixed by Allgas prior to the commencement of the Contract Year. An overrun can only be considered when Interval Metering is installed at the Delivery Point and is in service and operating normally.

When an overrun occurs within a single billing period, Allgas will not adjust the MDQ for the End User for that Contract Year. However, if an overrun occurs in a second billing period during the same Contract Year, the MDQ for the remainder of the Contract Year will reflect the highest recorded MDQ.

2.1.3 Ancillary Services

Description

The Ancillary Services classified as Reference Services are the Special Meter Reading Service, Inlet Disconnection and Inlet Reconnection Services. These Service provide for:

- **Special Meter Reading** - at the request of the User, where the Meter reading is not a scheduled Meter reading (including final Meter readings);
- **Inlet Disconnection Service** - physical disconnection of pipe-work joining a Delivery Point to the Network; and
- **Inlet Reconnection Service** - physical reconnection of a Delivery Point - includes relighting any appliances installed at the place or premises to which gas is delivered through the Delivery Point under the Volume Customer Service.

Qualifications

No fee will be applied for Meter readings when End Users switch Users.

Terms and Conditions

The general Terms and Conditions in Appendix C apply to the Reference Ancillary Services.

The costs for the Ancillary Services have been included in the cost base for the determination of Reference Tariffs. The unit cost of providing the Services is met by the fixed charges listed in Appendix B, which will be updated on an annual basis.

2.2 Additional Services

Allgas offers a number of other Services in addition to the Reference Services. Users can contact Allgas for a complete list of non-reference Ancillary Services.

In relation to the Allgas Terms and Conditions, Allgas will negotiate other terms and conditions if requested by the User and, if agreement is reached, the resulting Service will be provided as a Service other than a Reference Service.

If requested to do so by a User, Allgas will, to the extent that it is practicable, reasonable and commercially viable to do so, provide a separate tariff for an element of a Negotiated Service.

3 REFERENCE TARIFF POLICY

- 3.3 *An Access Arrangement must include a Reference Tariff for:*
- (a) *at least one Service that is likely to be sought by a significant part of the market; and*
 - (b) *each Service that is likely to be sought by a significant part of the market and for which the Relevant Regulator considers a Reference Tariff should be included.*
- 3.4 *Unless a Reference Tariff has been determined through a competitive tender process as outlined in sections 3.21 to 3.36, an Access Arrangement and any Reference Tariff included in an Access Arrangement must, in the Relevant Regulator's opinion, comply with the Reference Tariff Principles described in section 8.*
- 8.1 *A Reference Tariff and Reference Tariff Policy should be designed with a view to achieving the following objectives:*
- (a) *providing the Service Provider with the opportunity to earn a stream of revenue that recovers the efficient costs of delivering the Reference Service over the expected life of the assets used in delivering the Service;*
 - (b) *replicating the outcome of a competitive market;*
 - (c) *ensuring the safe and reliable operation of the Pipeline;*
 - (d) *not distorting investment decisions in Pipeline transportation systems or in upstream and downstream industries;*
 - (e) *efficiency in the level and structure of the Reference Tariff; and*
 - (f) *providing an incentive to the Service Provider to reduce costs and to develop the market for Reference and other Services.*
- 8.2 *The factors about which the Relevant Regulator must be satisfied in determining to approve a Reference Tariff and Reference Tariff Policy are:*
- (a) *the revenue to be generated from the sales (or forecast sales) of all Services over the Access Arrangement Period (the Total Revenue) should be established consistently with the principles and according to one of the methodologies contained in section 8 of the Code;*
 - (b) *to the extent that the Covered Pipeline is used to provide a number of Services, that portion of Total Revenue that a Reference Tariff is designed to recover (which may be based upon forecasts) is calculated consistently with the principles contained in section 8 of the Code;*
 - (c) *a Reference Tariff (which may be based upon forecasts) is designed so that the portion of Total Revenue to be recovered from a Reference Service is recovered from the Users of that Reference Service consistently with the principles contained in section 8 of the Code;*
 - (d) *Incentive Mechanisms are incorporated into the Reference Tariff Policy wherever the Regulator considers appropriate and such Incentive Mechanisms are consistent with the principles contained in section 8 of the Code; and*
 - (e) *any forecasts required in setting the Reference Tariff represent best estimates arrived at on a reasonable basis.*

3.1 Pricing Principles

The Reference Tariffs are designed to meet the Code's objectives as explained below. The key objectives of the policy include recovering the efficient costs of providing Services, with emphasis on the safety and integrity of the Network, providing price certainty to Users, and signalling appropriate development of the market through extension of the distribution network.

The Reference Tariffs have been determined using a Cost of Service approach where the Total Revenue is calculated on the basis of a rate of return on the capital base plus depreciation of the capital base plus the operating, maintenance and other non-capital costs of the Network.

- **Cost Reflectivity** – The Reference Tariffs reflect a recovery of efficient costs associated with delivering the Services of the Network. Benchmarking these costs against other providers shows that Allgas' costs are comparable given the scale of the organisation. Built into the forecasts are efficiency gains and these will pass directly to Users within this regulatory period.

Forecast operating and maintenance costs deliver efficiency gains each year over the five-year term of the Access Arrangement as described in the Access Arrangement Information.

- **Efficient Pricing Signals** – The revenues associated with the Reference Tariffs reflect economically efficient pricing principles. That is, the revenues for each of the Reference Tariffs have been set so that they are between incremental and stand-alone prices. If revenue falls below the incremental cost of supply for an End User the incentive for Allgas to connect similar Prospective End Users is removed. If revenue per End User exceeds the stand-alone costs of replicating the Reference Service there is a risk of bypass resulting in inefficient use of resources.

Thus the Reference Tariffs have been structured to avoid these situations arising.

Within each of these Reference Tariffs some re-balancing will be required over a transitional period to ensure that the pricing for individual End Users also complies with efficiency criteria.

Section 3.3 provides for tariff variations from Year to Year within the term of the Access Arrangement. Typically prices are increased for inflation and then adjusted downwards to reflect projected cost savings. Some re-balancing of the tariffs is also proposed. This enables a progressive movement towards fully cost reflective prices. The Volume Customer Service adjustments in section 3.3 include a side-constraint on price for each End User to ensure that no single End User faces significant price movements.

- **Price Stability** – The Reference Tariffs have been designed to provide certainty and stability of pricing for all Users. Reference Tariffs have been smoothed over the term of the Access Arrangement to avoid shocks in any year.
- **Replicating competitive market outcomes** – The Reference Tariffs are designed to reflect the most efficient use of the distribution system resources. Operating and other non-capital costs are allocated to the appropriate assets and specific assets are allocated to each customer class according to their use. Costs are benchmarked and the tariff policy incorporates an incentive mechanism where Reference Tariffs are forecast to deliver real gains in productivity to Users. The Access Arrangement Information provides benchmarking data for operating and maintenance costs.

- **Safe and reliable operation** – Capital expenditure forecasts place a high degree of importance on the safety and integrity of the Network as Users are entitled to the safe use of the distribution system. Forecasts are also designed to deliver benefits both in reduced Unaccounted for Gas (“UAG”) and reduced corrective maintenance expenditure.
- **Appropriate investment decisions** – The Reference Tariffs are modelled so as to provide appropriate investment signals for the development and growth of the Network. The fixed and variable components of pricing for both the Volume and Demand Customer Services have been designed to maximise the utilisation of the Network but also to ensure the provision of connection assets of the correct capacity. Increased utilisation drives a lower unit cost for the usage of such assets and also results in a tariff which represents an efficient Network design to supply that End User.

The Reference Tariff for the Demand Customer Service has also been designed to avoid uneconomic duplication of the Network. The pricing approach for the Demand Customer Service incorporates the prudent discount approach identified in section 8.43 of the Code.

3.2 Reference Tariffs – General

The Reference Tariff Policy for Allgas is designed to recover forecast Network capital costs and efficient operating costs, and to provide Allgas with an appropriate commercial rate of return comparable to recent regulatory decisions.

Allgas has applied the Weighted Average Cost of Capital (“WACC”) approach and the Capital Asset Pricing Model in determining a nominal post tax WACC. The values considered for the various parameters of the WACC are detailed in the Access Arrangement Information.

Under a Cost of Service approach, the Total Revenue for each year in the Access Arrangement is calculated as the sum of the following components:

- Return on Assets, which is determined by applying the WACC to the capital base;
- Return of Assets (depreciation), which is determined using a straight-line depreciation approach;
- Non-capital Costs, which are costs associated with operation, maintenance and administrative overheads; and
- UAG Costs, which are the costs for the gas necessary for the efficient operation of the Network.

Further details of each of the Cost of Service components are provided in the Access Arrangement Information.

This Total Revenue is then smoothed using a Net Present Value approach. Details of these revenue calculations are provided in section 7 of the Access Arrangement Information.

Once the Total Revenues are determined in each year of the Access Arrangement, costs are allocated to various categories of End Users. This cost allocation approach recognises the need to allocate asset related costs and non-capital costs in a cost reflective and transparent manner. Some costs are directly attributable to specific categories of End Users, while others need to be allocated across End Users. The principles and mechanisms of the cost allocation process are outlined in detail in section 8 of the Access Arrangement Information.

Following allocation of costs, it is necessary to determine Reference Tariffs for Users. These Reference Tariffs are fixed in a manner that recovers the allocated cost, and provides signals for efficient Network usage and appropriate incentive for investment.

Typically, Reference Tariffs include some element of fixed charge plus some variable components that depend on actual Metered Quantities for a period. In this way signals about fixed costs are reflected through to End Users, but at the same time they are given incentives about the manner in which they control their consumption.

Further details of the design of the Reference Tariffs are provided in section 9 of the Access Arrangement Information.

All Reference Tariffs in the Access Arrangement are expressed for the Contract Year commencing 1 July 2006. The Reference Tariffs for 2006-07 are set out in Appendix B. Reference Tariffs will only apply to End Users once the Regulator has made a final determination.

Reference Tariffs for later years are to be determined in accordance with the mechanisms described in section 3.3.

In the case of the Demand Customer Service, the Reference Tariffs vary according to the zone in which the Delivery Point is located. There are three zones in the Brisbane region, two in Toowoomba, two in Oakey and three on the South Coast. Maps of the pricing zones are provided in Appendix A of the Access Arrangement Information.

3.3 Reference Tariff Variations

8.3 *Subject to section 8.3A and to the Relevant Regulator being satisfied that it is consistent with the objectives contained in section 8.1, the manner in which a Reference Tariff may vary within an Access Arrangement Period through the implementation of a Reference Tariff Policy is within the discretion of the Service Provider. For example, the Reference Tariff Policy may specify that Reference Tariffs will vary within an Access Arrangement Period through the implementation of:*

- (a) a Cost of Service Approach;*
- (b) a Price Path Approach;*
- (c) a Reference Tariff Control Formula Approach;*
- (d) a Trigger Event Adjustment Approach; or*
- (e) any variation or combination of the above.*

8.3A *A Reference Tariff may vary within an Access Arrangement Period only through implementation of the Approved Reference Tariff Variation Method as provided for in sections 8.3B to 8.3H.*

All rates and charges for Reference Services will be adjusted prior to and effective from the commencement of each Contract Year at 1 July in accordance with the approach set out in this section.

