

**USER ACCESS GUIDE
FOR PART 23 OF THE NATIONAL GAS RULES**

McArthur River Pipeline / Daly Waters Pipeline

August 2019



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1. BACKGROUND

1.1 About this guide

This User Access Guide is published under Part 23 of the National Gas Rules (NGR) for the McArthur River Pipeline (**MRM pipeline**), owned and operated by Power and Water Corporation (PWC, or “us”). The MRM pipeline is a non-scheme pipeline for the purposes of the National Gas Law (NGL) and NGR.

This User Access Guide sets out information for prospective users (referred to as “you”) about the process for applying for access to pipeline services provided by means of the MRM pipeline (or by part of the MRM pipeline, or by an extension to, or expansion of the capacity of, the MRM pipeline). It is intended to be read together with the requirements under Part 23 of the NGR, but Part 23 will prevail to the extent of any inconsistency.

This User Access Guide is structured as follows:

- (a) Section 1 - Background information about this guide and about the MRM pipeline
- (b) Section 2 - Information about PWC and contact details
- (c) Section 3 - Overview of access request and negotiation process covered in this guide
- (d) Section 4 - Access requests and further investigations
- (e) Section 5 - Access offers
- (f) Section 6 - Negotiations
- (g) Section 7 - Access disputes and referral to arbitration
- (h) Section 8 - Confidential information

This guide may be updated or amended by PWC from time to time. Any questions about the access process or this User Access Guide should be directed to the contact person at PWC set out in Section 2.

Terms that are defined in the NGL and NGR will have the same meaning when used in this User Access Guide, unless specified otherwise.

1.2 What this guide applies to

This User Access Guide applies in relation to requests for access to pipeline services provided by means of the MRM pipeline. It does not apply in relation to:

- (a) arrangements for existing pipeline services provided under an existing access contract; or
- (b) a request to vary the terms and conditions of access applicable to a pipeline service provided under an existing access contract for any part of the current service term for that service.

However, any request to extend the service term of a current arrangement or add a new pipeline service to the arrangement will be covered by Part 23 of the NGR and this User Access Guide.

1.3 Background on MRM pipeline

The MRM pipeline (also known as the Daly Waters Pipeline) is a transmission pipeline located in the north region of the Northern Territory. The MRM is owned and operated by PWC (with operation and maintenance services provided by a subcontractor, OSD Asset Services).

The MRM pipeline is 330 km in length and 168 mm in width and has a maximum capacity of 15 TJ/day. Its connection points are:

- (a) **Receipt point** - Daly Waters Scraper Station on the Amadeus Gas Pipeline (operated by the APA Group); and

(b) **Delivery Point - McArthur River Mine.**

On 9 August 2019, the Australian Energy Regulator granted PWC a Category 2 and Category 3 exemption under Part 23 of the NGR in respect of the MRM pipeline. This means that PWC is exempt from the obligation to publish information under Division 2 of Part 23 of the NGR in relation to the MRM pipeline. The MRM pipeline continues to be subject to the operation of the access provisions under Division 3 and Division 4 of Part 23.

A map showing the location of the MRM pipeline is set out below:



2. SERVICE PROVIDER

The service provider for the MRM pipeline is Power and Water Corporation.

