



INFORMATION PACKAGE

FOR

WA GAS NETWORKS ACCESS ARRANGEMENT  
FOR THE MID-WEST AND SOUTH-WEST  
GAS DISTRIBUTION SYSTEMS

WA GAS NETWORKS PTY LTD  
(ABN 90 089 531 975)  
2008

## CONTENTS

INTRODUCTION .....	3
OVERVIEW .....	4
SERVICES AVAILABLE .....	4
Reference Services .....	4
Reference Tariffs .....	5
Interconnection Service .....	6
Non Reference Service .....	6
APPLICATIONS PROCEDURE .....	7
Application Process .....	7
Timelines .....	10
Contract for Service .....	10
Retail Market Rules .....	10

### Disclaimer

This document is published by WA Gas Networks Pty Ltd for the guidance of users and prospective users of gas distribution capacity. WA Gas Networks Pty Ltd makes no representation or warranty concerning the accuracy or correctness of any of the information in the document. This document is indicative and illustrative only, and people relying on the document do so entirely at their own risk. To the extent permitted by law, WA Gas Networks Pty Ltd does not accept any liability for any loss or damage suffered by any person relying on it.

## INTRODUCTION

This information package has been put together to assist prospective users and interested parties obtain access to the WA Gas Networks Mid-West and South-West Gas Distribution Systems. The contents of the package are intended to comply with Clause 5.1 of the National Access Code (the Code).

### Contacts

WA Gas Networks Pty Ltd welcomes enquiries regarding access to its Mid-West and South-West Distribution Systems or on this package in general. Further assistance is available from:

	<i>Telephone</i>	<i>Facsimile</i>	<i>Email</i>
Manager Regulatory Services	08 6213 7151	08 6213 7409	<a href="mailto:regulatory@wng.com.au">regulatory@wng.com.au</a>

## OVERVIEW

WA Gas Networks Pty Ltd (WAGN) owns and operates the WA Gas Networks gas distribution systems in Kalgoorlie, Albany and the Mid-West and South-West of Western Australia. WA Gas Networks holds a gas distribution license issued under the Energy Coordination Act 1994 (WA)

### SERVICES AVAILABLE

WA Gas Networks offers five reference services for haulage of gas through the Mid-West and South-West Gas Distribution System (GDS) as well as an interconnection service, ancillary services and non reference services. These are outlined briefly below.

#### Reference Services

##### *Reference Service A1*

Reference Service A is a haulage service for users requiring delivery of 35 TJ/year or more at a delivery point with a contracted peak rate greater than or equal to 10 GJ/hour. This service is therefore applicable to high gas use end consumers. Pursuant to the Retail Market Rules, consumption at these delivery points must be measured daily by means of telemetry.

The tariff associated with this service is determined by the location of the delivery point at which gas is delivered to the user, the use made of the capacity of the GDS and the volume of gas delivered to the user at the delivery point. Most of the costs associated with the GDS are fixed. This is recognised in the tariff structure which comprises:

- a standing charge;
- a demand charge;
- a usage charge; and
- a charge for user specific delivery facilities including telemetry equipment.

##### *Reference Service A2*

Reference Service A2 is a service for users requiring 10TJs or more but less than 35 TJ/year at a delivery point, or having a contracted peak rate less than 10 GJ per hour. This service is applicable to a wide range of commercial and industrial installations. Pursuant to the Retail Market Rules, consumption at these delivery points must be measured daily by means of telemetry. Many of these users take gas at delivery points on the medium pressure/low pressure system.

The tariff associated with this service comprises three components:

- a standing charge;
- a usage charge; and
- a charge for user specific delivery facilities including telemetry equipment.

##### *Reference Service B1*

Reference Service B1 is a service for users requiring 10 TJ/year or less at a delivery point, or having a contracted peak rate less than 10 GJ per hour. This service is applicable to a wide range of commercial and industrial installations. Many of these users take gas at delivery points on the medium pressure/low pressure system.

The tariff associated with this service comprises three components:

- a standing charge;

- a usage charge; and
- a charge for user specific delivery facilities.

### *Reference Service B2*

Reference Service B2 is a service for users supplying smaller commercial and large residential gas consumers at a delivery point on the medium pressure/low pressure system. The service incorporates provision of a standard meter capable of delivering up to 12 cubic metres of gas per hour.

The tariff associated with this service comprises two components:

- a standing charge; and
- a usage charge.

### *Reference Service B3*

Reference Service B3 is a service for users supplying smaller commercial and residential gas consumers at a delivery point on the medium pressure/low pressure system. The service incorporates provision of a standard meter capable of delivering up to 6 cubic metres of gas per hour.