Unless otherwise indicated, the following definitions apply in this section:

| | | |
|--------------------------|---|--|
| Rate | = | rate or charge applying immediately before the Adjustment Date |
| Revised Rate | = | rate or charge to be applied from the Adjustment Date |
| CPI_n | = | CPI published in the quarter immediately before the Adjustment Date |
| CPI_{n-1} | = | CPI published in the equivalent quarter in the year before the Adjustment Date |
| CPI % | = | $[\text{CPI}_n - \text{CPI}_{n-1}] / \text{CPI}_{n-1}$ |

3.3.1 Price Adjustments for Volume Customer Service

The price for the Volume Customer Service will be submitted to the Regulator for approval at least one Month prior to the commencement of each Contract Year, with revised prices to become effective from the commencement of the Contract Year. The following formula defines the change to the rate expressed in \$/GJ terms. The individual tariff components may be separately adjusted by different amounts provided that the average \$/GJ price adjustment is in accordance with the following formula.

$$\text{Revised Rate} = \text{Rate} * (1 + \text{CPI}\% - X_{\text{Volume Customer Service}})$$

where $X_{\text{Volume Customer Service}} = -0.1\%$ for the duration of the Access Arrangement.

This X factor results in the price movement forecast to deliver Total Revenues for this customer class. The higher X factor is a result of re-balancing the tariffs to move towards cost reflectivity. The maximum increase in the price for any individual End User for an annual price adjustment, expressed in \$/GJ terms will be limited to a maximum of $\text{CPI}\% + 3\%$ or \$7, whichever is the greater.

3.3.2 Price Adjustments for Demand Customer Service

The price for the Demand Customer Service will be submitted to the Regulator for approval at least one Month prior to the commencement of each Contract Year, with revised prices to become effective from the commencement of the Contract Year. The following formula defines the change to the rate expressed in \$/GJ of MDQ. The individual tariff components may be separately adjusted by different amounts provided that the average \$/GJ of MDQ price adjustment is in accordance with the following formula.

$$\text{Revised Rate} = \text{Rate} * (1 + \text{CPI}\% - X_{\text{Demand Customer Service}})$$

where $X_{\text{Demand Customer Service}} = 0\%$ for the duration of the Access Arrangement.

The Agreed Demand and MDQ quantities of the Demand Customer Service will not be adjusted by this formula. Agreed Demand remains unchanged while MDQ is adjusted after review of actual meter readings for the previous 12 Months.

This X factor results in the price movement to deliver Total Revenues for this customer class.

3.3.3 Price Adjustments for Ancillary Services

The charges for the Reference Ancillary Services will be submitted to the Regulator for approval at least one Month prior to the commencement of each Contract Year, with revised prices to become effective from the commencement of the Contract Year. The charge for the Reference Ancillary Services will be adjusted in accordance with CPI.

$$\text{Revised Rate} = \text{Rate} * (1 + \text{CPI}\%)$$

3.3.4 Pass-through for Uncontrollable Costs

It is possible that Imposts will be changed or implemented within the Access Arrangement period. If these new Imposts or changes in existing Imposts are demonstrably unforeseen and Material, then Allgas will provide a notice to the Regulator for approval of a variation to the Reference Tariffs in accordance with section 8.3(d) of the Code. Allgas will submit the notice to the Regulator at least one Month prior to the commencement of each Contract Year.

Note that only costs associated with gas retail contestability for customers consuming at least 1TJ per annum have been incorporated into this Access Arrangement. The form of full retail contestability is unknown at this time.

Allgas will bear the cost or benefit from any reduction in Imposts for the duration of the Access Arrangement Period if they are not considered Material.

3.4 Incentive Mechanisms and Related Fixed Principles

3.4.1 Total Revenue Incorporates Significant Cost Reductions

The Total Revenue requirement detailed in the Access Arrangement Information (section 7) incorporates considerable cost reductions. By virtue of these forecasts within the Access Arrangement, Allgas has a powerful incentive to contain costs to forecast levels.

The Total Revenue will not be adjusted to reflect differences between forecast and actual:

- gas deliveries; and/ or
- business costs;

subject to the provisions in section 3.3.4.

3.4.2 Fixed Principle – Efficiency Carryover Mechanism from Change to Market or Industry Structure

In instances where Allgas generates efficiencies as a consequence of changes to the gas market or industry, these efficiencies will be retained by Allgas as per an effective incentive-based regulatory regime, for at least five years from that point in time. At the start of the sixth year, Allgas will glide path the efficiencies back to Users over the subsequent five years.

3.5 Redundant Capital Policy

In accordance with section 8.27 of the Code, the capital base shall be reduced based on the following principles:

- any assets that cease to contribute to the delivery of Services to Users shall be removed from the capital base; and
- costs associated with a decline in the volume of sales of Services provided by means of the Covered Pipeline will be shared between Allgas and Users.

If assets that are the subject of Redundant Capital subsequently contribute, or make an enhanced contribution, to the delivery of Services, the assets may be treated as a New Facility having New Facilities Investment (for the purposes of sections 8.16, 8.17, 8.18 and 8.19 of the Code) equal to the value of the Redundant Capital increased annually on a compounded basis by the Rate of Return from the time the Redundant Capital was removed from the Capital Base.

4 TERMS AND CONDITIONS

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| <p>3.6 <i>An Access Arrangement must include the terms and conditions on which the Service Provider will supply each Reference Service. The terms and conditions included must, in the Relevant Regulator's opinion, be reasonable.</i></p> |
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The Allgas Terms and Conditions are included as Appendix C.

5 TRADING POLICY

3.9 *The Access Arrangement for a Covered Pipeline which is described in the Access Arrangement as a Contract Carriage Pipeline must include a policy that explains the rights of a User to trade its right to obtain a Service to another person (a Trading Policy).*

3.10 *The Trading Policy must comply with the following principles:*

- (a) *A User must be permitted to transfer or assign all or part of its Contracted Capacity without the consent of the Service Provider concerned if:
 - (i) *the User's obligations under the contract with the Service Provider remain in full force and effect after the transfer or assignment; and*
 - (ii) *the terms of the contract with the Service Provider are not altered as a result of the transfer or assignment (a Bare Transfer).**

In these circumstances the Trading Policy may require that the transferee notify the Service Provider prior to utilising the portion of the Contracted Capacity subject to the Bare Transfer and of the nature of the Contracted Capacity subject to the Bare Transfer, but the Trading Policy must not require any other details regarding the transaction to be provided to the Service Provider.

- (b) *Where commercially and technically reasonable, a User must be permitted to transfer or assign all or part of its Contracted Capacity other than by way of a Bare Transfer with the prior consent of the Service Provider. The Service Provider may withhold its consent only on reasonable commercial or technical grounds and may make its consent subject to conditions only if they are reasonable on commercial and technical grounds. The Trading Policy may specify conditions in advance under which consent will or will not be given and conditions that must be adhered to as a condition of consent being given.*
- (c) *Where commercially and technically reasonable, a User must be permitted to change the Delivery Point or Receipt Point from that specified in any contract for the relevant Service with the prior written consent of the Service Provider. The Service Provider may withhold its consent only on reasonable commercial or technical grounds and may make its consent subject to conditions only if they are reasonable on commercial and technical grounds. The Trading Policy may specify conditions in advance under which consent will or will not be given and conditions that must be adhered to as a condition of consent being given.*

3.11 *Examples of things that would be reasonable for the purposes of section 3.10(b) and (c) are:*

- (a) *the Service Provider refusing to agree to a User's request to change its Delivery Point where a reduction in the amount of the Service provided to the original Delivery Point will not result in a corresponding increase in the Service Provider's ability to provide that Service to the alternative Delivery Point; and*
- (b) *the Service Provider specifying that, as a condition of its agreement to a change in the Delivery Point or Receipt Point, the Service Provider must receive the same amount of revenue it would have received before the change.*

In accordance with the Code, Allgas provides for the transfer or assignment of Contracted Capacity between Users. This policy facilitates the maximum utilisation of capacity and encourages flexibility for Users to effect their supply arrangements. Allgas undertakes to act in a non-discriminatory manner and will provide all Users with equal treatment in regard to trading and other capacity management issues.

5.1 Bare Transfers

A User may make a Bare Transfer without the consent of Allgas provided that the transferee notifies Allgas prior to utilising the portion of the Contracted Capacity subject to the Bare Transfer and the nature of the Contracted Capacity subject to the Bare Transfer.

5.2 Other Transfers

A User may only transfer or assign all or part of its Contracted Capacity other than by way of a Bare Transfer with the prior consent of Allgas, which will only be withheld on reasonable commercial or technical grounds, or given subject to reasonable commercial or technical conditions. Examples of the basis by which Allgas could refuse a transfer are contained in section 3.11 of the Code. Allgas will reply to any request from a User for consent to a transfer within 10 Business Days of receiving the request (where that request is accompanied by information reasonably necessary to enable Allgas to consider the request). If the User informs Allgas that due to hardship the User requires an urgent reply to its request, Allgas will use reasonable endeavours to respond within two Business Days of receiving the request.

5.3 Delivery and Receipt Points

A User may only change the Delivery Point or Receipt Point from that specified in the Access Agreement with the prior consent of Allgas, which will only be withheld on reasonable commercial or technical grounds, or given subject to reasonable commercial or technical conditions. Examples of the basis by which Allgas could refuse a transfer are contained in section 3.11 of the Code. Allgas will reply to any request from a User for consent to a change in Receipt Point or Delivery Point within 10 Business Days of receiving the request (where that request is accompanied by information reasonably necessary to enable Allgas to consider the request).

5.4 Procedures and Conditions of Transfer and Assignment

In the case of a transfer / assignment (other than a Bare Transfer) the following procedure shall apply:

- Allgas must be given adequate notification to consider the transfer /assignment application;
- the party requesting the transfer / assignment must bear the cost to Allgas of investigating the technical and commercial feasibility of the application. These fees will vary depending on the complexity of the transfer analysis but Allgas must charge on a reasonable cost basis for such requests. Allgas will provide quotes if requested;
- the party requesting the transfer / assignment must provide Allgas with all relevant details of the transfer / assignment; and
- after analysing the request, Allgas must advise the relevant parties without undue delay.

Where a transfer / assignment is affected:

- the transferee will be required to enter into a new Contract, the terms and conditions of which will be consistent with section 2 and in accordance with section 6.2 of this Access Arrangement; and
- Allgas will deal only with the User.