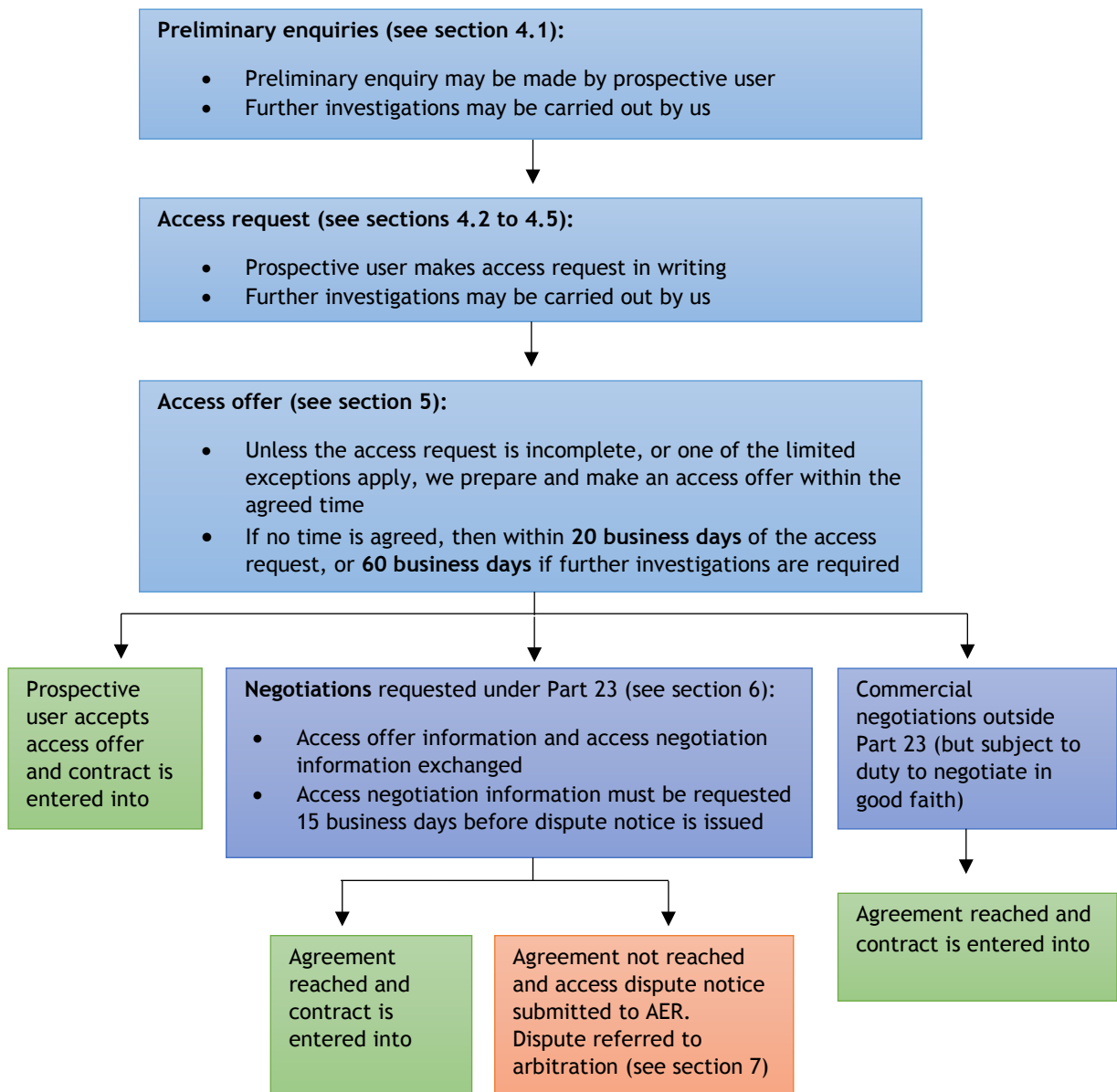
Please send all preliminary enquiries and access requests to:

Antoni Murphy
General Manager Gas Supply Unit
Level 7, Mitchell Centre
55 - 59 Mitchell Street
Darwin NT 0801

Contact number: 08 8985 7124
Email: Antoni.Murphy@powerwater.com.au
Attention: MRM pipeline access enquiry

3. OVERVIEW OF PROCESS

The following diagram shows the stages for seeking an access request, providing an access offer, and carrying out negotiations, that are covered in this User Access Guide.



4. ACCESS REQUESTS & FURTHER INVESTIGATIONS

4.1 Preliminary enquiries

Before making an access request, you may make a preliminary enquiry about access to a pipeline service provided by means of the MRM pipeline. A preliminary enquiry can be made by contacting the person set out in Section 2 above.

Preliminary enquiries are not required, but are encouraged, to allow discussions or further investigations to take place before a formal access request is made.

We will carry out further investigations on the basis of the preliminary enquiry if requested, or on our recommendation if we consider that additional information is required. We will provide a timeframe for carrying out the further investigations and an estimate of the likely costs of the investigations. In some circumstances, we may require you to bear the cost of further investigations.

4.2 Access request

You may request us to provide access to a pipeline service provided by means of the MRM pipeline (or by part of the MRM pipeline, or by an extension to, or expansion of the capacity of, the MRM pipeline).

