



Economic Regulation Authority

Draft decision on revisions to the access arrangement for the Goldfields Gas Pipeline

Attachment 9: Service terms and conditions

25 July 2024

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Note

This attachment forms part of the ERA's draft decision on proposed revisions to the access arrangement for the Goldfields Gas Pipeline. It should be read in conjunction with all other parts of the draft decision, which is comprised of the following document and attachments:

Draft decision on revisions to the access arrangement for the Goldfields Gas Pipeline – Overview, 25 July 2024

- Attachment 1: Access arrangement and services
- Attachment 2: Demand
- Attachment 3: Revenue and tariffs
- Attachment 4: Regulatory capital base
- Attachment 5: Operating expenditure
- Attachment 6: Depreciation
- Attachment 7: Return on capital, taxation, incentives
- Attachment 8: Other access arrangement provisions
- Attachment 9: Service terms and conditions (this document)

Attachment 9. Summary

The regulatory framework requires the access arrangement to specify, for each reference service, a reference tariff and the other terms and conditions on which the service will be provided.

The terms and conditions approved under an access arrangement establish standard terms and conditions that users can either accept or use as a point of reference to negotiate their own terms and conditions to meet specific operational needs. In the event terms and conditions cannot be agreed, the access arrangement may be used to guide an arbitrator in an access dispute.

GGT provides a single reference service under the access arrangement: the Firm Transportation Service. The terms and conditions for the Firm Transportation Service are set out in Section 2.2 and Schedules D and T of the proposed access arrangement.

While GGT has proposed some changes to the terms and conditions, the terms and conditions remain materially unchanged from the current (AA4) terms and conditions.

GGT's proposed changes comprise:

- An update to incorporate the Northern Goldfields Interconnect receipt point.
- Drafting amendments to clarify existing terms and conditions.
- Administrative amendments to update the name of the reference service, cross references to sections of the access arrangement and dates.

The ERA has noted different definitions for the term "receipt point" as used in the access arrangement and reference service terms and conditions. Unless GGT can provide reasons as to why these definitions should be different, the ERA requires the definition in the terms and conditions to match the definition in the access arrangement. The ERA also suggests that GGT amend the structure of the access arrangement so that the definitions and interpretation provisions for the reference service terms and conditions sit within those terms and conditions.

Subject to GGT addressing the ERA's required amendments, the ERA conditionally approves the terms and conditions for the Firm Transportation Service as set out in the proposed access arrangement.

Summary of required amendments

- 8.1 GGT must amend the definition of "receipt point" in Schedule T of the proposed access arrangement to match the amended definition of "receipt point" in Schedule C of the proposed access arrangement (noting that there is a drafting/formatting error in the amended definition for "receipt point" in Schedule C that needs to be addressed).
- 8.2 GGT should consider amending the structure of the proposed access arrangement to incorporate the definitions that apply to the reference service terms and conditions into those terms and conditions (i.e. existing Schedule T (C1 Definitions and Interpretation) should form part of Schedule D (Terms and Conditions applying to the Firm Transportation Service)).

Regulatory requirements

1. The regulatory framework requires the access arrangement to specify, for each reference service, a reference tariff and the other terms and conditions on which the service will be provided.¹
2. There are no specific provisions in the National Gas Rules (NGR) that detail what the terms and conditions for reference services must cover. In general, however, reference service terms and conditions should be reasonable and cover both service specific provisions and general (generic) contract provisions.

¹ Extracts of the NGR that are referenced in this document are provided in Appendix 2 for information. NGR, rule 48(1)(d).

GGT proposal

3. The terms and conditions for the Firm Transportation Service (the only reference service to be offered under the access arrangement) are set out in the proposed access arrangement as follows:
 - Section 2.2 (Firm Transportation Service)
 - Schedule D (Terms and Conditions applying to the Firm Transportation Service)
 - Schedule T (C1 Definitions and Interpretation) of the access arrangement.
4. GGT highlighted specific changes to the access arrangement in its proposal overview, which included some changes to the terms and conditions for the Firm Transportation Service.² Further proposed changes the terms and conditions are set out in a marked-up version of the access arrangement.³
5. All of GGT's proposed changes to the terms and conditions for the Firm Transportation Service are summarised in Table 9.1.