6 EXTENSIONS / EXPANSIONS POLICY

- 3.16 *An Access Arrangement must include a policy (an Extensions/Expansions Policy) which sets out:*
- (a) *the method to be applied to determine whether any extension to, or expansion of the Capacity of, the Covered Pipeline:*
 - (i) *should be treated as part of the Covered Pipeline for all purposes under the Code; or*
 - (ii) *should not be treated as part of the Covered Pipeline for any purpose under the Code; (for example, the Extensions/Expansions Policy could provide that the Service Provider may, with the Relevant Regulator's consent, elect at some point in time whether or not an extension or expansion will be part of the Covered Pipeline or will not be part of the Covered Pipeline);*
 - (b) *specify how any extension or expansion which is to be treated as part of the Covered Pipeline will affect Reference Tariffs (for example, the Extensions/Expansions Policy could provide:*
 - (i) *Reference Tariffs will remain unchanged but a Surcharge may be levied on Incremental Users where permitted by sections 8.25 and 8.26; or*
 - (ii) *specify that a review will be triggered and that the Service Provider must submit revisions to the Access Arrangement pursuant to section 2.28);*
 - (c) *if the Service Provider agrees to fund New Facilities if certain conditions are met, a description of those New Facilities and the conditions on which the Service Provider will fund the New Facilities.*

Allgas provides the following policy to cover the expansion or extension of the Network. This policy is intended to ensure that any expansion or extension of the Allgas Network meets the efficiency requirements of the Code and delivers appropriate pricing signals to Prospective Users. Further, it ensures that equity is retained between existing and Prospective Users through the provision of extensions in accordance with the philosophy upon which the Reference Tariff Policy is based. An extension or expansion is intended to cover any capital works undertaken by Allgas or its agent.

6.1 Network Extensions

A Network extension is defined as being any addition to the Network within the term of the Access Arrangement.

An extension that is directly connected to an existing covered Network will be automatically treated as part of the Covered Pipeline upon the extension coming into service, unless the following circumstances apply.

An extension which is directly connected to an existing Covered Network will not be treated as part of the Covered Pipeline if:

- the extension is a Significant Extension (or where Allgas can demonstrate the extension represents a special case); and
- Allgas obtains the QCA's written approval to exclude the extension from the Network.

A Significant Extension means an extension of the Network to connect one or more Delivery Points, where the anticipated quantity of gas delivered exceeds 10TJ per year and the anticipated capital expenditure for the extension exceeds \$1,000,000.

In the case of a Significant Extension which is directly connected with an existing Covered Pipeline, and for which written consent has been provided by the Regulator to treat the extension as an Excluded Extension, Allgas will negotiate with the Regulator to ensure that some portion of the revenue generated from that extension is offset against the Total Revenue calculation in recognition of the role of common or joint assets that form part of the Covered Pipeline. Allgas will also explicitly identify any such extension in its Access Arrangement. There are presently no such extensions.

Any extension that is not directly connected with the existing Covered Pipeline may be excluded from the Covered Pipeline (an Excluded Extension), subject to the prior written consent of the Regulator.

Where an extension meets the test detailed in section 8.16 of the Code there will be no adjustment to the prevailing tariff prior to the extension.

Where an extension, either covered or excluded, is for the purpose of supplying an additional End User or group of End Users and the extension does not meet the economic feasibility test in section 8.16(a)(ii)(A) of the Code, a Capital Contribution or Surcharge may be charged by Allgas. Neither the Capital Contribution amount nor the net present value of the Surcharge amounts shall exceed the capital cost of constructing the extension. In these circumstances no adjustment will be made to the prevailing tariff prior to the extension and the End User will pay the prevailing tariff plus the Capital Contribution or Surcharge amount as determined by Allgas.

Allgas will only provide written notice to the Regulator where it elects to charge a Surcharge.

6.2 Network Expansions / Augmentations

A Network Augmentation will be automatically treated as part of the Covered Pipeline upon the Augmentation coming into service.

There are three types of Network Augmentation envisaged by Allgas as follows:

- an Augmentation necessary to maintain the safety, integrity or contracted conditions of the Network where such Augmentation meets the test in section 8.16 of the Code. In this instance, there will be no adjustment to the prevailing tariff prior to the Augmentation;
- in accordance with section 8.16(a)(ii)(B) of the Code, if the Augmentation has system wide benefits that justify the approval of a higher Reference Tariff for all Users, Allgas may seek the Regulator's approval of an increase in the Reference Tariff; and
- an Augmentation necessary to maintain the safety, integrity or contracted conditions of the Network for a particular End User or group of End Users where such Augmentation does not meet the test in section 8.16 of the Code. In this instance, Allgas may require the provision of a Capital Contribution or Surcharge to be applied to the End User or group of End Users. In these circumstances no adjustment will be made to the prevailing tariff prior to the Augmentation and the End User will pay the prevailing tariff plus the Capital Contribution or Surcharge amount as determined by Allgas. Allgas will provide written notice to the Regulator where it elects to charge a Surcharge.

7 CAPACITY MANAGEMENT POLICY

- 3.7 *An Access Arrangement must include a statement (a Capacity Management Policy) that the Covered Pipeline is either:*
- (a) *a Contract Carriage Pipeline; or*
 - (b) *a Market Carriage Pipeline.*
- 3.8 *The Relevant Regulator must not accept an Access Arrangement which states that the Covered Pipeline is a Market Carriage Pipeline unless the Relevant Minister of each Scheme Participant in whose Jurisdictional Area the Pipeline is wholly or partly located has given a notice to the Relevant Regulator permitting the Covered Pipeline to be a Market Carriage Pipeline.*

The Allgas Covered Pipeline is a Contract Carriage Pipeline.

Allgas undertakes to act in a non-discriminatory manner and will provide all Users with equal treatment in regard to capacity management issues.

APPENDIX A: GLOSSARY

| | |
|---------------------------------------|--|
| Access Arrangement | has the meaning given to it in the Code. |
| Access Arrangement Information | has the meaning given to it in the Code. |
| Access Arrangement Period | has the meaning given to it in the Code. |
| Adjustment Date | means the first date of a Contract Year. |
| Agreed Demand | is the nominated MHQ as determined by Allgas and detailed in section 2.1.2. |
| Allgas | means Allgas Energy Pty Ltd ACN 009 656 446, its subsidiaries, successors in title or assigns. |
| Ancillary Service | means a Reference Ancillary Service or Non-reference Ancillary Service. |
| Augmentation | means works carried out to reinforce the Network to enable the provision of Services as required under this Access Arrangement. |
| Bare Transfer | has the meaning given to it in the Code. |
| Business Day | means a day other than a Saturday or Sunday or a gazetted Public Holiday in the State of Queensland. |
| Business Rules | refers to the Gas Retail Market Business Rules for consumers using at least 1TJ per year. This is a Code of Conduct for Queensland as legislated under the Gas Supply Regulation 2003. |
| Capital Contribution | has the meaning given to it in the Code. |
| Code | means the National Third Party Access Code for Natural Gas Pipeline Systems established under the Gas Pipelines Access Law. |
| Commencement Date | has the meaning given in section 1.2. |
| Contract Carriage Pipeline | has the meaning given to it in the Code. |
| Contract Year | means a Year commencing at 8.00am Eastern Standard Time on the date defined by Allgas, typically July 1 in any Year. |
| Contracted Capacity | has the meaning given in the Code. |
| Cost of Service | Where the initial Reference Tariffs are set on the basis of the anticipated costs of providing the Reference Services. |
| Covered | has the meaning given to it in the Code. |
| Covered Extension | has the meaning described in section 6.1. |
| Covered Pipeline | has the meaning given to it in the Code. |
| CPI | means the Consumer Price Index (All Groups Weighted Average for the eight capital cities) as published by the Australian Bureau of Statistics and, if publication of that Index ceases, any official replacement index published by the Australian Statistician. |
| Day | means a period of 24 consecutive hours beginning at 8.00 am Australian Eastern Standard Time. |

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| Delivery Point | means the point on the Network at which gas is delivered from the Network, through a single Metering installation, to or for the account of any User. |
| Delivery Point Facilities | means those facilities installed at a Delivery Point to enable delivery of Natural Gas to a User from the Network including Metering, a tapping point, a remote shut-off valve, any communication facilities and associated power supply. |
| Demand Customer Service | is as defined in section 2.1.2. |
| Developable Capacity | has the meaning given to it in the Code. |
| End User | is a person who acquires or proposes to acquire Natural gas from a User or a Producer; or a person who proposes to acquire Natural Gas from a Prospective User. |
| Excluded Extension | has the meaning described in section 6.1. |
| Extensions / Expansions Policy | is the policy described in section 6. |
| Gas Balancing | refers to the requirements for Allgas to balance the network under the Business Rules. |
| Gas Pipelines Access Law | means the laws in the Commonwealth of Australia and Queensland to give effect to the Natural Gas Pipelines Access Agreement between the Commonwealth of Australia, the State of Queensland and other parties. |
| GJ | means gigajoule of gas or 10^9 J, as that term is defined in Australian Standard AS 1000-1979. |
| Impost | means changes in taxation or other statutory charge; or other major changes in government policy (for example, the costs associated with the introduction of full retail contestability). |
| Interval Metering | means Metering that enables the recording of volumes on an hourly or daily basis. Includes flow computers and data loggers. |
| kPa | is a unit of measurement for pressure, also used to measure atmospheric pressure |
| Market Operator | means the market operator appointed under the <i>Gas Supply Regulations 2003 (Qld)</i> , and includes any person carrying out the functions and duties of that office. |
| Material | means 1.0% or more of forecast annual revenue per event, based on the forecast Revenue in the year the event occurred, as set out in the Access Arrangement Information. |
| MDQ | means the maximum daily quantity of Natural Gas (in GJ) which Allgas is obliged to receive on behalf of the User and to transport and deliver to Delivery Points on behalf of the User during a Day (net of UAG). |
| Meter | means the device used to measure the volume of gas within a period of time.. |
| Metered Quantities | are the readings taken from a Meter. |