An access request must be made in writing and sent by email, hand delivery or post, to the person set out in Section 2 above. It must include the following information:

- (a) **Access request** - that the request is an access request under rule 559 of the NGR
- (b) **User information** - the following information about the entity seeking access and who will be the contracting entity in any resulting access agreement:
 - (i) Company name and ABN/ACN
 - (ii) Organisational chart showing relevant parent company (if applicable)
 - (iii) Contact details for an officer or representative of the entity
 - (iv) Supporting information demonstrating credit worthiness of the entity
 - (v) Reason the entity is seeking access to the pipeline service
- (c) **Service information** - the following information about the pipeline service that is requested:
 - (i) Description of the pipeline service requested
 - (ii) Start date and end date for the pipeline service
 - (iii) Capacity intended to be utilised
 - (iv) Receipt point and delivery point, and quantities required at each connection point
 - (v) Gas quality specification of gas to be delivered into the MRM pipeline
 - (vi) If a new interconnection is required, relevant technical details relating to that new interconnection, including location and delivery pressure
- (d) **Other information** - any other information reasonably required for us to prepare an access offer, or to determine whether we need to undertake further investigations

4.3 Incomplete access request

If the access request is incomplete, we will notify you within 5 business days after the request is received and specify the additional information required. An incomplete access request may delay

the provision of an access offer, as a request for additional information will stop the time period for us to provide an offer until the information has been provided.

4.4 Further investigations

If we require further investigations in relation to the access request, we will notify you within 10 business days of receipt of the access request (or in the case of an incomplete access request, receipt of the additional information required), setting out the scope of the investigations.

We will only carry out further investigations where reasonably necessary - for example, if we reasonably require additional information or studies to prepare an access offer. We will carry out these investigations expeditiously, and will negotiate with you in good faith about the terms and conditions on which they will be carried out. These include:

- (a) the basis for determining reasonable costs of the further investigations that are to be paid by you; and
- (b) any reasonable extension to the time period allowed for providing an access offer.

4.5 How to amend an access request

You may only amend the details in an access request with our consent. We will not unreasonably withhold our consent, but may provide it subject to agreeing a reasonable extension to the period for making an access offer.

5. ACCESS OFFERS

5.1 Making an access offer

After receiving an access request, we will prepare and make an access offer within the time agreed with you. If no time is agreed, then we will make the access offer within the following time periods:

- (a) if no further investigations are required - **20 business days** after receiving the access request (or in the case of an incomplete request, receiving the additional information required); or
- (b) if further investigations are required - **60 business days** after receiving the access request (or in the case of an incomplete request, receiving the additional information required).

The access offer will set out:

- (a) the price and other terms and conditions on which we offer to make the requested pipeline service available; and
- (b) the details of any works to be undertaken by us or by you, and any applicable technical and performance specifications.

It will 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.

5.2 When we may not make an access offer

We are not required to make an access offer in the following three circumstances:

- (a) Where the access request has been withdrawn by you.
- (b) Where we conclude that it is not technically feasible or consistent with the safe and reliable operation of the MRM pipeline to provide the pipeline service requested, having used all reasonable efforts to accommodate your reasonable requirements. If this circumstance applies, we will give you written reasons explaining why the requested service cannot be provided, and if there is some prospect that it will become possible to provide the service in the future, details of when the service is likely to become available.
- (c) Where the provision of the requested pipeline service would require the extension of the MRM pipeline.

6. NEGOTIATIONS

6.1 Requesting negotiations

A prospective user who has made an access request for a pipeline service may request negotiations under Part 23, by notice to the person set out in Section 2.

Part 23 is not an exclusive framework for negotiations, and we may negotiate outside this regime if we agree with you. We request you to be clear about whether you are seeking negotiations under Part 23, or outside of Part 23.

Negotiations may be requested 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. However, negotiations may not be requested in relation to:

- (a) arrangements for existing pipeline services provided under an existing access contract; or
- (b) a request to vary the terms and conditions of access applicable to a pipeline service provided under an existing access contract for any part of the current service term for that service.

If the access request is for more than one pipeline service, you may also require negotiations in relation to those pipeline services to take place as part of the same negotiation process. If this is the case, you must notify the person set out in Section 2.

6.2 Process for negotiations

The process and timetable for negotiations will be agreed, and each party must seek to accommodate all reasonable requirements of the other regarding this timetable.

Both parties must also use reasonable endeavours to identify any other person who may become a party to an access dispute relating to the pipeline service the subject of the negotiations. If we both agree, then that party will be included as a party to the negotiations.

You may bring negotiations to an end at any time by notice to the person set out in Section 2. You may do so whether or not you also refer, or have referred, a related access dispute to arbitration under Part 23.

6.3 Obligation to negotiate in good faith

Both you and we must negotiate in good faith with each other about whether access can be granted and, if so, the terms and conditions for provision of access (pursuant to section 216G of the NGL). This duty applies to all negotiations (whether or not under Part 23).

