



Part 23 User Access Guide

Tasmanian Gas Pipeline

www.tasmaniangaspipeline.com.au

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PART A – BACKGROUND INFORMATION

1 Background

1.1 Introduction

This Guide is the user access guide required under Part 23 NGR for the Tasmanian Gas Pipeline (the **Pipeline**), a non-scheme pipeline.

The purpose of this Guide is to assist prospective users to obtain services on the Pipeline.

This Guide is organised follows:

Part A	Background information on the application of this Guide and Part 23 NGR
Part B	Process for obtaining pipeline services on the Pipeline
Annexure A	Overview of the Pipeline
Annexure B	Links to the following Access Information as required to be published under Part 23: <ul style="list-style-type: none">• Pipeline and pipeline service information• Usage and availability information• Standing terms and prices• Financial information• Weighted average price information
Annexure C	Glossary

1.2 Application of this Guide

Division 3, Part 23 of the NGR sets out a process and timeline for access negotiations to services on non-scheme pipelines. This Guide reflects and supplements those requirements. It does not override our obligations under Part 23 and to the extent of any inconsistency, Part 23 will prevail.

This Guide applies in relation to requests for access to pipeline services on the Pipeline. The services available on the Pipeline are set out in the Pipeline and pipeline service information in Annexure B.

This Guide and Division 3 does not apply in the following circumstances:

- This Guide does not apply to requests for variations to an existing contracted service for any part of the current service term. We will negotiate such variations in accordance with the terms of the relevant contract.

However, requests to extend the term of an existing contract or to add a new service to an existing contract are covered by Division 3 and this Guide.
- This Guide does not apply to disputes about a pipeline service provided under an existing contract. Such disputes are governed by the terms of that contract.

1.3 Background on Part 23 NGR

1.3.1 Objective

Part 23 NGR aims at facilitating commercial negotiations between providers of pipeline services and prospective users. To this end, Part 23 imposes information provision obligations upon service providers, and provides a commercially-oriented arbitration process to resolve access disputes.

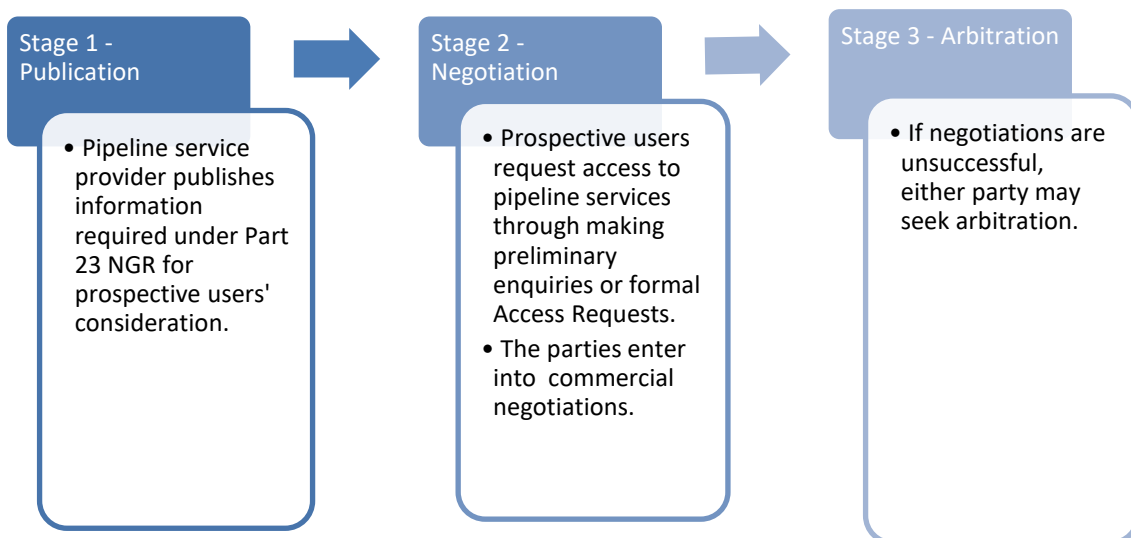
1.3.2 Obligation to publish

A service provider for a non-scheme pipeline is obliged to publish certain information and documents about that pipeline under Part 23, including a user access guide, service and access information, standing terms, financial information and weighted average price information. The information listed here can be found at Annexure B (Access Information) of this Guide.

1.3.3 Further information

Please also refer to the AER's Non-Scheme Pipeline Arbitration Guide and Framework flow chart at <https://www.aer.gov.au/networks-pipelines/non-scheme-pipelines/arbitration-of-access-disputes>.