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| Metering | means the Meter and any associated equipment, including filters, regulators, pipework and other equipment used to measure the volume or demand of Natural Gas. |
| MHQ | means the maximum hourly quantity of Natural Gas (in GJ) which Allgas is obliged to receive on behalf of the User and to transport and deliver to Delivery Points on behalf of the User during an hour (net of UAG). |
| MJ | means a megajoule of gas or one thousandth (1/1000) of a GJ. |
| Month | means calendar month. |
| Natural Gas | has the meaning given to it in the Code. |
| Negotiated Service | means a Service of the type described in section 2.2. |
| Network | means the distribution Network owned by Allgas and through which gas will be transported and includes the Receipt Point Facilities and the Delivery Point Facilities that exist from time to time. |
| New Facilities Investment | has the meaning given to it in the Code. |
| Net Present Value | has the meaning given to it in the Code. |
| New Facility | has the meaning given to it in the Code. |
| Non-Reference Ancillary Service | means a Service of the type described in section 2.2. |
| PJ | means a petajoule of gas or one million (1,000,000) GJ. |
| Producer | means a supplier of Natural Gas. |
| Prospective End User | means a person who may become an End User. |
| Prospective User | has the meaning given to it in the Code. |
| QCA | means the Queensland Competition Authority. |
| Receipt Point | means the point on the Network at which gas is received into the Network from or on account of any User. |
| Receipt Point Facilities | means those facilities installed at a Receipt Point to enable receipt of gas from a User into the Network, including a tapping point, a remote shutoff valve, SCADA and any other communications facilities and associated power supply. |
| Receipt Point MHQ | means the maximum quantity of gas (in GJ) which the Service Provider is obliged to receive for and on behalf of a User during an hour at that Receipt Point. |
| Redundant Capital | has the meaning given to it in the Code. |
| Reference Ancillary Service | means a Service of the type described in section 2.1.3. |
| Reference Service | means any or all of the Reference Services referred to in section 2.1. |
| Reference Tariff | has the meaning given to it in the Code. |
| Reference Tariff Policy | has the meaning given to it in the Code. |
| Regulator | means the Queensland Competition Authority. |

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| Revisions Commencement Date | has the meaning given in section 1.4.2. |
| Revisions Submission Date | has the meaning given in section 1.4.1. |
| Service | means a Service provided by the Service Provider in relation to the Network including but not limited to Reference Services. |
| Service Provider | has the meaning given to it in the Code. |
| Services Policy | has the meaning given to it in the Code. |
| Significant Extension | has the meaning given in section 6.1. |
| Single Premises | means any of the following if owned or occupied by the End User and used by the End User for the same business or enterprise: the whole of any single building or structure; a part of any single building or structure; two or more adjoining parts of any single building or structure; the whole of two or more buildings or structures that are on the same lot of land or two or more adjoining lots of land. |
| Special Meter Reading Service | is as defined in section 2.1.3. |
| Surcharge | has the meaning given to it in the Code. |
| Total Revenue | has the meaning given to it in the Code. |
| TJ | means a terajoule of gas and is equal to 1,000 GJ. |
| UAG | means the quantities of gas necessary for the efficient operation of the Network, including gas used for compressors or other equipment, and quantities otherwise lost and unaccounted for in connection with the operation of the Network including as a result of any limitations on accuracy of Metering Facilities. |
| User | has the meaning given to it in the Code. |
| User's Receipt Point | means a Receipt Point at which the Service Provider is obliged to receive gas delivered by or on account of the User. |
| Volume Customer Service | is as defined in section 2.1.1. |
| WACC | means the weighted average cost of capital. |
| Year | means a period of 365 consecutive Days but, for any Year which contains a date of 29 February, means 366 consecutive Days. |

APPENDIX B: ALLGAS TARIFF SCHEDULE

Please note that these tariffs are indicative as at February 2006.

B1. Volume Customer Service**Table 1: Volume Customer Service, 2006/07**

| Distribution charges (Inclusive of GST) | | |
|--|----------|----------|
| Base Charge | (\$/day) | \$ 0.245 |
| Up to 0.0255 GJ of gas delivered per day | (\$/GJ) | \$ 14.48 |
| Next 1.6745 GJ of gas delivered per day | (\$/GJ) | \$ 8.37 |
| Next 8.3 GJ of gas delivered per day | (\$/GJ) | \$ 6.24 |
| All gas delivered over 10 GJ per day | (\$/GJ) | \$ 3.95 |

Notes

1. *The total network charge for each billing period are calculated using the daily charges. Each day's charge will comprise:

 - a. *A base charge; plus*
 - b. *a charge for the Quantity of Gas delivered (or estimated to have been delivered) during that day to or for the account of the User.**
2. *The charge for the Quantity of Gas delivered (or estimated to have been delivered) to or for the account of the User will be calculated at the rates shown in the above table. The daily quantities will be determined based on the appropriate Metered Quantities and converted to an average daily figure based on the number of days in the metering period.*
3. *Total charges for each billing period are rounded to the nearest cent.*
4. *Charges are inclusive of Goods and Services tax (GST).*
5. *Charges shown in the above table apply in 2006/07 only. Charges for subsequent years will be escalated in accordance with the methodology set out in section 3.3.1.*
6. *Please note that these tariffs are indicative as at February 2006.*

B2. Demand Customer Service**Table 2: Demand Customer Service – Brisbane Region, 2006/07**

| Network Charges (Inclusive of GST) | | Zone 1 | Zone 2 | Zone 3 |
|--|--------------------|--|--|--|
| Demand Charge | (\$/GJ of MHQ/day) | \$1.49 | \$2.26 | \$1.76 |
| MDQ Charges | | | | |
| MDQ of 50GJ or less | (\$/day) | \$67.84 | \$97.58 | \$111.96 |
| Greater than 50GJ but not greater than 125GJ of MDQ | (\$/day) | \$67.84 + \$0.79/GJ of MDQ for MDQ over 50GJ | \$97.58 + \$1.48/GJ of MDQ for MDQ over 50GJ | \$111.96 + \$2.30/GJ of MDQ for MDQ over 50GJ |
| Greater than 125GJ but not greater than 275GJ of MDQ | (\$/day) | \$127.09 + \$0.58/GJ of MDQ for MDQ over 125GJ | \$208.58 + \$1.24/GJ of MDQ for MDQ over 125GJ | \$284.46 + \$1.76/GJ of MDQ for MDQ over 125GJ |
| Greater than 275GJ but not greater than 525GJ of MDQ | (\$/day) | \$214.09 + \$0.25/GJ of MDQ for MDQ over 275GJ | \$394.58 + \$0.58/GJ of MDQ for MDQ over 275GJ | \$548.46 + \$0.94/GJ of MDQ for MDQ over 275GJ |
| Greater than 525GJ | (\$/day) | \$276.59 + \$0.20/GJ of MDQ for MDQ over 525GJ | \$539.58 + \$0.22/GJ of MDQ for MDQ over 525GJ | \$783.46 + \$0.26/GJ of MDQ for MDQ over 525GJ |

Notes

1. Charges are inclusive of Goods and Services Tax (GST).
2. The daily demand charge refers to the customer's nominated MHQ as determined by Allgas.
3. The MDQ charges refer to the customer's MDQ for May to April in the previous 12 months.
4. For customers without Interval Metering, the MDQ will be calculated by Allgas based on the customer's consumption data, days of operation and a seasonality factor of 1.1.
5. The customers' MDQ and MHQ readings remain constant during the financial year except in the case of overruns (see section 3 of Terms and Conditions for details).
6. Charges shown in the above table apply in 2006/07 only. Charges for subsequent years will be escalated in accordance with the methodology set out in section 3.3.2.
7. Please note that these tariffs are indicative as at February 2006.

Table 3: Demand Customer Service – Gold Coast Region, 2006/07

| Network Charges (Inclusive of GST) | | Zone 4 | Zone 5 | Zone 6 |
|--|--------------------|---|---|---|
| Demand Charge | (\$/GJ of MHQ/day) | \$1.31 | \$2.25 | \$2.33 |
| MDQ Charges | | | | |
| MDQ of 50GJ or less | (\$/day) | \$138.1 | \$138.03 | \$144.81 |
| Greater than 50GJ but not greater than 125GJ of MDQ | (\$/day) | \$138.1 + \$2.61/GJ of MDQ for MDQ over 50GJ | \$138.03 + \$2.74/GJ of MDQ for MDQ over 50GJ | \$144.81 + \$2.89/GJ of MDQ for MDQ over 50GJ |
| Greater than 125GJ but not greater than 275GJ of MDQ | (\$/day) | \$333.85 + \$2.23/GJ of MDQ for MDQ over 125GJ | \$343.53 + \$2.35/GJ of MDQ for MDQ over 125GJ | \$361.56 + \$2.47/GJ of MDQ for MDQ over 125GJ |
| Greater than 275GJ but not greater than 525GJ of MDQ | (\$/day) | \$668.35 + \$1.87/GJ of MDQ for MDQ over 275GJ | \$696.03 + \$2.02/GJ of MDQ for MDQ over 275GJ | \$732.06 + \$2.12/GJ of MDQ for MDQ over 275GJ |
| Greater than 525GJ | (\$/day) | \$1135.85 + \$1.63/GJ of MDQ for MDQ over 525GJ | \$1201.03 + \$1.75/GJ of MDQ for MDQ over 525GJ | \$1262.06 + \$1.84/GJ of MDQ for MDQ over 525GJ |

Notes

- Charges are inclusive of Goods and Services Tax (GST).
- The daily demand charge refers to the customer's nominated MHQ as determined by Allgas.
- The MDQ charges refer to the customer's MDQ for May to April in the previous 12 months.
- For customers without Interval Metering, the MDQ will be calculated by Allgas based on the customer's consumption data, days of operation and a seasonality factor of 1.1.
- The customers' MDQ and MHQ readings remain constant during the financial year except in the case of overruns (see section 3 of Terms and Conditions for details).
- Charges shown in the above table apply in 2006/07 only. Charges for subsequent years will be escalated in accordance with the methodology set out in section 3.3.2.
- Please note that these tariffs are indicative as at February 2006.

Table 4: Demand Customer Service – Toowoomba Region, 2006/07

| Network Charges (Inclusive of GST) | | Zone 7 | Zone 8 |
|--|--------------------|--|--|
| Demand Charge | (\$/GJ of MHQ/day) | \$1.32 | \$2.71 |
| MDQ Charges | | | |
| MDQ of 50GJ or less | (\$/day) | \$52.09 | \$68.01 |
| Greater than 50GJ but not greater than 125GJ of MDQ | (\$/day) | \$52.09 + \$0.37/GJ of MDQ for MDQ over 50GJ | \$68.01 + \$0.77/GJ of MDQ for MDQ over 50GJ |
| Greater than 125GJ but not greater than 275GJ of MDQ | (\$/day) | \$79.84 + \$0.30/GJ of MDQ for MDQ over 125GJ | \$125.76 + \$0.62/GJ of MDQ for MDQ over 125GJ |
| Greater than 275GJ but not greater than 525GJ of MDQ | (\$/day) | \$124.84 + \$0.25/GJ of MDQ for MDQ over 275GJ | \$218.76 + \$0.41/GJ of MDQ for MDQ over 275GJ |
| Greater than 525GJ | (\$/day) | \$187.34 + \$0.23/GJ of MDQ for MDQ over 525GJ | \$321.26 + \$0.24/GJ of MDQ for MDQ over 525GJ |

Notes

1. Charges are inclusive of Goods and Services Tax (GST).
2. The daily demand charge refers to the customer's nominated MHQ as determined by Allgas.
3. The MDQ charges refer to the customer's MDQ for May to April in the previous 12 months.
4. For customers without Interval Metering, the MDQ will be calculated by Allgas based on the customer's consumption data, days of operation and a seasonality factor of 1.1.
5. The customers' MDQ and MHQ readings remain constant during the financial year except in the case of overruns (see section 3 of Terms and Conditions for details).
6. Charges shown in the above table apply in 2006/07 only. Charges for subsequent years will be escalated in accordance with the methodology set out in section 3.3.2.
7. Please note that these tariffs are indicative as at February 2006.