Table 9.1: GGT proposed changes to the reference service terms and conditions

Proposed change	Description of proposed change
Access arrangement (throughout)	All references to Firm Service changed to "Firm Transportation Service".
Access arrangement, Section 2.2.1	Drafting edits to make reference to "an agreed Receipt Point".
Access arrangement, Section 2.2.1(d)	Amendment to clarify the receipt point is the "Yarraloola Receipt Point".
Access arrangement, Section 2.2.1(e)	New provision to reference the new Northern Goldfields Interconnect receipt point.
Access arrangement, Schedule D, clause D.3.1	Drafting edits to clarify that financial security may be required as part of a registration of interest or prior to the commencement of the Firm Transportation Service.
Access arrangement, Schedule T, C1.1 Definitions	<ul style="list-style-type: none"> • Changes to the terms "Notice of Auction for Spare Capacity" and "Registration of Interest" to update cross references to the sections of the access arrangement. • Changes to the term "Relevant Date" to update the date from 1 January 2019 to 1 January 2025. • Deletion of the term "Spare Capacity Register".

Source: GGT, *Goldfields Gas Pipeline AA5 - Proposed Revised Access Arrangement (marked-up version)*, 1 January 2024.

² GGT, *Goldfields Gas Pipeline AA5 - Proposal Overview*, 1 January 2024, Appendix A, pp. 135-137.

³ GGT, *Goldfields Gas Pipeline AA5 - Proposed Revised Access Arrangement (marked-up version)*, 1 January 2024 ([online](#)) (accessed July 2024).

Submissions

6. The ERA received no submissions from interested parties that addressed GGT's service terms and conditions.

Draft decision

7. The ERA's consideration of GGT's proposed terms and conditions for the Firm Transportation Service is set out below. GGT's proposed reference tariff for the service and the associated reference tariff variation mechanism is considered by the ERA in Draft Decision Attachment 3.
8. GGT's proposed changes to the terms and conditions for the Firm Transportation Service comprise:
 - An update to incorporate the Northern Goldfields Interconnect (NGI) receipt point.
 - Drafting amendments to clarify existing terms and conditions.
 - Administrative amendments to update the name of the reference service (from Firm Service to Firm Transportation Service), cross references to sections of the access arrangement and dates.
9. The NGI commenced operations in 2023 and adds an additional receipt point to the Goldfields Gas Pipeline (GGP). GGT's proposed new provision (at Section 2.2.1(e) of the access arrangement) is necessary to update the terms and conditions to reflect this additional receipt point.⁴
10. GGT's other proposed terms and conditions are not materially different to the terms and conditions that exist in the current (AA5) access arrangement. For this reason, and absent any submissions that raised any concerns over the terms and conditions, the ERA approves the terms and conditions for the Firm Transportation Service as set out in the proposed access arrangement subject to the following considerations.
11. The ERA notes that GGT has amended the definition of "receipt point" in the Schedule C of the proposed access arrangement. The amended definition reflects the additional receipt point created by the NGI and reads:⁵

Receipt Point is a point in the Pipeline where gas is received into the Pipeline. In respect of the Reference Service, the Receipt Points are:

- (a) the point located within the site of the meter station on the Varanus Island DBNGP onshore pipeline (Pipeline Licence 17) which is the start of the GGP interconnect pipeline which terminates within the site of the Yarraloola Compressor Station (**Varanus Receipt Point**);
- (b) the point on the DBNGP-GGP interconnect pipeline 446 metres upstream of its termination within the site of the Yarraloola Compressor Station, this point being at the boundary of the DBNGP pipeline corridor and the Pipeline Licence 24 easement (upstream of this point the DBNGP-GGP interconnect pipeline is licenced by Pipeline Licence 40 (DBNGP); downstream of this point the DBNGP-GGP interconnect pipeline is licenced by Pipeline Licence 24 (GGP)) (**DBNGP Receipt Point**).

⁴ Proposed Section 2.2.1(e) reads: "the Delivery Point(s) shall be downstream or upstream of the Northern Goldfields Interconnect Receipt Point where the direction of flow is defined by Service Provider."

⁵ The ERA further notes that there is a drafting/formatting error that needs to be fixed. The definition of "receipt point MDQ" incorrectly forms part of the definition for the term "receipt point". The term (and related definition for) "receipt point MDQ" should appear separately after the term "receipt point" in the list of definitions.