1.4 Part 23 NGR Process at a glance



PART B – REQUESTING SERVICES ON THE TGP

2 Service provider

2.1.1 Pipeline service provider

The service provider for the Pipeline is Tasmanian Gas Pipeline Pty Ltd (ACN 083 052 019) (**TGP**).

2.1.2 Contact details

Please send all enquiries relating to this Guide or access to the Pipeline to:

Name	Darren Giri
Position	General Manager - Commercial
Address	Level 26, 140 William St, Melbourne, Vic 3000
Telephone	0432 020 632
Email	Darren.Giri@palisadeims.com.au
Attention	Access to the TGP
Website	www.tasmaniangaspipeline.com.au
Fax Number	03 9044 1130

3 Preliminary enquiries

3.1.1 Preliminary enquiries

A prospective user is welcome to make a preliminary enquiry for access to pipeline services at any time by contacting the person listed in section 2.1.2.

TGP welcomes preliminary enquiries. Preliminary enquiries and discussions offer a flexible process for additional information exchange and will assist prospective users in understanding the services available and the framing of an access request, as well as allowing TGP to frame a more tailored offer.

3.1.2 Further investigations during preliminary enquiries

Upon your request, we must conduct further investigations during preliminary enquiries. Depending on the nature of your enquiry, we may also recommend further investigations be undertaken. Generally, the purpose of such investigations will be to determine whether your requirements can be met and thus assist in making a formal Access Request.

If further investigations are necessary, we will provide and seek to agree with you:

- the scope of the further investigations,
- the timelines for conducting the further investigations, and
- the costs for conducting such further investigations (if appropriate). For example, if engineering or technical studies are required, we may require you to pay the costs of such work.

4 Access Request

4.1.1 Making an Access Request

You may request us to provide access to pipeline service by making a formal Access Request under rule 559 at any time.

A formal Access Request must:

- (a) be in writing;
- (b) be addressed to the person in section 2.1.2;
- (c) specify that it is a formal Access Request under rule 559; and
- (d) include information reasonably required for us to prepare an Access Offer, or to determine whether we need to undertake further investigations in relation to the Access Request, including the information specified below.

We encourage you to make it clear to us whether you are making a preliminary enquiry or a formal Access Request. If a request does not specify that it is a formal Access Request under rule 559, we may treat the request as a preliminary enquiry.

You should provide the following information when making a formal Access Request (as applicable):

Entity Details

- ACN and other incorporation details of the entity seeking the pipeline services and who will be the contracting entity
- if the entity is a special purpose vehicle or a new entity, details of the parent group and description of its business
- information relating to contracting entity's credit worthiness
- prospective user primary contact detail

Service Requested

- each of the pipeline services required
- quantities of each pipeline service required
- receipt and delivery points and quantities required at those points
- start date and end date for each service
- technical details / other information relating to a new interconnection to the pipeline, including:
 - delivery pressure; and
 - operational usage profile

Other Information

- reason for the pricing request
- downstream gas usage
- specific requests for TGP consideration

You are encouraged to make a formal Access Request by completing this form: [Pricing Request Form](#)

4.1.2 Incomplete Access Requests

Receiving an Access Request

5 BD

Inform that the Access Request is incomplete

If we require further information because an Access Request is incomplete, we will inform you of this and the information required within 5 Business Days after receiving the Access Request.

You are not required to provide the requested information within a set timeframe, however please keep in mind that the time taken may impact on the provision of our Access Offer.

4.1.3 Conducting further investigations



It may be the case that we need to conduct further investigations before making an Access Offer. If this is the case, we will inform you of this within 10 Business Days after receiving the Access Request or, in the case of an incomplete request, the provision of further information.

We will negotiate with you in good faith about the terms and conditions on which further investigations will be carried out, including the following matters:

- if required, any reasonable extension to the 60 Business Day time period allowed under the Rules for the Access Offer to be made; and
- if required, the basis for determining reasonable costs of the further investigations to be paid by you.

We will only undertake further investigations in relation to an Access Request if it is reasonably necessary. Any further investigations will be carried out expeditiously.

4.1.4 Amending an Access Request

You may amend the details of your Access Request with our consent. We will not unreasonably withhold consent but may give consent to your request for amendment subject to reaching an agreement on a reasonable extension to the period for making an Access Offer in response to the amended Access Request.

5 Access Offers

5.1.1 When we will make an Access Offer



Unless one of the following circumstances apply, we will make an Access Offer within 20 Business Days after receiving the Access Request.

If the Access Request is incomplete, we will make an Access Offer within 20 Business Days of the provision of the further information requested of you.

