



epic*energy*

MOOMBA TO ADELAIDE PIPELINE SYSTEM

**COMPLIANCE REPORT UNDER
SECTION 4 OF THE NATIONAL ACCESS CODE**

**ANNUAL REPORT FOR FINANCIAL YEAR
ENDING 30 JUNE 2004**

Epic Energy South Australia Pty Ltd
ABN 54 068 599 815
Level 7
239 Adelaide Terrace
PERTH WA 6000
CONTACT: Anthony Cribb
TELEPHONE: 08 9492 3803

- 1.1 This is the annual ring fencing compliance report for the Moomba to Adelaide Pipeline System ("MAPS"), for the financial year ending 30 June 2004 ("reporting period").
- 1.2 Epic Energy South Australia Pty Ltd ("EESA") is not aware of any breach of any of the obligations listed in section 4.1 of the National Third Party Access Code for Natural Gas Pipeline Systems ("Code") during the reporting period other than as detailed in this report.
- 1.3 EESA has maintained a compliance program during the reporting period that ensures that:
 - (a) appropriate internal procedures have been established and maintained to ensure compliance with the obligations in section 4.1 of the Code;
 - (b) an accurate assessment of these procedures has been made;
 - (c) the Chief Executive Officer of Epic Energy is made aware of any breaches of the ring fencing obligations;
 - (d) remedial action is taken as soon as possible to rectify breaches of the minimum ringfencing obligations and that completion of this action is reported to the Board of Directors; and
 - (e) the compliance program is reviewed regularly and as necessary.
- 1.4 The Board of Directors of EESA has approved this report at its meeting on *6 September* 2004.



Alan Freer
Chief Executive Officer of Epic
Energy



Jim Hallam
Director of EESA

1. Introduction

- 1.1 The ACCC requires the Service Provider of the covered pipeline known as the MAPS to provide an annual report in accordance with sections 4.12 & 4.13 of the Code. EESA submits this report under section 4.13 of the Code.
- 1.2 EESA will, pursuant to section 4.14 of the Code, notify the ACCC immediately upon becoming aware of a breach of its obligations under section 4 of the Code.
- 1.3 This report relates to the financial year ended 30 June 2004 ("reporting period").
- 1.4 Section 4.12 of the Code requires a Service Provider to:
 - establish and maintain appropriate internal procedures to ensure it complies with its obligations under section 4 of the Code; and
 - where requested by the Regulator, demonstrate the adequacy of these procedures.
- 1.5 Section 4.13 of the Code requires the report to:
 - describe the measures the service provider of the MAPS has taken to ensure compliance with its obligations under section 4 of the Code; and
 - provide an accurate assessment of the effect of the measures referred to above.
- 1.6 As both owner and operator of the MAPS, Epic Energy South Australia Pty Ltd ("EESA") is the Service Provider required to provide this report in relation to the MAPS.
- 1.7 Section 4 of the Code imposes the following obligations on EESA:
 - 4.1 - ring fencing minimum obligations
 - 4.12 - compliance procedures
 - 4.13 - compliance reporting

Sections 2 and 3 of this report deal with the first 2 obligations. This entire report satisfies the Service Provider's obligations under section 4.13 of the Code.

- 1.5 For the purposes of this report, terms used in it that are also used in the Code have the same meaning in this report as they have in the Code.
- 1.6 The information contained in this report is current as at the date of this report and was correct for the duration of the reporting period.