The tariff associated with this service comprises two components:

- a standing charge; and
- a usage charge.

## **Reference Tariffs**

The Reference Tariffs applicable as at January 2008, inclusive GST, are outlined in Table 1.0.

**Table 1.0**  
**Reference Tariffs Applicable from 1 January 2008**  
 (excluding user specific charges)

<b>Tariff</b>	<b>Standing Charge</b>	<b>Block Structure</b>	<b>Demand Charge</b>	<b>Usage Charge</b>
	<b>\$/year</b>		<b>\$/GJ-km/year</b>	<b>\$/GJ-km</b>
A1	48,715.66	First 10 km	201.15	0.04910
		> 10 km	100.57	0.02454
				<b>\$/GJ</b>
A2	578.64	First 5 TJ	n.a.	5.34
		Next 5 TJ	n.a.	5.06
		> 10 TJ	n.a.	1.33
B1	578.64	First 5 TJ	n.a.	5.34
		Next 5 TJ	n.a.	5.06
B2	232.06	First 100 GJ	n.a.	5.90
		> 100 GJ	n.a.	5.32
B3	29.76	First 15 GJ	n.a.	9.89
		Next 30 GJ	n.a.	6.26
		> 45 GJ	n.a.	4.25

n.a. = not applicable

The reference tariffs in Table 1.0 represent the tariffs applicable to calendar year 2008. The tariffs are then adjusted in subsequent years of the Access Arrangement in accordance with a pre-determined price path.

The price path adopted is based on a simple price-cap. Under the price-cap, any tariff component (and thereby the corresponding reference tariff) can be varied for each year by an amount equal to  $CPI - X$ , where CPI is the year on year increase in the Consumer Price Index.

The value of X is a specified productivity improvement factor that has been set as part of the development of our Access Arrangement and is not varied during the Access Arrangement period. The value of X for the Access Arrangement period is 2.24% per annum.

### **Interconnection Service**

An Interconnection Service is a service in respect of the interconnection of the GDS and a transmission pipeline, distribution pipeline or gas storage system. Each interconnection service will need to be negotiated on an individual basis taking into consideration a range of technical issues such as:

- the design, construction, commissioning, ownership and funding of physical gate points and associated facilities;
- metering;
- metering data format and exchange;
- allocation of metering at physical gate points to receipt points;
- gas quality;
- any necessary balancing or reconciliation procedures between designated suppliers and operators of the interconnected pipelines;
- the designation of the receipt point; and
- any other relevant matters.

### **Non Reference Service**

WA Gas Networks will negotiate the terms and conditions regarding any other service or element of a service requested by a prospective user.

## APPLICATIONS PROCEDURE

This section of the Information Package deals with the procedure and information requirements for obtaining access to capacity on the GDS. It builds on the terms and conditions outlined, in particular, in Part C of the Access Arrangement approved by the Economic Regulation Authority.

### Application Process

An application for a service must be clearly marked “Application for Access to Capacity on the Mid-West and South-West Gas Distribution Systems” or “Application for Interconnection Service on the Mid-West and South-West Gas Distribution Systems” depending on the service sought.

An application must be in writing and contain or be accompanied by the information outlined in Table 2.0. It must be signed by the prospective user, or by a duly authorised agent of, each person constituting the prospective user.

WA Gas Networks will use reasonable endeavours to process an application and make an access offer or issue a notice of non-compliance to the prospective user as soon as practicable.

**Table 2.0  
Information Required for WA Gas Networks to Process an Application**

<b>Applicant Information</b>	<ol style="list-style-type: none"> <li>1. Full name, principal place of business, ABN, mailing address, facsimile number and telephone number of the applicant, and where the applicant comprises more than one person, of each of them;</li> <li>2. Name, title, facsimile number and telephone number of the person nominated by the applicant to liaise with WA Gas Networks in respect of the application;</li> <li>3. Legal status;</li> <li>4. Trading license details, where applicable;</li> <li>5. Details of financial position eg most recent Annual Report, ASX Quarterly Report, Credit Rating; and</li> <li>6. Insurance details. The minimum requirement is third party liability insurance including product liability, noting WA Gas Networks Pty Ltd’s interest, in the amount of not less than AUD 20M any one occurrence.</li> </ol>
<b>Technical Data</b>	<ol style="list-style-type: none"> <li>1. Type of service requested</li> <li>2. Identification of Delivery Point eg Hospital, H Block, 1 Acacia Road, Crawley;</li> <li>3. End use customer details and contact numbers in case of emergency or curtailment;</li> <li>4. Annual consumption;</li> <li>5. Contracted peak rate – the peak rate required at a delivery point</li> </ol>