If we need to undertake further investigations, we will make an Access Offer within 60 Business Days after receiving the Access Request (or in the case of an incomplete request, after receiving the further information requested), unless we have agreed a different timeframe with you.

5.1.2 Content of an Access Offer

An Access Offer will:	set out the price and other terms and conditions on which we offer to make the requested pipeline services available to you;
	include detail of any works to be undertaken by you and us, and any applicable technical and performance specifications; and
	be in a form capable of acceptance by you so as to constitute a new access contract or form part of an existing access contract.

We may include appropriate conditions precedent in our Access Offer and a reasonable timeframe for acceptance.

5.1.3 When we are not required to make an Access Offer

We are not required to make an Access Offer under the following circumstances:

- if the Access Request has been withdrawn;
- if we have concluded, after having used all reasonable efforts to accommodate your reasonable requirements, that it is not technically feasible or consistent with the safe and reliable operation of the pipeline to provide the requested pipeline service.
- if the provision of the pipeline service requested would require the extension of the pipeline.

If we are unable to make an Access Offer due to technical infeasibility, we will give you:

- written reasons explaining why the requested service cannot be provided; and
- if there is some prospect that the requested service will become possible to provide at some time in the future, details of when the service would likely become available.

6 Negotiations

6.1.1 Parties to negotiate in good faith

Pursuant to s 216G of NGL, service providers and prospective users are obliged to negotiate in good faith.

If a prospective user is not negotiating in good faith, we reserve the right to terminate negotiations.

6.1.2 Requesting negotiations

If you have made a valid Access Request for a pipeline service, you may (by notice to the person identified in section 2.1.2) request negotiation under Part 23 of NGR in relation to any aspect of access to a pipeline service, including:

- whether access can be granted; and
- the price and other terms and conditions of an Access Offer.

You may seek clarity in relation to the Access Offer without commencing the formal negotiation process but you are encouraged to be clear if that is your intention.

6.1.3 Other parties relevant to the negotiations

If you give notice requesting negotiations, both parties (i.e. you and we) must use reasonable endeavours to identify other persons who may become a party to an access dispute relating to the pipeline service the subject of the negotiations. Either party may agree to include such other parties to the negotiations.

7 Exchange of information during negotiations

7.1.1 Overview

Should an access dispute arise, rule 562 provides a process by which the information exchanged by the parties during negotiations will form the basis of an arbitration “on the papers”. There are two types of information contemplated by rule 562:

Access Offer Information	Access Offer Information includes: <ul style="list-style-type: none">▪ information regarding the costs associated with the provision of the pipeline services sought;▪ information about the method used to determine the prices in the Access Offer, and▪ the inputs used in the calculation of prices.
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Access Negotiation Information	Access Negotiation Information is information that the other party may seek to rely on for the determination of an access dispute in relation to the subject matter of the negotiations, including expert and consultant reports, data sets, reports, and models. It includes Access Offer Information
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Each party to the negotiation must, in requesting or providing Access Negotiation Information, do so in a manner and at a time consistent with the duty to negotiate in good faith.

7.1.2 You may request Access Offer Information



If you are negotiating with us under Part 23 of NGR, you may from time to time request from us Access Offer Information in relation to any aspect of the matters being negotiated.

This is to be done by giving notice to the contact person identified in section 2.1.2.

We will comply with the request for Access Offer Information within 15 Business Days of the notice, or any longer period agreed with you.

The Access Offer Information we provide will be:

- relevant to the subject matter of the request;
- provided in a readily readable form (where requested, we will provide the Access Offer Information in electronic file format and attaching underlying data files and inputs); and
- compliant with Part 23 NGR access information standard.

7.1.3 Either party may request Access Negotiation Information



A party must comply with the request for Access Negotiation Information within 15 Business Days of the notice, or any longer period agreed with you.

A party may:

- from time to time (and by notice), request another party to the negotiation to provide Access Negotiation Information of the other party that the other party is seeking to rely on in relation to a specific matter arising in the negotiations;
- during the course of the negotiations (by notice), request the other party to the negotiations to provide all Access Negotiation Information of the other party.

7.1.4 Exceptions

A party is not required to provide information would be subject to legal professional privilege or would breach third party confidentiality.

8 Arbitration

8.1.1 Arbitration

Pursuant to s 216J of NGL, prospective users have the right to refer an access dispute to arbitration.

This Guide does not cover the arbitration process. Please refer to the AER’s Non-Scheme Pipeline Arbitration Guide at <https://www.aer.gov.au/networks-pipelines/non-scheme-pipelines/arbitration-of-access-disputes>.