2. Ring Fencing Minimum Obligations

- 2.1 Section 4.1 of the Code sets out minimum obligations with which a Service Provider must comply. These provisions are aimed at ensuring that:
- (a) A legal entity does not carry out both the business of operating a pipeline and a Related Business; and
 - (b) Information within the domain of an entity which carries on business as a Service Provider is quarantined from information within the domain of a related entity and certain personnel of a related entity which carries on a Related Business.
- 2.2 EESA is part of the Epic Energy Group.
- 2.3 On 4 April 2004, Hastings Utilities Trust #3 ("HUT3") acquired units in the Epic Energy East Pipelines Trust from Epic Energy Australia Nominees Pty Ltd (acting as trustee of Epic Energy Trust Australia).
- 2.4 HUT3 also acquired shares in Epic Energy East Pipeline Pty Ltd (which is the trustee of Epic Energy East Pipelines Trust).
- 2.5 Completion of this sale and purchase occurred on 2 June 2004 ("Completion Date").
- 2.6 The result of this transaction saw a splitting of the ownership of the companies that, for the 2003 reporting period, formed the Epic Energy Group of Australian companies.
- 2.7 From the Completion Date, Epic Energy East Pipeline Pty Ltd was the holder of the shares in the Epic Energy group companies listed in Attachment 1.
- 2.8 **Attachment 1** details the companies that formed part of the Epic Energy group of companies both before and after the Completion Date.
- 2.9 Notwithstanding the sale and purchase referred to above, during the reporting period the relevant Epic Energy group of companies listed in Attachment 1 (apart from Epic Energy Corporate Shared Services) only carried on the business of proposing, constructing, owning and operating transmission pipelines or operating them for and on behalf of other entities. **Attachment 1** details the Epic Energy Group entities that carry on business and the nature of the business that they carry on.
- 2.10 With that in mind, this section of the report details each of the minimum obligations in the Code and outlines the level of compliance by the Service Provider with each obligation in section 4.1.

Service Provider is a legal entity

- 2.11 Under section 4.1(a), the Service Provider must *be a legal entity registered under the Corporations Law, a foreign company within the meaning of the Corporations Law that has appointed a local agent in accordance with sections 601CF and 601CG of the Corporations Law, a statutory corporation, a government or an entity established by royal charter.*
- 2.12 EESA is a legal entity incorporated pursuant to the *Corporations Law*.

Not carry on a Related Business

- 2.13 Under section 4.1(b), the Service Provider must *not carry on a Related Business.*
- 2.14 EESA does not carry on a Related Business. See **Attachment 1** which lists the business activities carried on by the Service Provider. These do not include any producing, purchasing or selling of natural gas except to the extent that it is allowed by the Code.

Establish and maintain separate and consolidated sets of accounts

- 2.15 Under section 4.1(c), the Service Provider must *establish and maintain a separate set of accounts in respect of the Services provided by each Covered Pipeline in respect of which the person is a Service Provider.*
- 2.16 For the entire reporting period, EESA was a Service Provider of the MAPS and the SE Pipeline System in the capacity as owner and operator.
- 2.17 EESA is also the operator of an uncovered pipeline known as the Riverland Pipeline System. It operates this pipeline for and on behalf of a legal entity that was not part of the Epic Energy group of companies. EESA was the operator of this pipeline for the duration of the reporting period.
- 2.18 EESA is also the operator of an uncovered lateral pipeline known as the Beverley lateral. It operates this pipeline for and on behalf of a legal entity that was not part of the Epic Energy group of companies. EESA was the operator of this pipeline for the duration of the reporting period.
- 2.19 For the reporting period, a separate set of accounts was maintained in respect of the Services provided by the MAPS.
- 2.20 Under section 4.1(d) of the Code the Service Provider must *establish and maintain a separate consolidated set of accounts in respect of the entire business of the Service Provider.*

- 2.21 All of the business activities that EESA carried on during the reporting period are set out in **Attachment 1**.
- 2.22 EESA maintains a separate consolidated set of accounts for its entire business.
- 2.23 The measures taken by EESA to ensure compliance with the requirements in sections 4.1(c) & (d) are outlined in **Attachment 2**.

Allocation of shared costs

- 2.24 Under section 4.1(e) of the Code, the Service Provider must *allocate any costs that are shared between an activity that is covered by a set of accounts described in section 4.1(c) and any other activity according to a methodology for allocating costs that is consistent with the principles in section 8.1 and is otherwise fair and reasonable*.
- 2.25 Included in **Attachment 2** to this report is a policy of the Service Providers which includes the policy for the allocation of costs that are shared between an activity related to a Covered Pipeline and any other activity of the Service Provider.