	<p>determines the capacity required in a pipeline and the pressure at which the pipeline has to be operated;</p> <p>6. Required pressure at the delivery point. Standard operating pressures for the GDS are detailed in Table 6.1 of the Access Arrangement Information. If pressures other than the standard operating pressures are required, an application for a non reference service must be made;</p> <p>7. Required temperature at the delivery point;</p> <p>8. Metering requirements; and</p> <p>9. Special requirements.</p>
<b>Term</b>	<p>1. Term of the contract including start and end date,</p> <p>2. Details of any options to extend the term of the contract and if so the duration or durations of those options.</p>
<b>Gas Supply Details</b>	<p>1. Written acknowledgement from designated gas supplier(s) and confirmation of nature and extent of capacity booked on the relevant transmission pipeline and receipt point to which gas is to be delivered. Such arrangements must be made on an uninterruptible basis unless otherwise agreed, and</p> <p>2. Allocation arrangements where there is more than one designated gas supplier.</p>

<p><b>Interconnection Service</b></p>	<p>The type of details required in respect of interconnection will be unique to each interconnection and may require detailed negotiation. An application for an Interconnection Service should include details listed under Applicant, Term and Ongoing Information Requirements, where applicable. Examples of the sort of additional detail required may include:</p> <ol style="list-style-type: none"> <li>1. Identification of location of proposed receipt points;</li> <li>2. Design, construction, commissioning, ownership and funding of physical gate points and associated facilities;</li> <li>3. Metering;</li> <li>4. Metering data format and exchange;</li> <li>5. Allocation of metering at physical gate points to receipt points;</li> <li>6. Gas quality;</li> <li>7. Any necessary balancing, settlement or reconciliation procedures between designated suppliers and operators of the interconnected pipelines; and</li> <li>8. Any other relevant matters.</li> </ol> <p>Other information may be required, such as gas supply details, when access to capacity to the GDS is sought via the interconnected pipeline. In this case, an application for access to capacity on the Mid-West and South-West Gas Distribution Systems will be required.</p>
<p><b>Ongoing Information Requirements</b></p>	<ol style="list-style-type: none"> <li>1. Certificate of currency of insurance is to be provided on an annual basis for the duration of the contract;</li> <li>2. Annual Report is to be provided on an annual basis for the duration of the contract;</li> <li>3. Details of changes in designated supplier are to be provided as soon as practical prior to the change; and</li> <li>4. Details of any material change in financial position to be provided as soon as possible.</li> </ol>
<p><b>Conditions Precedent</b></p>	<p>Applicants must provide evidence that they are a member of a relevant Retail Market Scheme. Further details can be obtained on the Office of energy website.</p>

## **Timelines**

There is an expectation that a prospective user will make an enquiry about the availability of capacity at a distribution point prior to submitting an application.

We will respond as soon as reasonably practicable to an enquiry concerning the ability of the GDS to meet a prospective user's requirements for a new or additional contracted peak rate at a nominated distribution point.

We will respond as soon as reasonably practicable to an application for a new or additional contracted peak rate at a nominated distribution point. The timing of the response will be subject to receipt of all information required by us to make an assessment of the application.

To the extent that an enquiry has been made about capacity available at a distribution point and it has been established that no additional reinforcement will be required, the processing of the application should be hastened.

Where an application for a service does not require system reinforcement or user specific reinforcement, the application must be submitted at least 30 days before the requested start date.

Where an application for a service does require system reinforcement or user specific reinforcement, the application must be submitted a reasonable time before the requested start date.

An application for access will be subject to the Queuing Policy outlined in Part A of the Access Arrangement. The Queuing Policy sets out the criteria for determining the priority amongst prospective users where there is capacity limitation on any part of the GDS.

## **Contract for Service**

To become a user of a reference service or an interconnection service, you must enter into a Haulage Contract or into an Interconnection Contract respectively with WA Gas Networks. To obtain other services you may also be required to enter into a written agreement with WA Gas Networks.

## **Retail Market Rules**

Full retail contestability commenced on 31 May 2004. The Office of Energy is responsible for the issuing of licences to Gas Retailers who wish to participate within the Western Australian gas market. It is a pre-condition for access to the gas distribution system that users hold a licence and comply with the Retail Market Rules.

The Rules form the basis of commercial agreements between market participants and have been implemented as a cooperative industry-based arrangement pending the introduction of full retail contestability.