Table 5: Demand Customer Service – Oakey Region, 2006/07

| Network Charges (Inclusive of GST) | | Zone 9 | Zone 10 |
|--|--------------------|--|--|
| Demand Charge | (\$/GJ of MHQ/day) | \$1.13 | \$1.7 |
| MDQ Charges | | | |
| MDQ of 50GJ or less | (\$/day) | \$54.96 | \$122.14 |
| Greater than 50GJ but not greater than 125GJ of MDQ | (\$/day) | \$54.96 + \$0.48/GJ of MDQ for MDQ over 50GJ | \$122.14 + \$2.37/GJ of MDQ for MDQ over 50GJ |
| Greater than 125GJ but not greater than 275GJ of MDQ | (\$/day) | \$90.96 + \$0.40/GJ of MDQ for MDQ over 125GJ | \$299.89 + \$1.91/GJ of MDQ for MDQ over 125GJ |
| Greater than 275GJ but not greater than 525GJ of MDQ | (\$/day) | \$150.96 + \$0.27/GJ of MDQ for MDQ over 275GJ | \$586.39 + \$1.17/GJ of MDQ for MDQ over 275GJ |
| Greater than 525GJ | (\$/day) | \$218.46 + \$0.23/GJ of MDQ for MDQ over 525GJ | \$878.89 + \$0.50/GJ of MDQ for MDQ over 525GJ |

Notes

1. Charges are inclusive of Goods and Services Tax (GST).
2. The daily demand charge refers to the customer's nominated MHQ as determined by Allgas.
3. The MDQ charges refer to the customer's MDQ for May to April in the previous 12 months.
4. For customers without Interval Metering, the MDQ will be calculated by Allgas based on the customer's consumption data, days of operation and a seasonality factor of 1.1.
5. The customers' MDQ and MHQ readings remain constant during the financial year except in the case of overruns (see section 3 of Terms and Conditions for details).
6. Charges shown in the above table apply in 2006/07 only. Charges for subsequent years will be escalated in accordance with the methodology set out in section 3.3.2.
7. Please note that these tariffs are indicative as at February 2006.

8. *B3. Reference Ancillary Services*

Table 6: Ancillary Services, 2006/07

| Service Type | Ancillary Service | Ancillary Service Charge |
|---------------------|--------------------------|---------------------------------|
| Reference | Special Meter Reading | \$12.10 |
| Reference | Inlet Disconnection | \$36.30 |
| Reference | Inlet Reconnection | \$72.60 |

Notes

- 1. Charges are inclusive of Goods and Services Tax (GST).*
- 2. Charges shown in the above table apply in 2006/07 only.*
- 3. Charges for these Services in subsequent years will be escalated in accordance with the methodology set out in section 3.3.3.*
- 4. Please note that these charges are indicative as at February 2006.*

APPENDIX C: TERMS & CONDITIONS

Allgas Energy Pty Ltd

(ABN 52 009 656 446)

27 February 2006

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BACKGROUND

- A. Allgas Energy Pty Ltd (Allgas) submitted an Access Arrangement to the Queensland Competition Authority in accordance with requirements of the *Gas Pipelines Access (Queensland) Act 1998* and the Code. This Access Arrangement has been approved.
- B. Section 3.6 of the Code requires Allgas to include in the Access Arrangement the Terms and Conditions on which it will supply Reference Services. The Terms and Conditions must be reasonable in the opinion of the Queensland Competition Authority.
- C. Allgas has prepared these Terms and Conditions to satisfy its obligations under section 3.6 of the Code. The Terms and Conditions are intended to be consistent with the Access Arrangement.
- D. The party seeking access to the Network on these Terms and Conditions is referred to as the User. The contracting party may be either a retailer, who provides a bundled service to an End User of gas, or the End User of gas directly.
- E. The Agreement between Allgas and the User comprises the Terms and Conditions set out below.

AGREEMENT

1. ACKNOWLEDGMENT

Allgas and the User acknowledge:

- (a) that this Agreement is intended to be consistent with the Access Arrangement as amended from time to time; and
- (b) to the extent that there is any inconsistency between this Agreement and the Access Arrangement as amended from time to time, the provisions of the Access Arrangement prevail.

2. REFERENCE SERVICES

2.1 Provision of Reference Services

During the Term, Allgas will make available Volume Customer Services, Demand Customer Services and Ancillary Services to the User.

2.2 Determination of Customer

Allgas will determine from time to time whether an End User is a Volume Customer or a Demand Customer. This determination is binding on the User.

2.3 Operation and Management

Allgas will ensure that the Network is operated and managed in accordance with the Access Arrangement, the Code and with applicable laws and any relevant standards which apply from time to time.

3. CAPACITY MANAGEMENT

3.1 Quantity Delivered

The MHQ of Natural Gas which Allgas must transport to each Delivery Point is limited to the Agreed Demand.

The MDQ of Natural Gas which Allgas transports to each Delivery Point is not limited.

3.2 MDQ Overruns

The MDQ for a Demand Customer is nominated for the Contract Year based on their MDQ in the previous 12 months. Where a Demand Customer has Interval Metering and their actual MDQ exceeds their nominated MDQ at a Delivery Point:

- (a) within a single billing period, Allgas will not adjust the nominated MDQ for that Contract Year; or
- (b) in a second billing period during the same Contract Year, the nominated MDQ for the remainder of the Contract Year will reflect the highest recorded MDQ.

3.3 Authorisation

Notwithstanding Clauses 3.1 and 3.2, the User authorises Allgas during the Term to deliver through each Delivery Point the quantity of Natural Gas supplied by Allgas through that Delivery Point (whether the delivered quantity of Natural Gas is or is not specifically authorised by the User or the End User).

3.4 Network Limitations

At no time will Allgas have any obligation to deliver more Natural Gas through any Delivery Point than is possible given the technical, physical or other limitations of the Network and the pressure and flow-rate of the Natural Gas within the Network. Allgas will not connect a new Delivery Point to the Network unless the system has sufficient capacity to sustain that End User. Allgas will maintain the network in accordance with good engineering and industry practice.

3.5 Gas Balancing

At all times during the Term, the User must ensure that the aggregate quantity of Natural Gas delivered through each Receipt Point by or for the account of the User is equal to the aggregate quantity of Natural Gas delivered to or for the account of the User through each Delivery Point, after accounting for Unaccounted for Gas.

3.6 Quantity Received

Allgas may determine the quantity of Natural Gas delivered through each Receipt Point by or for the account of the User on a reasonable basis, and this determination binds the User.

4. METERING

4.1 General Obligations

4.1.1 Provision of Metering Equipment

Allgas will ensure each Delivery Point has Metering in accordance with applicable laws and any relevant standards that apply from time to time, to measure the volume of Natural Gas delivered through that Delivery Point.

4.1.2 Maintenance

Allgas will ensure that all Metering is maintained in a reasonable condition throughout the Term, in accordance with applicable laws and any relevant standards that apply from time to time.

4.1.3 Meter Accuracy

The accuracy of Metering at any Receipt Point or Delivery Point is in accordance with applicable laws and any relevant standards that apply from time to time.

4.1.4 Correction of Readings

If Allgas is required to correct previous readings under Clause 4.1.3:

- (a) the correction must reflect:
 - (i) the actual volume of Natural Gas delivered; or
 - (ii) a reasonable estimate of the volume of Natural Gas delivered, since the date of the last reading taken from the Metering or, if later, the last date on which the Metering was tested and the measurements found to be within the Allowable Margin of Accuracy;
- (b) the correction will be binding on the User; and
- (c) Allgas must recalculate the Charges for the relevant Delivery Point, and debit the User any underpayment or credit the User any overpayment, in the next tax invoice issued in accordance with Clause 8.

4.2 Meter Reading

4.2.1 Scheduled

Subject to this Agreement, Allgas will use best endeavours to ensure that the Metering:

- (a) at each Delivery Point of a Volume Customer is read at least every 3 months; and
- (b) at each Delivery Point of a Demand Customer is read at least monthly.

4.2.2 Special

The User may request Allgas to make special readings of the Metering at any Delivery Point at the User's cost. The cost of the special reading:

- (a) is stipulated in Appendix B to the Access Arrangement, 'Tariff Schedule';
- (b) must be paid by the User if the reading is not taken because Allgas is unable to obtain safe, reasonable and unhindered access pursuant to Clause 11; and
- (c) will be refunded by Allgas if the scheduled reading taken is found to be in error.

4.2.3 No Measurements

If the volume of Natural Gas delivered at any Delivery Point during any period is not measured by the Metering at that Delivery Point for any reason whatsoever, Allgas may estimate the volume of Natural Gas delivered at that Delivery Point during that period on a reasonable basis and this will bind the User.

5. NETWORK PRESSURES

5.1 Receipt Point Pressures

5.1.1 User's Obligation

The User will arrange for the delivery of Natural Gas at each Receipt Point within a pressure range as reasonably nominated from time to time by Allgas.

5.1.2 Failure to Comply

If the User is in breach of Clause 5.1.1, Allgas may:

- (a) curtail or interrupt deliveries through any Receipt Point or any Delivery Point;
- (b) flare or otherwise dispose of Natural Gas in the Network; or
- (c) take whatever steps Allgas considers necessary or desirable,

to increase or reduce the pressure of Natural Gas within the Network or to avoid any threat to persons or property.

5.2 Delivery Point Pressures

5.2.1 Allgas' Obligation

Subject to the technical, physical or other limitations of the Network, Allgas will deliver Natural Gas at each Delivery Point at a minimum pressure of 1.125kPa, but always within the pressure range specified by Allgas from time to time.

5.2.2 Failure to Comply

Allgas will not breach its obligations under Clause 5.2.1 where its failure to comply with that Clause is due to:

- (a) the technical, physical or other limitations of the Network;
- (b) insufficient Natural Gas being delivered into the Network; or
- (c) delivery of Natural Gas into the Network at pressures outside the limits specified from time to time by Allgas,

whether or not Allgas knew, or ought to have known, of those facts or matters at any time.

5.2.3 No Implied Obligation

To avoid any doubt, Allgas is not under an obligation to modify, or cause to be modified, the technical, physical or other limitations of the Network other than to ensure that the safety and integrity of the Network is maintained.

6. GAS SPECIFICATIONS

6.1 Odourisation

Allgas will ensure that all Natural Gas in the Network is odourised in accordance with applicable laws and any relevant standards which apply from time to time.