Treatment of confidential information

- 2.26 Under section 4.1(f) of the Code, the Service Provider must ensure that *all Confidential Information provided by a User or Prospective User is used only for the purpose for which that information was provided and that such information is not disclosed to any other person without the approval of the User or Prospective User who provided it, except:*
 - (i) *if the Confidential Information comes into the public domain otherwise than by disclosure by the Service Provider; or*
 - (ii) *to comply with any law, any legally binding order of a court, government, government or semi-government authority or administrative body or the listing rules of any relevant recognised Stock Exchange.*
- 2.27 EESA complies with this requirement and ensures compliance of it by 2 means:
 - (a) Every relevant contract entered into by the Service Provider contains such an obligation.
 - (b) Epic Energy has implemented a policy, a copy of which is contained in **Attachment 3**, with which its employees and contractors are required to comply.
- 2.28 In addition, the Epic Energy group has implemented the following operational security procedures:

- (a) All employees (and only approved contractors) are issued with a person-based logon to connect to the Epic Energy network, internally or externally. Each person is personally responsible for ensuring that no one else uses the logon, and the services and access that the logon provides.
- (b) Each employee (and contractor where appropriate) must not advise anyone of their password, nor allow it to be accessible by anyone. The conditions of use (including password management) are outlined to each person as part of the company's policies and procedures.
- (c) Each employee must change their password every 60 days, by way of an automated process.
- (d) No authorised user of the Epic Energy network must at any stage leave a device unsecured whilst logged on with their personal logon-id.
- (e) All email and internet access from Epic Energy's network must be via the Epic Energy firewall.
- (f) All users must not access or use Epic Energy's computing and communication facilities, including the internet and e-mail, for illegal or inappropriate purposes, including hacking, selling/passing on customer or employee information or denial of service. Illegal purpose is defined as any act which constitutes a violation of State or Commonwealth (Australian) Laws.
- (g) Access to Confidential Information provided by a User or Prospective User in electronic or hard copy form is restricted only to approved employees. This is determined by each employee's supervisor in accordance with the provisions of the Gas Code.

2.29 Under section 4.1(g) of the Code, the Service Provider must *ensure that all Confidential Information obtained by the Service Provider or by its servants, consultants, independent contractors or agents in the course of conducting its business and which might reasonably be expected to affect materially the commercial interests of a User or Prospective User is not disclosed to any other person without the approval of the User or Prospective User to whom that information pertains, except:*

- (i) *if the Confidential Information comes into the public domain otherwise than by disclosure by the Service Provider; or*
- (ii) *to comply with any law, any legally binding order of a court, government, government or semi-government authority or administrative body or the listing rules of any relevant recognised Stock Exchange.*

2.30 EESA complies with this requirement and ensures compliance of it by 2 means:

- (a) Every relevant contract entered into by the Service Provider contains such an obligation.

(b) Epic Energy has implemented a policy, a copy of which is contained in **Attachment 3**, with which its employees and contractors are required to comply.

2.31 In addition, the same procedures as outlined in section 2.27(a) to (g) above apply.

Marketing Staff

2.32 Under section 4.1(h) of the Code, the Service Provider must *ensure that its Marketing Staff are not also servants, consultants, independent contractors or agents of an Associate that takes part in a Related Business and, in the event that they become or are found to be involved in a Related Business contrary to this section, must procure their immediate removal from its Marketing Staff.*

2.33 During the reporting period, EESA and all of its Associates (both before and after the Completion Date) are the owners and/or operators of transmission pipelines in Australia and are not involved in a Related Business.

2.34 Therefore, none of EESA's Marketing Staff are servants, consultants, independent contractors or agents of an Associate that takes part in a Related Business.

2.35 Under section 4.1(i) of the Code, the Service Provider must *ensure that none of its servants, consultants, independent contractors or agents are Marketing Staff of an Associate that takes part in a Related Business and, in the event that any servants, consultants, independent contractors or agents are found to be the Marketing Staff of such an Associate contrary to this section, must procure their immediate removal from their position with the Service Provider.*

2.36 As stated above, EESA and all of its Associates are the owners and/or operators of transmission pipelines in Australia and are not involved in a Related Business. Therefore, none of EESA's servants, consultants, independent contractors or agents are Marketing Staff of an Associate that takes part in a Related Business.

