



28 September 2017

Dear Sir/Madam,

Tasmanian Gas Pipeline Storage Capacity – Expression of Interest

Commissioned in 2002, the Tasmanian Gas Pipeline (TGP) expanded its pipeline capabilities in 2016 to include gas storage and injection services into the Victorian Transmission System (VTS). This service has been operating successfully since April 2017 and allows gas to be receipted onto the TGP from Longford and stored until it is required to be injected into the Victorian Declared Wholesale Gas Market (DWGM) on an hourly and market interval basis.

Following the successful operation of this service and the receipt of multiple requests for additional gas storage, Tasmanian Gas Pipeline Pty Ltd (TGPPL) is now able to make available additional existing storage and VTS injection capacity into the DWGM on a long term basis from 1 January 2018. In addition, TGPPL is considering further investment in compression services to make additional storage and VTS injection capacity available. This additional capacity could be made available from 1 January 2020.

CQ Partners have been appointed by TGPPL to undertake an Expression of Interest (EOI) process to identify potential customers who may have an interest in purchasing gas storage and injection capacity from 1 January 2018.

Your business has been identified as a potential interested party for TGP storage services and this EOI has been provided for your consideration. Contained within this document is further background to the gas storage service currently available and the expanded service TGPPL is considering.

We invite you to register your interest in this EOI, noting it has a closing date of 5pm (AEST), Friday 20 October 2017.

If you have any questions, please contact Ryan Wilson on (08) 8464 0300 or via email at ryan@cqpartners.com.au.

Yours sincerely

Reza Evans
Managing Partner
CQ Partners



Expressions of Interest

For the purchase of gas storage services on the Tasmanian Gas Pipeline

CLOSING DATE: 5PM (AEST), FRIDAY 20 OCTOBER 2017

CONTACT:

Mr Ryan Wilson

Energy Analyst

CQ Partners Pty Ltd

Email: ryan@cqpartners.com.au

Ph: (08) 8464 0300

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1 Process

The TGPPL intends to conduct marketing of its gas storage and injection services in a two stage competitive process:

- Stage 1 – EOI Phase
- Stage 2 – Request For Proposal (RFP) Phase

The purpose of the EOI phase is to:

- Receive feedback on the type of storage services required by the market and to assist with defining the final structure of potential gas storage and injection services
- Understand the total demand, including volume and term, for existing and expanded storage and injection services
- Identify shortlisted respondents to proceed to the RFP phase

Following the EOI phase, there will be an RFP phase starting early November. The purpose will be to:

- Receive binding bids for TGP gas storage and injection services, with a view to entering into gas storage and transportation agreements
- Execute binding contracts for the supply and expansion of storage services

The RFP phase will provide shortlisted respondents with comprehensive information in respect of the key commercial parameters including fully termed Gas Transport Agreements (GTA's). This will be for existing gas storage and injection services, as well as for potential expansion products.

2 Potential users of storage

TGPPL has identified three main categories of potential users of TGP storage and there may be others. TGPPL wishes to establish the level and type of demand of each category of user with a view to allocating available injection and storage rights to those parties that value it most. The three categories of user are:

2.1 Daily storage

Customers who want to shape gas supply contracts in order to match the Maximum Daily Quantity (MDQ) requirements of their demand profile. This may include gas retailers and industrial users. Storage volumes may be especially valuable to these customers relative to injection capacity.

2.2 Gas Powered Generation (GPG)

GPG customers can consume large quantities of gas in short periods. Maximum Hourly Quantity (MHQ) and the ability to adjust nominations at short notice may be more important than the overall levels of storage.

2.3 Gas Producers and Storage Providers

Gas producers, storage providers and possibly pipeline owners may value additional injection MHQ and MDQ to complement their existing product offerings.

Given the various uses of TGP storage and injection services, this EOI process will help define the complimentary services and products that can be designed to the benefit of all users.

TGPPL values long term contracts, and therefore this will be considered favourably when evaluating pricing structures. Counterparty creditworthiness will also be taken into consideration.

3 Storage and DWGM Injection Capacity Available

3.1 Storage Capacity

Storage Type (TJs)	2018	2019	2020	2021	2022	2023+
Firm Storage - Winter	20	20	20	20	140	140
Firm Storage – Non Winter	40	40	40	40	140	140
As Available Storage	10	10	10	10	10	10
Expansion Capacity			60	60	60	60

Table 1 Storage Capacity

3.2 DWGM Injection Capacity

Injection Type (TJs)	2018	2019	2020	2021	2022	2023+
Firm VTS Injection MDQ	10	10	10	10	110 ¹	110 ¹
Firm VTS Injection MHQ	0.4	0.4	0.4	0.4	4.6	4.6
As Available VTS Injection MDQ	10	10	10	10	10	10
As Available VTS Injection MHQ	2.4	2.4	2.4	2.4	2.4	2.4
Expansion Capacity			15-50 ²	15-50 ²	15-50 ²	15-50 ²

Table 2 Injection Capacity

3.3 As Available Services

As Available services are offered in addition to the Firm Services and are subject to operational constraints. Additional As Available services may be available where Firm Services are not being utilised. The TasHub facility can operate in a flexible manner, meaning As Available capacity may be available on a daily, hourly, or on an intra day or intra interval basis. In conjunction with TGP's Firm service offerings, TGP is willing to consider designing products and services to meet participants' requirements. Note, As Available services are only available in conjunction with Firm services.