6.2 Quality of Gas

The User must:

- (a) ensure all arrangements in relation to the delivery of Natural Gas to the Delivery Points, including the Delivery Point Facilities, are in accordance with any applicable laws and relevant standards which apply from time to time; and
- (b) deliver, or cause to be delivered, at each Receipt Point, Natural Gas which meets the gas specifications stipulated in applicable laws and relevant standards from time to time.

6.3 Quality of Gas

Allgas must ensure that the quality of the Natural Gas, delivered at each Receipt Point, is maintained at the gas specifications stipulated in applicable laws and relevant standards from time to time.

6.4 Failure to Comply

If the User is in breach of Clause 6.2, Allgas is not required to provide the Reference Services and may:

- (a) curtail or interrupt deliveries through any Receipt Point or any Delivery Point;
- (b) flare or otherwise dispose of Natural Gas in the Network; or
- (c) take whatever steps Allgas considers necessary or desirable,

to ensure the Natural Gas within the Network meets the gas specifications stipulated in applicable laws and relevant standards from time to time or to avoid any threat to persons or property.

7. OWNERSHIP OF GAS

7.1 Warranty of Title

The User warrants that:

- (a) the User has good title to all Natural Gas delivered into the Network at each Receipt Point, which is free and clear of all mortgages, charges and other encumbrances; and
- (b) the User has fulfilled all obligations, including regulatory and contractual, necessary for the User to supply Natural Gas at each Receipt Point for transportation by Allgas under this Agreement.

7.2 Ownership

Upon receipt of Natural Gas at a Receipt Point:

- (a) the Natural Gas, except Unaccounted for Gas, shall remain the property of the User within the Network; and

- (b) Unaccounted for Gas shall become the property of Allgas within the Network.

7.3 Commingling

The Natural Gas received at any Receipt Point may be commingled with other Natural Gas in the Network. Allgas is entitled to deliver Natural Gas in a commingled state to each Delivery Point.

8. CHARGES, INVOICING AND PAYMENTS

8.1 Security

Allgas may require a User to:

- (a) provide reasonable security, the type and extent to be reasonably determined by Allgas, for the performance of the User's obligations under this Agreement; and
- (b) demonstrate to Allgas' reasonable satisfaction the User's ability to meet all financial obligations under this Agreement.

8.1.1 When Security Undertaking is Required

In applying Clause 8.1, Allgas may request the User to procure an undertaking under Clause 8.1.2 if, at the time of the request the User cannot demonstrate that:

- (a) it has an unqualified Standard and Poor's credit rating of at least BBB+ or its equivalent form from another recognised credit reporting agency reasonably acceptable to Allgas (an 'Acceptable Credit Rating'); or
- (b) the performance of the User's obligations under this Agreement are guaranteed (on terms acceptable to Allgas) by another entity who has an Acceptable Credit Rating ('Credit Rating Guarantor').

8.1.2 Undertaking

Subject to Clause 8.1.1, the User must give to Allgas within 10 Business Days after Allgas' request under Clause 8.1.1, an unconditional and irrecoverable undertaking ('Credit Support') in favour of Allgas for an amount not less than the amount payable by the User to Allgas under this Agreement for the 3 months following the request, such amount is to be reasonably estimated by Allgas ('Required Amount'). The Credit Support must be issued to either an Australian Bank and another financial institution approved by Allgas on terms acceptable to Allgas to secure the due and punctual performance of the User's obligations under this Agreement.

8.1.3 Suspend Reference Services

If, with 10 Business Days after Allgas' request under Clause 8.1.2 the User fails to provide the Credit Support, Allgas may suspend the provision of Services until the user provides Allgas with the Credit Support.

8.1.4 Call on the Credit Support

Allgas may only call on the Credit Support to convert it into money if the User has failed to pay any amount due and owing to Allgas in connection with this Agreement within 7 days of Allgas issuing a written notice of demand requiring payment.

8.1.5 User not to Restrain

Subject to Allgas complying with Clause 8.1.4, the User must not take any steps to seek an injunction or otherwise restrain:

- (a) any issuer of the Credit Support from paying Allgas pursuant to the Credit Support;
- (b) Allgas from taking any steps for the purposes of making a demand against the Credit Support; or
- (c) Allgas using the money obtained in the calling on the Credit Support.

8.1.6 Maintenance of Required Amount

If, at any time during the term of this Agreement, the uncalled Credit Support is less than the Required Amount, the User must, within 10 Business Days of Allgas' request, increase the amount of the Credit Support to the Required Amount.

8.1.7 Refund of Balance

Any balance of the Credit Support outstanding after payment of all amounts owing by the User to Allgas in connection with this Agreement will be paid to the User (or cancelled or returned to the User, as appropriate or advised by the User) following termination of this Agreement.

8.1.8 No Prejudice of Rights

Allgas' exercise of its rights under this Clause 8.1 does not prejudice any other rights which Allgas may have in respect of any outstanding amount owed by the User.

8.2 Obligation to Pay Charges

In consideration for the Reference Services provided, or to be provided under this Agreement, the User must pay Allgas the Charges in accordance with this Clause 8.

8.3 Invoicing

Allgas will use reasonable endeavours to provide, either in writing or by electronic means, a tax invoice (the 'Tax Invoice') by the seventh Day of each Month, specifying an itemised list:

- (a) of the amounts due in respect of the Reference Services supplied to the User in the preceding Month;
- (b) of any other item agreed between the parties; and
- (c) describing each item with sufficient information to enable the User to reconcile the DUOS charges at an individual customer level.

Any failure to provide the Tax Invoice within this period does not limit or restrict the rights of Allgas in relation to the amounts due under this Agreement.

8.4 Payment

The User shall pay the aggregate amount stated in the Tax Invoice within 14 Days of the date of the Tax Invoice (the 'Due Date'). Payment may be made by electronic funds transfer to a nominated bank account or such other means as previously agreed to in writing between the parties. If the Due Date is not a Business Day, then payment shall be made on or before the preceding Business Day.

Notwithstanding Clause 8.6, the User shall pay the full amount of any disputed invoice in accordance with this Clause.

8.5 Failure to Pay the Tax Invoice

If the Tax Invoice is not paid by the Due Date:

- (a) Allgas may require the User to pay interest on the overdue amount, calculated on a daily basis at the Rate plus 2% per annum from the Due Date to the date of payment;
- (b) Allgas may issue a written notice of demand requiring payment of the amount within 7 Days from the date of the notice of demand; and
- (c) if the amount is not paid within the time specified in the notice of demand, Allgas may:
 - (i) suspend provision of the Reference Services to the User, or
 - (ii) terminate this Agreement in accordance with Clause 18.

8.6 Disputed Tax Invoices

If the User disputes part or all of the Tax Invoice:

- (a) the User shall, within 7 Days after receipt of the Tax Invoice, notify Allgas in writing specifying the amount in dispute and the reasons for the dispute;
- (b) each party shall nominate an officer who shall meet with the other party's officer to try to resolve the dispute; and
- (c) if those officers fail to resolve the dispute within 21 Days, each party shall comply with Clause 16.

8.7 Incorrect Tax Invoices

If it comes to the attention of either party that the User has been overcharged or undercharged:

- (a) the party, upon becoming aware of the error, must notify the other party of the error;
- (b) Allgas must verify the error and the amount undercharged or overcharged;
- (c) within 28 Days of the notification under paragraph (a), Allgas may issue an amended tax invoice or if the Tax Invoice has been paid, credit the User's account in respect of the amount in error.

The User may not claim from Allgas any amount overcharged if more than 12 Months has elapsed since the date of the Tax Invoice in which the overcharge occurred.

Allgas may not claim from any User any amount undercharged if more than 12 Months has elapsed since the date of the Tax Invoice in which the undercharge occurred.

8.8 Interest on Disputed or Incorrect Amount

If either party makes a payment under Clause 8.6 or 8.7, the party can be required to pay interest on that amount, calculated daily at the Rate plus 2% per annum, from the Due Date.

8.9 Adjustment Where Tax Invoice Estimated

If information is unavailable to Allgas at the beginning of a Month to allow preparation of the Tax Invoice based on actual Charges, ('Estimated Month') Allgas shall use estimated information to prepare the Tax Invoice. In the Month that information becomes available ('Current Month') with respect to these actual Charges, the Tax Invoice for the Current Month shall be adjusted to reflect the difference between the actual and estimated Charges of the Estimated Month. Neither Allgas nor the User shall be entitled to the payment of interest on any adjustment under this Clause 8.9.

9. TAXATION

9.1 Existing Impost Increases

If the rate of an Impost levied at the Commencement Date increases during the Term, Allgas is entitled to recover the amount of the increase from the User each Month, according to a mechanism reasonably determined by Allgas which is equitable and is designed to ensure Allgas will not enjoy a windfall benefit. Any proposed increase must be Material and must be submitted to the Regulator for approval.

9.2 Existing Impost Decreases

If the rate of an Impost levied at the Commencement Date decreases or is abolished during the Term, Allgas shall pay the User the amount of the decrease or the abolished amount each Month, according to a mechanism reasonably determined by Allgas which is equitable and is designed to ensure Allgas will not enjoy a windfall benefit. Any proposed decrease must be Material and must be submitted to the Regulator for approval.

9.3 New Impost

Where a new Impost becomes payable after the Commencement Date, Allgas may recover that Impost from the User according to a mechanism reasonably determined by Allgas which is designed to ensure Allgas will not enjoy a windfall benefit. Any such increase will be approved by the Regulator prior to being levied.

10. INFORMATION AND ASSISTANCE

The User will provide Allgas or procure the User's End Users or Transmission Pipeline Operator to provide to Allgas:

- (a) whatever information Allgas might reasonably require from time to time; and
- (b) whatever assistance or co-operation Allgas might reasonably require from time to time,

in connection with this Agreement.

11. ACCESS TO PREMISES

11.1 User's Obligation

The User must:

- (a) grant Allgas, its employees, servants and agents safe, reasonable and unhindered access and any easement, licence or other document which Allgas reasonably requires to assure Allgas its right of access, to enter any premises owned by the User upon which facilities connected to the Network are located; and
- (b) use reasonable endeavours to assist Allgas, its employees, servants and agents safe, reasonable and unhindered access, and any easement, licence or other document which Allgas reasonably requires to assure Allgas its right of access, to enter any premises owned by a third party, including the User's End User, upon which facilities connected to the Network are located,

so that Allgas may perform its obligations or exercise any rights under this Agreement.

11.2 Allgas' Obligation

Prior to exercising any rights conferred by Clause 11.1, Allgas must take all reasonable steps to ensure its employees, servants and agents who enter the premises cause as little inconvenience to the User as possible and observe relevant safety and security procedures in providing the Reference Services under this Agreement.

12. INTERRUPTIONS FOR MAINTENANCE

12.1 Immediate Repairs or Maintenance

After providing the User as much notice as is reasonable in the circumstances (except in an emergency when no notice is required), Allgas shall be entitled to curtail or interrupt provision of the Reference Services:

- (a) to protect the operational integrity and safe operation of the Network; or
- (b) to comply with any applicable laws and regulations; or
- (c) in any other situation when immediate repairs or maintenance are required.