2.37 During the reporting period, the Service Provider had not been required by the Regulator, under section 4.3 of the Code, to comply with obligations in addition to those contained in section 4.1 of the Code.

3. Compliance Procedures Obligations

- 3.1 **Attachments 2 & 3** detail the internal procedures and policies that have been developed to ensure that the Service Provider complies with its obligations under section 4 of the Code.

- 3.2 For the reporting period, EESA was not aware that it breached any of its obligations under section 4 of the Code such that it was required to immediately report such breach to the ACCC in accordance with section 4.14 of the Code.

ATTACHMENT 1**EPIC ENERGY GROUP OF AUSTRALIAN COMPANIES INVOLVED IN
NATURAL GAS THAT CARRY ON BUSINESS****The Position before 2 June 2004**

Entity	Business carried on	Relevant Assets Owned
Epic Energy South Australia Pty Ltd	<ul style="list-style-type: none"> • Owns and operates gas transmission pipelines • Operates the following pipelines for and on behalf of non Epic Energy group legal entities: <ul style="list-style-type: none"> - Riverland Natural Gas Transmission Pipeline System – for Envestra; - Beverley Lateral – for Heathgate Resources Pty Ltd; and • It also operates the Port Bonython Liquids Transmission Pipeline (this is not a Pipeline within the definition of the Gas Pipelines Access Law) for and on behalf of a non Epic Energy entity 	<ul style="list-style-type: none"> • Moomba to Adelaide Natural Gas Transmission Pipeline System (“MAPS”) – covered • South East Transmission Pipeline (“Katnook Pipeline”) – uncovered
Epic Energy (WA) Nominees Pty Ltd as trustee for the Epic Energy WA Pipelines Trust	<ul style="list-style-type: none"> • Owns gas transmission pipelines 	<ul style="list-style-type: none"> • Dampier to Bunbury Natural Gas Pipeline (“DBNGP”) – covered
Epic Energy (WA) Transmission Pty Ltd	<ul style="list-style-type: none"> • Operates the assets owned by Epic Energy (WA) Nominees Pty Ltd 	
Epic Energy Queensland Pty Ltd	<ul style="list-style-type: none"> • Owns and operates a gas transmission pipeline 	<ul style="list-style-type: none"> • South West Queensland Natural Gas Transmission

Entity	Business carried on	Relevant Assets Owned
		Pipeline ("SWQP") – covered
Epic Energy (Pilbara Pipeline) Pty Ltd	<ul style="list-style-type: none"> Owns and operates a gas transmission pipeline 	<ul style="list-style-type: none"> Pilbara Energy Pipeline ("PEPL") – uncovered Burrup Extension Pipeline ("BPL") – uncovered
Epic Energy (WA) One Pty Ltd	<ul style="list-style-type: none"> Owns and operates a gas transmission pipeline 	<ul style="list-style-type: none"> Wodgina lateral pipeline - uncovered
Epic Energy Corporate Shared Services Pty Ltd	<ul style="list-style-type: none"> Provides services of an operational and maintenance nature to the other Epic Energy group companies 	<ul style="list-style-type: none"> the rights to various software and hardware licences the rights to various leases

The position as from 2 June 2004

Entity	Business carried on	Relevant Assets Owned
Epic Energy South Australia Pty Ltd	<ul style="list-style-type: none"> Owns and operates gas transmission pipelines Operates the following pipelines for and on behalf of non Epic Energy group legal entities: <ul style="list-style-type: none"> Riverland Natural Gas Transmission Pipeline System – for Envestra; Beverley Lateral – for Heathgate Resources Pty Ltd; and It also operates the Port Bonython Liquids Transmission Pipeline (this is not a Pipeline within the definition of the Gas 	<ul style="list-style-type: none"> Moomba to Adelaide Natural Gas Transmission Pipeline System ("MAPS") – covered South East Transmission Pipeline ("Katnook Pipeline") – uncovered