(c) [the point on the Weebo Inlet station \(the connection point between the buried NGI pipeline from the Wildara delivery station to the hot tap connection on the GGP.](#)

12. While GGT has amended the definition of “receipt point” in the definitions that apply to the access arrangement (as set out in Schedule C), the definition of “receipt point” in the definitions that apply to the terms and conditions for the Firm Transportation Service (as set out in Schedule T) remains unchanged. The ERA considers the definition of “receipt point” should be the same, unless GGT can provide valid reasons as to why the definitions should be different in the access arrangement and reference service terms and conditions.
13. GGT should consider amending the structure of the access arrangement so that the definitions that apply to the reference service terms and conditions sit within the terms and conditions (for example, Appendix 3 of the terms and conditions, which is currently not used, could be used to for definitions and interpretation provisions).⁶ That is, existing Schedule T (C1 Definitions and Interpretation) should form part of Schedule D (Terms and Conditions applying to the Firm Transportation Service). As currently proposed, there are two schedules in the access arrangement that set out ‘definitions and interpretation’ (Schedules C and T), which may cause some confusion.

Required Amendment

- 8.1 GGT must amended the definition of “receipt point” in Schedule T of the proposed access arrangement to match the amended definition of “receipt point” in Schedule C of the proposed access arrangement (noting that there is a drafting/formatting error in the amended definition for “receipt point” in Schedule C that needs to be addressed).
- 8.2 GGT should consider amending the structure of the proposed access arrangement to incorporate the definitions that apply to the reference service terms and conditions into those terms and conditions (i.e. existing Schedule T (C1 Definitions and Interpretation) should form part of Schedule D (Terms and Conditions applying to the Firm Transportation Service)).

⁶ Appendix 4, which is also not used, could be deleted from the terms and conditions.

Appendix 1 List of Tables

Table 9.1: GGT proposed changes to the reference service terms and conditions2

Appendix 2 National Gas Rules

The National Gas Law (NGL) and National Gas Rules (NGR), as enacted by the *National Gas (South Australia) Act 2008*, establish the legislative framework for the independent regulation of certain gas pipelines in Australia. The *National Gas Access (WA) Act 2009* implements a modified version of the NGL and NGR in Western Australia.

The legislative framework for the regulation of gas pipelines includes a central objective, being the national gas objective, which is:

... to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to—

- (a) price, quality, safety, reliability and security of supply of natural gas; and
- (b) the achievement of targets set by a participating jurisdiction—
 - (i) for reducing Australia’s greenhouse gas emissions; or
 - (ii) that are likely to contribute to reducing Australia’s greenhouse gas emissions.

Note—

The AEMC must publish targets in a targets statement: see section 72A.⁷

The following extracts of the NGR, as they apply in Western Australia, are provided for information to assist readers.

48 Requirements for full access arrangement (and full access arrangement proposal).

- (1) A full access arrangement must:
 - (a) identify the pipeline to which the access arrangement relates and include a reference to a website at which a description of the pipeline can be inspected; and
 - (b) describe all of the pipeline services that the service provider can reasonably provide on the pipeline, which must be consistent with the [ERA’s] reference service proposal decision under rule 47A, unless there has been a material change in circumstances; and
 - (c) specify the reference services, which must be consistent with the [ERA’s] reference service proposal decision under rule 47A, unless there has been a material change in circumstances; and
 - (c1) if the information provided under subrules (1)(b) or (1)(c) is different to the [ERA’s] reference service proposal decision under rule 47A, describe the material change in circumstances that necessitated the change having regard to the reference service factors; and
 - (d) specify for each reference service:
 - (i) the reference tariff; and

⁷ NGL, section 23.

The national gas objective has changed since the last review of GGT’s access arrangement. The amended objective came into effect in Western Australia on 25 January 2024. See: *Western Australian Government Gazette 24 January 2024 No.8* ([online](#)) (accessed July 2024).

- (ii) the other terms and conditions on which each reference service will be provided; and
- (e) if the access arrangement is to contain queuing requirements – set out the queuing requirements; and
- (f) set out the capacity trading requirements; and
- (g) set out the extension and expansion requirements; and
- (h) state the terms and conditions for changing receipt and delivery points; and
- (i) if there is to be a review submission date – state the review submission date and the revision commencement date; and
- (j) if there is to be an expiry date – state the expiry date.

Note:

A full access arrangement may contain an expiry date if it is a voluntary access arrangement (but not otherwise) – See rule 49.

- (2) This rule extends to an access arrangement proposal consisting of a proposed full access arrangement.