Allgas, when undertaking localised curtailment or interruption to the provision of the Reference Services will do so in a manner that treats similar Users the same.

12.2 Planned Repairs or Maintenance

If Allgas proposes to carry out any planned work which may affect its ability to provide Reference Services to the User, Allgas shall give the User reasonable notice of the planned work and after consultation with the User, shall in carrying out that work, use all reasonable endeavours to avoid or minimise any disruption or curtailment to the Reference Services as is reasonable in the circumstances.

13. INSURANCE

13.1 User's Obligation

The User must:

- (a) take out valid insurance policies throughout the Term, with insurers approved by Allgas, such approval not being unreasonably withheld, against whatever risks Allgas reasonably specifies from time to time by notice to the User, including:
 - (i) workers' compensation insurance in accordance with statutory requirements, including cover for unlimited common law liability;
 - (ii) all risks property damage insurance providing indemnity against any damage, loss or destruction of the User's plant and equipment connected to the Network; and
 - (iii) public and products liability insurance for an amount of not less than \$10 million providing indemnity against any risk of loss, destruction, damage, death or injury to property or third parties;
- (b) obtain Allgas' approval of the terms of each insurance policy, such approval not being unreasonably withheld; and
- (c) whenever reasonably requested by Allgas, give Allgas:
 - (i) a true and complete copy of any insurance policy which the User obtains or maintains under this Agreement;
 - (ii) a certificate of currency for the insurance; and
 - (iii) whatever other information Allgas requests in relation to that insurance.

13.2 Claims

In dealing with claims or potential claims against the insurance policy maintained by the User under this Agreement, the User must:

- (a) promptly notify Allgas of the event which gives rise to, or may give rise to, the claim;
- (b) take whatever steps Allgas reasonably requires to enforce settlement of the claim; and
- (c) not take any action to settle or compromise the claim without the consent of Allgas, with such consent not to be unreasonably withheld.

13.3 Failure to Insure

If the User fails to obtain or maintain any insurance under Clause 13.1:

- (a) the User must promptly notify Allgas of the breach; and
- (b) Allgas may proceed to obtain and maintain that insurance on behalf of the User, at the User's expense.

14. WARRANTIES, INDEMNITIES AND LIMITATION OF LIABILITY

14.1 Indirect or Consequential Loss

Notwithstanding any clause of this Agreement, neither Allgas nor the User will be liable for any indirect or consequential loss arising out of or in connection with this Agreement (except as provided for elsewhere in the Access Arrangement).

14.2 Claim by the User

If the User has any claim against Allgas arising out of or in connection with this Agreement the User must promptly notify Allgas in writing, including sufficient details of the claim to enable a reasonable assessment by Allgas.

14.3 Limit of Liability

Notwithstanding any other provision of this Agreement, any claim or claims by the User against Allgas arising out of or in connection with this Agreement shall be limited to \$100,000 in total in any one calendar year during the Term.

14.4 Implied Warranties

In respect of implied conditions and warranties:

- (a) Allgas excludes all implied conditions and warranties except any implied condition or warranty the exclusion of which would contravene any statute or cause any part of this Clause to be void ('**Non-excludable Warranty**');
- (b) Allgas' liability to the User for breach of a Non-excludable Warranty (other than an implied warranty of title) is limited, at Allgas' option, to refunding the price of the goods or services in respect of which the breach occurred or to providing, replacing or repairing those goods or providing those services again but in either case shall not exceed the amount of \$100,000; and
- (c) nothing in this Agreement excludes or limits the application of any provision of any statute (including the *Trade Practices Act 1974*) where to do so would:
 - (i) contravene that statute; or
 - (ii) cause any part of this Agreement to be void.

14.5 Indemnities

Allgas will make good or pay compensation to an equivalent value for damage to property caused by Allgas or its agents in installing, reading or servicing equipment used for the purpose of delivering gas.

The User indemnifies Allgas and its employees, agents and contractors, against all liabilities, losses, damages, costs and expenses suffered or incurred by Allgas or its employees, agents and contractors as a result of:

- (a) breach by the User of its obligations under this Agreement;
- (b) breach by the User of any of its warranties made or deemed to have been made under this Agreement;

- (c) damage to any Receipt Point, any Delivery Point, any Metering Equipment or any other part of the Network, that is caused by the act or omission of the User or any of the User's End Users or any of their respective employees, agents, contractors or invitees;
- (d) death or personal injury of any person resulting from an act or omission of the User or any of the User's End Users or any of their respective employees, agents, contractors or invitees;
- (e) any claim by any third party, including any of the User's End Users, in respect of any injury, loss, damage, costs or expenses of any kind arising out of or in connection with this Agreement or resulting directly or indirectly from the operation, maintenance, repair, administration or management of the Network or any part of it; and
- (f) the imposition of costs, charges, royalties, excises or taxes.

15. CONFIDENTIALITY

15.1 User's Obligations

The User:

- (a) may use Confidential Information only for the purposes of this Agreement; and
- (b) must keep confidential all Confidential Information, except if disclosure is permitted by Clause 15.2.

15.2 Disclosure

The User may disclose Confidential Information:

- (a) to the extent required by law; and
- (b) to its employees, servants and agents for the purposes of this Agreement, having first directed its employees, servants and agents to keep confidential all Confidential Information.

15.3 Allgas' Obligations

Allgas is bound by Section 4.1(f) of the Code regarding the confidentiality of information disclosed by Users.

16. DISPUTE RESOLUTION

A party must not start arbitration or court proceedings (except proceedings seeking interlocutory relief) in respect of a dispute arising out of this Agreement ('**Dispute**') unless it has complied with the following procedure:

- (a) a party claiming that a Dispute has arisen must notify the other party to the Dispute giving details of the Dispute;
- (b) during the 20 Business Day period after a notice is given under paragraph (a) (or longer period agreed in writing by the parties to the Dispute) ('**Initial Period**') each party to the Dispute ('**Disputant**') must use its reasonable efforts to resolve the Dispute;
- (c) if the Disputants are unable to resolve the Dispute within the Initial Period, each Disputant agrees that the Dispute must be referred for mediation, at the request of either Disputant;

- (d) a Dispute referred for mediation under paragraph (c) must be dealt with in the following manner:
 - (i) the mediator will be appointed by the Institute of Arbitrators;
 - (ii) the mediation process and timetable will be chosen by the mediator but must be completed within one Month of referral to mediation;
 - (iii) any determination of the mediator will not be binding on the parties unless the parties agree to be bound in writing;
 - (iv) information relating to the subject matter of the Dispute must remain confidential to the parties; and
 - (v) if the Dispute is not resolved within one Month of being referred to mediation, the mediation process will terminate at the expiry of that period;
- (e) each Disputant must bear its own costs of complying with this Clause and the Disputants must bear equally the costs of any mediator engaged; and
- (f) each party must continue to comply with this Agreement notwithstanding the existence of a Dispute under this Clause.

17. SETTLEMENT OF INDUSTRIAL DISPUTES

Notwithstanding any other provision in this Agreement, the parties agree that the settlement of strikes, lockouts and other industrial disturbances affecting the Network shall be entirely within the discretion of Allgas.

18. TERMINATION

18.1 Default by the User

If the User:

- (a) suffers an Insolvency Event; or
- (b) defaults in the payment of any moneys owing following receipt of a notice of demand under Clause 8.5; or
- (c) defaults in the performance of any obligations under this Agreement, other than the payment of any moneys owing and, where such default is capable of remedy, fails to remedy or remove the cause or causes of default within 21 Days from the receipt of written notification from Allgas requiring the User to remedy or remove the default,

Allgas may at its sole discretion:

- (a) suspend the Reference Services to the User until:
 - (i) all moneys in default plus interest at the Rate plus 2% per annum have been paid; or
 - (ii) any other default, including the Insolvency Event, has been remedied or removed; and/or
- (b) terminate this Agreement by notice, with immediate effect upon receipt.

18.2 Default by Allgas

If Allgas defaults in the performance of material obligations under this Agreement and, where such default is capable of remedy, fails to remedy or remove the cause or causes of the default within 21 Days from the receipt of written notification from the User requiring Allgas to remedy or remove the default, then the User may terminate this Agreement by notice with immediate effect upon receipt.

18.3 After Termination

After termination of this Agreement, Allgas and the User have no further rights or obligations under this Agreement except:

- (a) under Clauses 8, 14, 18.6 and 18.7 which continue in full force and effect; and
- (b) the User is still obligated to pay moneys owing.

18.4 Costs

Without notice to the User, any costs reasonably incurred by Allgas in remedying a default under this Clause 18 may be treated as a liquidated debt payable by the User.

18.5 Additional Rights and Remedies

The termination rights and remedies set out in this Clause 18 are in addition to and not in substitution for any other rights or remedies available to Allgas whether pursuant to this Agreement, at law, in equity or otherwise.

18.6 Effect of Termination

Termination by a party shall be without prejudice to any accrued rights or remedies of either party which are expressed to survive termination.

19. FORCE MAJEURE

19.1 Effect of Force Majeure

If a Force Majeure Event affecting a party precludes that party ('**Precluded Party**') partially or wholly from complying with its obligations, except its payment obligations under Clause 8 of this Agreement, then:

- (a) as soon as reasonably practicable after that Force Majeure Event arises, the Precluded Party must notify the other party of:
 - (i) the Force Majeure Event;
 - (ii) which obligations the Precluded Party is precluded from performing ('**Affected Obligations**');
 - (iii) the extent to which the Force Majeure Event precludes the Precluded Party from performing the Affected Obligations ('**Precluded Event**'); and
 - (iv) the expected duration of the delay arising directly out of the Force Majeure Event;
- (b) the Precluded Party's obligation to perform the Affected Obligations will, to the Precluded Event, be suspended for the duration of the actual delay arising directly out of the Force Majeure Event ('**Actual Delay**'); and
- (c) the other party's obligations to perform any obligations dependent on the Affected Obligations will be suspended until the Precluded Party resumes performance.

19.2 Termination

If the Actual Delay continues for more than 6 months, the other party may terminate this Agreement immediately by giving notice to the Precluded Party.

20. ASSIGNMENT

20.1 The User

The User must not transfer, assign or otherwise deal with this Agreement or any rights under this Agreement except in accordance with the Access Arrangement as amended from time to time.

20.2 Allgas

Allgas may:

- (a) transfer or assign its rights and obligations under this Agreement to any person; and
- (b) mortgage, charge or otherwise encumber any of its rights or obligations under this Agreement in favour of any person.

20.3 Effect of Assignment

If Allgas exercises its right under Clause 20.2 (a), Allgas will be automatically released and discharged from its rights, obligations and liabilities under and in relation to this Agreement.