	Pipelines Access Law) for and on behalf of a non Epic Energy entity	
Epic Energy Queensland Pty Ltd	<ul style="list-style-type: none"> Owns and operates a gas transmission pipeline 	<ul style="list-style-type: none"> South West Queensland Natural Gas Transmission Pipeline ("SWQP") – covered
Epic Energy (Pilbara Pipeline) Pty Ltd	<ul style="list-style-type: none"> Owns and operates a gas transmission pipeline 	<ul style="list-style-type: none"> Pilbara Energy Pipeline ("PEPL") – uncovered Burrup Extension Pipeline ("BPL") – uncovered
Epic Energy (WA) One Pty Ltd	<ul style="list-style-type: none"> Owns and operates a gas transmission pipeline 	<ul style="list-style-type: none"> Wodgina lateral pipeline - uncovered
Epic Energy Corporate Shared Services Pty Ltd	<ul style="list-style-type: none"> Provides services of an operational and maintenance nature to the other Epic Energy group companies 	<ul style="list-style-type: none"> the rights to various software and hardware licences the rights to various leases

ATTACHMENT 2

RING FENCING MINIMUM OBLIGATIONS POLICY

See attached

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1. PURPOSE

This Policy sets out the requirements of a Service Provider arising from the Ring Fencing minimum obligations contained within Section Four (4) of the National Third Party Access Code for Natural Gas Pipeline Systems. “Ring Fencing” is described as segregating a business which provides services using a Covered Pipeline. Section 4 details the minimum requirements that a Service Provider must adhere to, together with procedures for adding, waiving and compliance of Ring Fencing arrangements.

This policy examines the requirements under the Code (in relation to Sections 4.1 (a) to (e) only) and will detail how Epic will comply (and will ensure that there can be compliance) with these obligations at all times.

2. POLICY

2.1. SECTION 4.12

Section 4.12 states the following –

“A Service Provider must establish and maintain appropriate internal procedures to ensure it complies with its obligations under this section 4. The Relevant Regulator may require the Service Provider to demonstrate the adequacy of these procedures upon reasonable notice. However, any statement made or assurance given by the Relevant Regulator concerning the adequacy of the Service Provider’s compliance procedures does not affect the Service Provider’s obligations under this Section 4”

The following points will clarify the requirements of Section 4.1(a) to (e) to ensure that Epic always meets and complies with its obligations under these sections of the Code.

2.2. SECTION 4.1 (a)

S4.1(a) states the following –

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“The Service Provider in respect of a Covered Pipeline must “be a legal entity incorporated pursuant to the Corporations Law, a statutory corporation, a government or an entity established by royal charter”

The Moomba to Adelaide pipeline is owned by Epic Energy South Australia Pty Ltd (ABN 54 068 599 815). All other pipelines (both covered and uncovered) owned by the Epic Energy Group in Australia are owned by legal entities incorporated pursuant to the Corporations Law. Epic will continue to assess and monitor any changes to its business (current or future) to ensure that it continues to comply with this section.

2.3. SECTION 4.1 (b)

S4.1(b) states the following –

“The Service Provider can ‘not carry on a Related Business’ “

A related business is defined by the Code as essentially a business of producing, purchasing or selling Natural Gas. Neither EESA nor any other entity within the Epic Energy Group in Australia carry on businesses of this nature. In fact, entities within the Epic Energy Group in Australia only carry on the businesses of either operating or owning and operating transmission pipelines or operating oil pipelines. Epic will continue to assess and monitor any changes to its business (current or future) to ensure that it continues to comply with this section

2.4. SECTION 4.1 (c)

S4.1(c) states the following –

“The Service Provider must “establish and maintain a separate set of accounts in respect of the Services provided by each Covered Pipeline in respect of which the person is a Service Provider”

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FENCING MINIMUM OBLIGATIONS**

All entities within the Epic Energy Group in Australia maintain separate sets of accounts. As the entities within the Epic Energy Group in Australia are legal entities incorporated pursuant to the Corporations Law there are requirements under that law to prepare statutory accounts.