¹ VTS Injection is limited to a total of 90TJ/day from storage and 20TJ/day direct from the EGP Delivery Point

² Injection capacity can be enhanced up to 80TJ depending on capex, compressor configuration, and commercial and financial feasibility

3.4 Expansion Capacity

The TGP’s storage capacity can be expanded through the addition of compression. Any expansion and configuration is subject to the finalisation of engineering studies, a business case, regulatory and other approvals and TGPPL Board approval. It is likely that a minimum ten year off-take agreement will be necessary to underpin the investment, however TGPPL believes that the pricing structure required will be competitive when compared with alternative storage products in the market.

TGP is well placed to fund the capital cost of expansion if a suitable business case and off-take agreement can be established. TGPPL is interested in understanding what products and services may be of interest to counterparties, and is willing to tailor suitable products to facilitate off-take agreements.

3.5 Refill Options – TGP Transfer Services

Gas receipt onto the TGP is via TGP Transfer Services. TGP Transfer Services are an arrangement with Jemena Eastern Gas Pipeline (Jemena EGP) for gas receipts onto the TGP, for quantities of up to 100TJ/day made up of both Firm and As Available capacity. Shippers wanting to receipt gas onto the TGP are required to enter into a Transfer Services agreement with Jemena EGP.

The Firm or As Available charge for this service is currently \$0.0747/GJ (2017 dollars).

It should be noted, that any new As Available capacity will have secondary rights to existing capacity. Further availability and information can be obtained from Jemena EGP directly.

There may also be the potential to receipt gas from other Jemena EGP Receipt Points such as VicHub in the future. This would enable gas to be receipted from the VTS onto the TGP.

4 Indicative Terms Sheet

Summarised below are the terms for Firm Forward Storage and the High Priority Storage with Other Storage Services providing the opportunity for those seeking different forms of services to provide the products they are seeking. A TasHub schematic has been provided for further information.

Those responding to this EOI are asked to provide the capacity they require for the service of interest or the services and tariff structure if interested in Other Storage Services.

Clause	Provision
Commencement Date – existing capacity	1 January 2018
Commencement Date – expanded capacity	1 January 2020
Term	Minimum 5 years
Security provided	Level of security (i.e. bank guarantee to be provided by the Respondent)
Firm Forward Injection Services	
Priority	1
Receipt Point	TGP Receipt Point
Delivery Point	TasHub injection point into Victorian DWGM or Tasmanian Delivery Points (as stipulated and agreed)
Receipt MDQ (TJ)	X TJ/day

VTS Injection MDQ and MHQ (TJ)	X TJ/day and X/TJ/hour
Tasmanian injection capacity (TJ)	X TJ/day
Intra-Day renomination rights	Once per DWGM interval
As Available backhaul	From Victorian DWGM into TGP subject to equivalent forward haul into Victorian DWGM from TGP
High Priority Storage	
Priority	6 (Second only to Firm Forward and Make-up capacity)
Storage MDQ (TJ)	X TJ/day
Product ratio – receipt to storage to injection	Standard is 0.6:1:0.8 but variations will be considered
As Available	Only in conjunction with a firm product
Imbalance trading	Facility to trade storage balance with other TGP Shippers
Other Storage Services	
Tariff structure	To be tailored based on product required

Table 3 Indicative Terms Sheet

5 TasHub Schematic

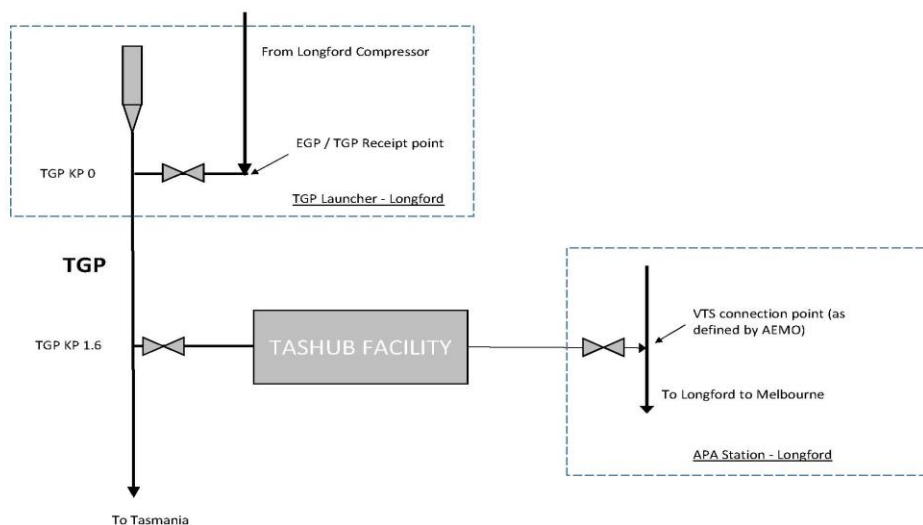


Figure 1 TasHub Facility Schematic

6 Indicative Timetable

The following table provides an overview of the expected milestones within this EOI process:

28 September 2017	Issue EOI documents
20 October 2017	EOI response (See Schedule A) closing time (5pm AEST)
27 October 2017	Evaluation of EOI responses and shortlisted counterparties notified

03 November 2017	Issue of RFP to shortlisted counterparties
06 November 2017	Briefing of shortlisted counterparties during the week
24 November 2017	Binding Bids due
31 December 2017	Contractual Close

7 Communication Relating to this EOI

All communication and correspondence relating to the EOI will be to:

Name: Ryan Wilson
Title: Energy Analyst
Company: CQ Partners Pty Ltd
Email: ryan@cqpartners.com.au
Phone: (08) 8464 0300

All questions should be sent via email to the above contact.

8 EOI Closing Date and Time

The closing date and time is 5pm (AEST), Friday 20 October 2017. All EOI responses (as per Schedule A) are to be sent via email to Ryan Wilson (ryan@cqpartners.com.au), as per item 7 above. The response must be in either PDF or Microsoft Word format.

Neither CQ Partners nor TGPPL will accept any responsibility in the event that a response is not received by the closing date and time.

TGPPL may in its sole discretion accept a late response.

9 Terms and Conditions

9.1 No Legal Relationship

This EOI or RFP does not create any legal relationship and is not a recommendation, offer or invitation to enter into a legal relationship, contract, agreement or other arrangement in respect of the services.

Nothing in this EOI or RFP or in the consideration of a response obliges TGPPL to enter into any agreement with anyone. The EOI or RFP does not create a “process contract” or other implied contract, nor does it oblige TGPPL to consider or accept any response, or stop TGPPL from considering a non-conforming Response.

9.2 Intellectual Rights

The copies of the Responses submitted to TGPPL will become TGPPL property.

The intellectual property rights provided in responses belong to TGPPL or its licensors. All Respondents grant to TGPPL (and warrants that it has the right to do so) a non-exclusive royalty-free, perpetual, assignable and irrevocable licence to exercise intellectual property rights in the Response for the purpose of TGP gas storage and injection services.

TGPPL will retain copies of responses, evaluation information and other materials as required.

9.3 Not Exhaustive

This Invitation for EOI is a guide only and does not purport to be comprehensive and contain all the information that Recipients and their advisers would desire in evaluating or reaching decisions concerning the EOI or RFP process.

9.4 No Liability

Subject to any Agreements, to the maximum extent permitted by law, TGPPL and its respective, officers, employees, advisers, consultants, contractors and agents disclaim and exclude all Liability for any loss, Claim, demand, damages, costs and expenses of whatsoever nature (whether or not foreseeable and whether direct, indirect or consequential and whether arising from negligence or otherwise):

1. suffered or incurred by any person relying or acting on any information provided in, referred to or omitted from, in document or correspondence in connection with this invitation for EOI or RFP (including, without limitation, for any costs or expenses incurred in reviewing, investigating or analysing information in relation to any of those matters, or in preparing an EOI response); or
2. arising as a result of or in connection with information contained or referred to in any document or correspondence in connection with this invitation for EOI or RFP being inaccurate or incomplete in any way or by reason of any reliance thereon by any person, and each Recipient releases and indemnifies TGPPL and its respective, officers, employees, advisers, consultants, contractors and agents from and against all Claims, actions, damages, remedies or other matters, whether in tort, contract or under law or otherwise, arising from or which may arise from or in connection with the provision of, or any purported reliance on, any document or correspondence in connection with the this invitation for EOI or RFP, and agrees that no Claim or allegations will be made against any of the persons in relation to any document or correspondence in connection with this this invitation for EOI or RFP.

10 Response Schedule A

In terms of responses to this EOI respondents are asked to provide the following information along with the capacities and services of interest as discussed in Section 4 of this document. The additional information required is as follows.

Respondent Contact Details:

Full Business Name of Respondent:

Trading Name (if different from above):

ABN/ACN:

Contact Person Name:

Contact Person Title:

Registered Address:

Postal Address:

Telephone:

Email:

Credit Information:

In relation to the services on offer in item 4 (Indicative Term Sheet) interested participants can provide this schedule with the quantities they are seeking or provide their own schedule based on the service they require.