21. NOTICES

21.1 Written Notice

Unless otherwise agreed, a party notifying under this Agreement must do so in writing:

- (a) directed to the recipient's address as specified in the Instrument of Arrangement, or as varied by any notice; or
- (b) hand delivered or sent by prepaid post or facsimile to that address.

Allgas' address and facsimile numbers is:

Allgas: Chief Executive Officer
Allgas Energy Pty Ltd
GPO Box 1461
Brisbane 4001 Australia

Tel: (07) 3426 1618
Fax: (07) 3426 1665

21.2 When Notice Received

A notice given in accordance with Clause 21.1 is taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, 3 Business Days after the date of posting; or
- (c) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the total number of pages of the notice unless, within eight Business Hours after that transmission, the recipient informs the sender that it has not received the entire notice.

22. MISCELLANEOUS PROVISIONS

22.1 Authority to Sign

Each party warrants that it has authority to sign this Agreement and that such authority has not been revoked. Each representative signing this Agreement warrants that:

- (a) the authority under which the representative has been appointed to sign this Agreement on behalf of each party is effective; and
- (b) the representative has received no notice of the termination (including any event which would constitute termination by operation of law) of the authority to sign this Agreement on behalf of each party.

22.2 Waiver

The failure of a party at any time to require performance of any obligation under this Agreement is not a waiver of that party's right:

- (a) to insist on performance of, or claim damages for breach of, that obligation unless that party acknowledges in writing that the failure is a waiver; and
- (b) at any other time to require performance of that or any other obligation under this Agreement.

22.3 Rights, Powers and Remedies

Each right, power and remedy of Allgas under this Agreement is in addition to any other right, power and remedy of Allgas under this Agreement or at law. The exercise by Allgas of any one right, power or remedy will not preclude the simultaneous or subsequent exercise of any other right, power or remedy.

22.4 Governing Law

This Agreement is governed by the law applicable in Queensland. Each party submits to the jurisdiction of the courts of Queensland.

22.5 Severability

Part or all of any provisions of this Agreement that is illegal or unenforceable may be severed from this Agreement and the remaining provisions of this Agreement continue in force.

22.6 No Benefit to Other Persons

Neither Allgas nor the User intends that the provisions of this Agreement are to benefit, or affect contractually, in any way any other person. No person, other than valid assignees, will have any right to enforce the terms of this Agreement against the User or Allgas.

22.7 Relationship

Allgas and the User acknowledge that this Agreement does not create a relationship of joint venturers or partnership between Allgas and the User.

22.8 Costs and Stamp Duty

Each party will bear its own costs of preparing and executing of this Agreement. The User will pay all stamp duty payable in any jurisdiction on or in respect of this Agreement or any document prepared or executed to give effect this Agreement.

22.9 Further Assurances

The User will do, or procure to be done, all things that Allgas considers necessary or desirable from time to time to give full effect to this Agreement.

22.10 Alteration

Subject to Clause 1, this Agreement may be altered only in writing signed by each party.

22.11 Counterparts

This Agreement may be executed in any number of counterparts.

23. DEFINITIONS AND INTERPRETATION

23.1 Definitions

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| Access Arrangement | has the meaning given in Recital A. |
| Access Arrangement Information | has the meaning given to it in the Code, as applicable to the Access Arrangement. |
| Acceptable Credit Rating | means the level of credit rating of the credit guarantor provided by an independent party that is acceptable to Allgas. |
| Agreed Demand | means the nominated MHQ as determined by Allgas. |
| Allowable Margin of Accuracy | means in respect of Meters operating at outlet pressures up to 7kPa and not exceeding 6 cubic metres per hour capacity, an accuracy of between plus two and minus three percent and in respect of all other Meters, an overall accuracy within plus or minus one per cent. |
| Business Day | means a Day other than a Saturday or Sunday or a gazetted Public Holiday in the State of Queensland. |
| Business Hours | means the hours between 9am and 4pm on a Business Day. |
| Business Rules | means the <i>Gas Retail Market Business Rules for consumers using at least 1TJ per year</i> , which is an industry Code of Conduct legislated under to the <i>Gas Supply Regulations 2003</i> . |
| Charges | means the amounts payable for the Reference Services calculated in accordance with Appendix B of the Access Arrangement.' |
| Code | means the <i>National Third Party Access Code for Natural Gas Pipeline Systems</i> established under the Gas Pipelines Access Law. |
| Commencement Date | has the meaning given in section 1.2 of the Access Arrangement. |
| Confidential Information | means: (a) all information: (i) disclosed (whether orally, in writing or in any other form) by a party ('Discloser') to the other party ('Recipient') in relation to this Agreement; and (ii) treated by the Discloser as confidential; and (b) all copies, notes, records and related information generated by the Recipient based on or arising out of any such disclosure. |
| Contract Year | means a year commencing at 8.00am Eastern Standard Time on the date specified by Allgas. |
| Credit Rating Guarantor | means another entity that is providing a credit guarantee to Allgas on behalf of a User. |
| Credit Support | means the credit guarantee or similar instrument acceptable to Allgas. |

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| Day | means a period of 24 consecutive hours beginning at 8.00am Australian Eastern Standard Time. |
| Delivery Point | means a point on the Network at which Natural Gas is delivered from the Network to or for the account of the User. |
| Delivery Point Facilities | means those facilities installed at a Delivery Point to enable delivery of Natural Gas from the Network including a tapping point, a remote shut-off valve, any communication facilities and associated power supply. |
| Demand Customer | means an End User who withdraws from the Network a quantity of Natural Gas of at least 10TJ per year. |
| Demand Customer Service | means the provision of Reference Services to a Demand Customer in respect of the forward haulage of Natural Gas. |
| Due Date | is 14 Days after the date on the Tax Invoice. |
| End User | means the person who acquires Natural Gas from a User or a Producer. |
| Force Majeure Event | means anything affecting a person outside of that party's reasonable control including, but not limited to, fire, storm, flood, earthquake, explosion, war, invasion, rebellion, sabotage, epidemic, labour dispute, labour shortage, failure or delay in transportation, act or omission (including laws, regulations, disapprovals or failures to approve) of any third person (including, but not limited to, subcontractors, customers, governments or government agencies). |
| GJ | means a gigajoule of Natural Gas or 10^9 J, as that term is defined in Australian Standard AS 1000-1979. |
| Impost | means any tax or other statutory charge, or costs imposed as a result of major changes in government policy (for example, the costs associated with the introduction of full retail contestability). |

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| Insolvency Event | means in relation to any party: <ul style="list-style-type: none">(a) a receiver, receiver and manager, administrator, trustee or similar official is appointed over any of the assets or undertaking of the party (Receiver Appointed);(b) the party suspends payment of its debt generally (Payments Suspended);(c) the party is or becomes unable to pay its debts when they are due or is unable to pay its debts within the meaning of the Corporations Law or the party may be presumed to be insolvent under section 459C of the Corporations Law (Unable to Pay);(d) the party enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them (Arrangements with Creditors);(e) an application or order is made for the winding up or dissolution of, or the appointment of a provisional liquidator to the party or a resolution is passed or steps are taken to pass a resolution for the winding up or dissolution of the party otherwise than for the purpose of an amalgamation or reconstruction (Winding Up); or(f) an administrator is appointed in relation to the person under Division 2 of Part 5.3A of the Corporations Law (Administration). |
| Instrument of Agreement | means the specific contractual arrangement agreed between Allgas and a User in relation to the Allgas Access Arrangement. |
| Meter | means the device used to measure the volume or demand of Natural Gas. |
| Metering | means the Meter and any associated equipment, including filters, regulators, pipework and other equipment used to measure the volume or demand of Natural Gas. |
| MHQ | means the maximum hourly quantity of Natural Gas (in GJ) which Allgas is obliged to receive on behalf of the User and to transport and deliver to Delivery Points on behalf of the User during an hour (net of Unaccounted for Gas). |
| Month | means a calendar month. |
| Natural Gas | has the meaning given in the Code. |
| Network | means the distribution network owned by Allgas through which gas will be transported and includes the Receipt Point Facilities and Delivery Point Facilities which exist from time to time. |
| Producer | means a supplier of Natural Gas. |
| Rate | means the Commonwealth Bank Corporate Overdraft Reference Rate (monthly charging) current on the first Day of each Month. |
| Receipt Point | means a point on the Network at which Natural Gas is received into the Network from or on account of the User. |
| Receipt Point Facilities | means those facilities installed at a Receipt Point to enable receipt of Natural Gas into the Network including a tapping point, a remote shut-off valve, any communication facilities and associated power supply. |

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| Reference Services | means any or all of the Reference Services referred to in section 2.1 of the Access Arrangement. |
| Required Amount | means the amount of the Credit Support to be provided by the User or by the Credit Rating Guarantor as reasonably estimated by Allgas to meet Allgas' credit security requirement for a User. |
| Term | refers to section 1.3 of the Access Arrangement. |
| Unaccounted for Gas | means the quantities of Natural Gas necessary for the efficient operation of the Network, including gas used for compressors or other equipment, and quantities otherwise lost and unaccounted for in connection with the operation of the Network, including as a result of any limitations on the accuracy of Metering Equipment. |
| User | has the meaning given to it in the Code. |
| Volume Customer | means an End User who withdraws from the Network a quantity of Natural Gas less than 10TJ per year. |
| Volume Customer Service | means the provision of Reference Services to a Volume Customer in respect of the forward haulage of Natural Gas |

23.2 Interpretation

In this Agreement, unless the contrary intention appears:

- (a) headings are for ease of reference only and do not affect the meaning of this Agreement;
- (b) the singular includes the plural and vice versa and words importing a gender include other genders;
- (c) other grammatical forms of defined words or expressions have corresponding meanings;
- (d) references to 'dollar' and '\$' is a references to Australian currency;
- (e) a reference to any legislation or statutory instrument or regulation is construed in accordance with the *Acts Interpretation Act 1901* (Cth) or the equivalent State legislation as applicable;
- (f) a reference to a Clause, paragraph, schedule or annexure is a reference to a Clause or paragraph of, or a schedule or annexure to this Agreement and a reference to this Agreement includes any schedules and annexures;
- (g) a reference to a document or Agreement, including this Agreement, includes a reference to that document or a document or Agreement as novated, altered or replaced from time to time;
- (h) a reference to a party includes its executors, administrators, successors and permitted assigns;
- (i) words and expressions importing natural persons include partnerships, bodies corporate, associations, governments, governmental and local authorities and agencies; and
- (j) a reference to a time or date in connection with the performance of an obligation is a reference to the time and date in Brisbane, Australia, even if the obligation is to be performed elsewhere.

23.3 Terminology

Terminology used to describe units will, unless otherwise agreed, be in accordance with Australian Standard AS1000 '*The International System of Units (SI System) and Its Application*', the Commonwealth '*National Measurement Act 1960*' and regulations thereunder, Australian Standard AS1376-1973 '*Conversion Factors*' and the Australian Gas Association publication '*Metric Units and Conversion Factors for Use in the Australian Gas Industry*'.