McArthur River Pipeline - Standing Price Methodology

March 2025

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1 Background

All current capacity on the McArthur River Pipeline (MRM pipeline) is contracted to the foundation shipper, pursuant to a long-term legacy agreement, (contained in 2 contracts dated 1994 and 2014 respectively). Power and Water Corporation's (Power and Water) ability to provide pipeline services to other parties will likely require augmentation of the pipeline, and possibly agreement by the foundation shipper. Any future services on the MRM pipeline will need to be negotiated case by case.

The standing prices for services on the MRM pipeline are purely indicative. As with the standing terms, actual prices will be subject to negotiation and will vary according to available capacity and specific requirements.

2 Methodology

Power and Water has adopted a pricing methodology based on the only existing legacy agreement.

Characteristics of the legacy agreement include:

- The foundation shipper is entitled to 100% of current capacity on the MRM pipeline, which is around 15 TJ/d (unidirectional only).
- The legacy agreement is for a period of 24 years.
- The receipt point is at the Daly Waters Scraper Station and delivery point is at the McArthur River Mine, being the only receipt and delivery points currently available on the MRM pipeline (the McArthur River Mine delivery point is dedicated to the foundation shipper under existing arrangements).

3 Standing price

An indicative standing price for a firm haulage service has been calculated based on the terms of the legacy agreement, on the assumption that additional capacity on the MRM pipeline becomes available. The indicative standing price reflects the price structure under the legacy agreement, which consists of a fixed capacity charge (not indexed); and a variable operation and maintenance charge based on actual costs incurred.

The indicative standing price for a firm haulage service has been calculated using the following formula:

$$\frac{\text{annual fixed capacity charge (actual) + annual operation and maintenance charge (estimated)}}{\text{annual contracted capacity (15 TJ/d x 365)}}$$

Applying this formula produces an indicative standing price of **$0.87 per GJ** of contracted capacity.

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Please note the following points when considering the indicative standing price:

- The terms of the legacy agreement contain a discount reflecting the fact that it is an extension of a foundation arrangement and 100% of current capacity has been acquired through to 2038.
- The indicative standing price will be subject to indexation.
- The indicative standing price does not account for any augmentation costs that may be passed through.

4 Contact

We encourage potential customers to contact us early when considering access requirements. If you are interested in acquiring services for this pipeline, please contact:

GasCommercialOps@powerwater.com.au

Contact

Power and Water Corporation
Phone: 08 8936 4649
Email: GasCommercialOps@powerwater.com.au
powerwater.com.au

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