8.1.2 Before issuing an access dispute notice

A party must give notice requesting all Access Negotiation Information of the other party at least 15 Business Days prior to issuing an access dispute notice (which triggers arbitration).

9 Confidentiality

Service providers and prospective users must keep confidential any non-public information provided by one party to the other during negotiations (rule 561(8) and (9)).

There are certain limited exceptions where a party may disclose confidential information (see rule 561(8)):

- to the scheme administrator in an access dispute notice
- to the arbitrator in the course of an arbitration
- with the consent of the other party
- to a professional or other adviser of the party who agrees with the party to maintain the confidentiality of the confidential information
- if it is required by, or necessary for the purposes of, these Rules or the NGL
- if the disclosure is in accordance with an order made or a subpoena issued by a court of competent jurisdiction; or
- if the disclosure is authorised or required by a law of a participating jurisdiction or required by a competent regulatory body, and the person making the disclosure gives written details of the disclosure (including an explanation of the reasons for the disclosure) to the other party

All information provided by us during negotiations should be treated as confidential, with the exception that the information is already in the public domain. We reserve the right to require confidentiality agreements be put in place.

Annexure A: Pipeline Overview

1 Tasmanian Gas Pipeline

Commissioned in 2002, the Pipeline is the only pipeline supplying natural gas to Tasmania. It transports natural gas from Longford in Victoria, under Bass Strait, to Bell Bay in Tasmania supplying gas to both industry and townships in the state.

The Pipeline is a part of a network of underground high-pressure gas pipes, which stretches over 20,000km and serves all of Australia's states and territories. It comprises an onshore section and an offshore section. Further information on the Pipeline can be found at:

<https://www.tasmaniangaspipeline.com.au/pipeline/>.

2 TGP Transfer Services

The Eastern Gas Pipeline (“**EGP**”), owned by Jemena, compresses all gas transported on the Pipeline at the Tasmanian Gas Pipeline interconnection point. Shippers injecting into the Tasmanian Gas Pipeline interconnection point require a standard EGP transportation agreement, available through obtaining a referral from us. Please contact the person listed in section 2.1.2 to discuss obtaining a referral. Further information on the EGP can be found at:

<http://jemena.com.au/industry/pipelines/eastern-gas-pipeline>

3 Natural Gas Storage

TGP has constructed a transfer station, connecting the Tasmanian Gas Pipeline to the Longford to Melbourne Pipeline creating a new Victorian Transmission System injection point to facilitate the offering of a High Priority Storage Service.

This allows the amount of gas that can be injected from our storage service into the Victorian Transmission System to 120TJ per day, at a rate of 5 TJ per hour.

Annexure B: Access Information

As required by Part 23 NGR, TGP publishes access information as listed below.

1 Pipeline, pipeline service, service usage and service availability information

- Pipeline information (rule 553(2))
- Pipeline service information (rule 553(3))
- Service usage information (rule 553(4))
- Service availability information (rule 553(5))

This information can be accessed by [clicking here](#)

2 Standing price and standing price methodology (rule 554(1)(a))

TGP's standing price for Firm Forward Haulage Transportation is as follows:

- Zone 1: \$0.8926 /GJ in 2018 Dollars
- Zone 2: \$1.8856 /GJ in 2018 Dollars

TGP's standing price for High Priority Storage is as follows:

- \$72.04 /GJ/ annum in 2018 Dollars

Methodology

Transportation Services

All Tariffs and pricing are in 1 January 2018 dollars.

The provision of Firm Forward (FF) haul services to Zone 1 and Zone 2 services were subject to an arbitration with a final access determination being made on 12 April 2018. Please refer to AER website <https://www.aer.gov.au/communication/aer-publishes-required-information-for-tasmanian-gas-pipeline-access-determination> for more detail.

Under that arbitration, the arbitrator used a cost based methodology. The arbitrator determined an asset value for provision of haulage services of \$163.2 million using a "Modified Depreciated Actual Cost" approach. Modified Depreciated Actual Cost represents an indexed Depreciated Actual Cost adjusted downwards to reflect the value of the assets which are used in the provision of transport services by the Pipeline and excludes the value of the assets used in the provision of separate services such as High Priority Storage Services. The Modified DAC was estimated using historical data on initial construction costs, the amount of capital expenditure since commissioning and the amount of depreciation (on a straight-line basis) recovered since commissioning. There were no pipeline assets disposed since commissioning.