6.4 Exchange of information during negotiations

Certain information may be exchanged between us during the negotiations. Part 23 provides for two types of information to be exchanged:

- (a) **Access offer information to be provided by us on request** - this is information relevant to the matters an arbitrator may take into account during an arbitration of an access dispute, including:
 - (i) information about the method used to determine the price in an access offer and the inputs used in the calculation of the price; and
 - (ii) information regarding the costs associated with the provision of the pipeline service.

You may request us to provide access offer information in relation to any aspect of the matters being negotiated, by notice to the person set out in Section 2. We must then provide that information within 15 business days (or a longer period if agreed). The information we provide must be relevant, comply with the “access information standard”,

and be provided in a readily readable form (including in electronic file format, if requested, with all underlying data files and inputs).

The “access information standard” means that the information:

- (i) is not false or misleading;
- (ii) if it is technical information, is prepared, published and maintained in accordance with the practices, methods and acts that would reasonably be expected from an experienced and competent person engaged in the ownership, operation or control of a pipeline in Australia acting with due skill, diligence, prudence and foresight; and
- (iii) if it is a forecast or estimate, is supported by a statement of the basis of the forecast or estimate and is arrived at on a reasonable basis and represents the best forecast or estimate possible in the circumstances.

(b) **Access negotiation information to be provided by either party on request** - this is, in relation to a party to negotiations, the following information:

- (i) access offer information of that party; and
- (ii) any other information that party may seek to rely on for the determination of an access dispute in relation to the subject matter of the negotiations,

including information prepared for the party such as expert reports and consultant reports, data sets, models and other documents or materials.

Either you or we may request, by notice, the other party to the negotiations to:

- (i) provide access negotiation information of that other party in relation to a specific matter arising in the negotiations; or
- (ii) provide all access negotiation information of that other party.

The access negotiation information requested must be provided within 15 business days (or a longer period if agreed).

The duty to negotiate in good faith applies to a request for, and the provision of, access negotiation information.

6.5 Exceptions to information disclosure

You and we are not required to provide information where:

- (a) disclosure of that information would breach third party confidentiality and the third party has not given consent to the disclosure despite reasonable efforts having been made to obtain that consent; or
- (b) the information is subject to legal professional privilege, or requires disclosure of documents that would disclose information subject to legal professional privilege.

7. ACCESS DISPUTES AND REFERRAL TO ARBITRATION

7.1 Access dispute notice

If we cannot agree about one or more aspects of access to a pipeline service, either you or we may notify the AER in writing that an access dispute exists, in accordance with the NGR. We encourage you to raise the dispute with us (by notice to the person set out in Section 2) before formally notifying the AER. This will give us the opportunity to seek to resolve the dispute without referral to arbitration under Part 23.

Before an access dispute notice is issued, the party seeking to issue it must give notice to the other party to provide all access negotiation information of that other party. The access dispute notice may then only be issued 15 business days after this information notice is given.

7.2 Referral to arbitration

Pursuant to section 216J of the NGL, the AER must refer an access dispute to arbitration, no later than 15 business days after receiving the access dispute notice. The AER will give notice to all parties to the negotiations of the referral of the dispute to arbitration.

This User Access Guide does not cover the arbitration process. For further information on the arbitration process, please refer to Division 4 of Part 23 of the NGR, and the AER's non-scheme pipeline arbitration guide, available at <https://www.aer.gov.au/networks-pipelines/non-scheme-pipelines/arbitration-of-access-disputes>.

8. CONFIDENTIAL INFORMATION

All information provided by each of us during negotiations (other than that in the public domain) is confidential. We may only use or reproduce this information for the purpose for which it was disclosed. We may not disclose such information to any third party except:

- (a) to the AER in an access dispute notice;
- (b) to the arbitrator in the course of an arbitration;
- (c) with the other party's consent;
- (d) to a professional or other adviser of the disclosing party who agrees to maintain its confidentiality;
- (e) if disclosure is required by, or is necessary for the purposes of, the NGR or NGL;
- (f) if disclosure is in accordance with a court order or subpoena; or
- (g) if disclosure is authorised or required by law or a regulatory body, and the disclosing party gives written details of the disclosure (including reasons for the disclosure) to the other party.

We may also require a confidentiality agreement to be entered into with us (including for the purposes of preliminary discussions or negotiations outside of Part 23).