Under the cost based methodology, a revenue requirement for firm forward haulage services is determined by:

- Reference to the asset base of \$163.2M which represents an arbitrated allocation of assets having regard to the pipeline capacity required to meet the requirements of the foundation contracts that underpinned the development of the pipeline
- Applying a commercial rate of return to that asset base to produce a return on capital, which is configured using a 'vanilla' post-tax nominal Weighted Average Cost of Capital
- Return of assets (i.e. Depreciation), which is the sum of:
 - Straight-line depreciation of the opening asset value as at 1 January 2018
 - Straight-line depreciation of the capital expenditure incurred in the financial year 2018-19 (i.e. based on standard asset lives, depending on the asset category)
 - Minus the inflation on opening asset value (i.e. equivalent to regulatory depreciation)

- Making an allowance for the forecast operating, capital and maintenance costs of keeping the assets in service as adjusted by the arbitrator
- Making an allowance for the 'cost' of tax, based on the approach adopted by the AER to calculate efficient benchmark tax liabilities in the Post-Tax Revenue Model

Under this approach, the arbitrator determined tariffs for FF services for Zone 1 and Zone 2 (in 2018 dollars) to recover relevant TGP costs. This was based on the following:

- Subtracting currently contracted revenues from the revenue requirement to derive the target tariff revenue to be recovered
- The target tariff revenue to be recovered in the financial year was then divided by forecast firm forward capacity (in GJ) excluding the contracted volumes referred to in the preceding bullet point to estimate a firm forward tariff (in \$ per GJ / day)
- The final tariffs for FF services were expressed in dollars per gigajoule (GJ) per day.
- TGP's standing tariffs are the tariffs determined by the arbitrator which will be escalated annually (consistent with the arbitration decision). Counterparty creditworthiness and term will also come into consideration in relation to the application of these prices to a particular prospective user.
- However, if over time there are material changes to the inputs to the methodology discussed above, then TGP reserves the right to recalculate the tariffs.

High Priority Storage

TGP markets firm storage services using pipeline capacity not utilised by Firm Forward services. Our standing tariffs for the High Priority Storage have been set by reference to a recent Request for Proposal (RFP) process and contracts entered into for those services, the availability of competing alternatives and the opportunity cost of providing High Priority Storage in place of Firm Forward services.

There are a number of methodologies that can be used to derive a price for firm storage. TGP's published firm storage tariff is 19.7c/GJ (\$72.04 GJ/annum), which was derived based on the following factors:

- Minimum price required to justify sterilizing Firm Forward capacity - using the pipeline for storage restricts the capacity available for the provision of firm forward services. The trade-off between storage services capacity and firm forward capacity varies depending on the contracted level of firm forward capacity. The ratio is approximately 1.5:1 at high levels of firm forward but drops to below 1:1 at low levels. For every 1.5GJs of High Priority Storage contracted, this sterilizes 1GJ of firm forward capacity. Using the Zone 2 price of \$1.8856/GJ, the equivalent price of firm storage would be \$1.257/GJ. Using the Zone 1 price of 89.26c/GJ the equivalent price would be 59.5c/GJ.
- Customers' willingness to pay - as at January 2018, the tariff required from uncontracted storage services (in addition to existing Firm Forward and storage services) to allow TGP to recover its costs under the modified DAC valuation methodology determined in the recent arbitration would be significantly above what shippers are prepared to pay and the tariffs of competing storage services. TGP also considered the willingness to pay by customers as indicated in the April 2018 RFP process, marketing discussions and existing contracts.
- Comparison with alternative gas storage services – EGP, MSP, Iona, Dandenong LNG taking into account receipt, storage and delivery capacities and requirement for separate firm forward service.

All firm capacity is now contracted. Additional capacity is available from January 2023.

3 Standing terms (rule 554(1)(a))

The standard Gas Transportation Agreement (GTA) applicable to services on the Pipeline can be found by clicking through to the [TGP GTA](#)

4 Financial information (rule 555)

The financial information as published by TGP is located [here](#) and [here](#).

5 Weighted average price information (rule 556)

The weighted average price information as published by TGP is located [here](#) and [here](#).

Annexure C: Glossary

Unless otherwise indicated, the following terms in this Guide have the meanings set out below:

Term	Definition
Access Offer	offer in response to an Access Request under rule 559 NGR
Access Request	formal access request under rule 559 NGR
AER	Australian Energy Regulator
Business Day	a day that is not a Saturday, Sunday or public holiday in any participating jurisdiction of Part 23 of NGR
EGP	Eastern Gas Pipeline
Guide	Tasmanian Gas Pipeline user access guide
NGL	National Gas Law
NGR	National Gas Rules
Pipeline	Tasmanian Gas Pipeline
Service Provider	Tasmanian Gas Pipeline Pty Ltd
TGP	Tasmanian Gas Pipeline Pty Ltd