Where the relevant Epic Energy Group entity is or becomes a Service Provider in respect of more than one Covered Pipeline, separate sets of accounts are or will be (as the case may be) established and maintained in respect of each Covered Pipeline in respect of which the relevant entity is a Service Provider. In the case of EESA, separate sets of account are established and maintained in respect of each Covered Pipeline and uncovered pipeline in respect of which EESA is a Service Provider.

To ensure the preparation of a proper set of separate accounts, Epic Energy:

- has implemented the PeopleSoft accounting system;
- has established a separate business unit for all EESA owned assets and EESA run projects;
- has established a separate department within the above mentioned business unit for all non-MAPS projects;
- has tagged all non-MAPS projects with a separate project number;
- has tagged all assets with a location identifier that delineates MAPS and non-MAPS assets
- with the delineation of MAPS and non-MAPS assets and projects PeopleSoft can easily prepare a report(s) for any combination of EESA assets and projects, both covered and uncovered;
- all expenditure is approved with strict adherence to Epic Energy's Delegated Financial Authority (DFA) guidelines so that no unauthorised purchases are made over authorised expenditure limits;
- In accordance with the DFA guidelines, each person who is authorised to incur expenses on behalf of a company is given training and regular information updates on all relevant coding and project number changes so that they can assess where expenses are to be authorised to;
- processing of expenditures that violate PeopleSoft "combination edit" rules (these rules dictate where expenditures can be posted in the PeopleSoft system) are not permitted;
- each non-MAPS asset or project that has been tagged with a project number has a project manager who is responsible for the costs on the asset or project. Each month the project manager reviews the transactions that are posted to their relevant projects and notify the Finance Division. of any postings that are to be corrected, and these corrections are promptly done;

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FENCING MINIMUM OBLIGATIONS**

- the project manager for each asset or project attends regular meetings to review the progress of these projects;
- department managers review costs each month to ensure that costs have been allocated correctly.

Epic Energy will continue to assess and monitor any changes to its business (current or future) to ensure that it continues to comply with this section.

2.5. SECTION 4.1 (d)

S4.1(d) states the following -

The Service Provider must “establish and maintain a separate consolidated set of accounts in respect of the entire business of the Service Provider”

Where there is work being performed on a Pipeline that is not defined as a “Covered Pipeline”, a project number is established and any costs incurred or revenue generated from this work performed is accumulated against this project number. This has the effect of delineating the costs and/or revenues of each Pipeline owned and/or operated by a Service Provider. An example of this is the Riverland Pipeline that Epic Energy South Australia Pty Ltd operates and maintains on behalf of Envestra Ltd. When the accounts for Epic Energy South Australia Pty Ltd are compiled, the results would include both the Riverland Pipeline, the Moomba to Adelaide Pipeline System and any other Pipeline that is operated and / or maintained by Epic Energy South Australia Pty Ltd. Epic Energy will continue to assess and monitor any changes to its business (current or future) to ensure that it continues to comply with this section.

2.6. SECTION 4.1 (e)

S4.1(e) states the following -

The Service Provider must “allocate any costs that are shared between an activity that is covered by a set of accounts described in section 4.1(c) and any other activity according to a

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methodology for allocating costs that is consistent with the principles in section 8.1 and is otherwise fair and reasonable."

All costs directly attributable to a specific Epic Energy entity will be costed directly to that entity. However certain executive and administrative activities are shared between legal entities within the Epic Energy group. These include:

- The activities of such divisions as the chief executive officer and human resources;
- The activities of the corporate & strategy, information technology and the commercial and project development departments.
- The activities of the finance and administration department and the commercial services and planning departments.

These costs are captured within the legal entity known as Epic Energy Corporate Shared Services Pty Ltd (EECSS). The entire cost of this entity is re-billed to the legal entities which hold the Epic Energy group's assets in accordance with a methodology for allocating costs that is consistent with the principles in section 8.1 of the Code and is otherwise fair and reasonable. Epic Energy will continue to assess and monitor any changes to its business (current or future) to ensure that it continues to comply with this section.

In particular, the following allocation methodology is applied:

Factor 1 –

Labour related costs, eg. Chief Executive, Human Resources and Operations (EECSS) divisions are allocated on the proportion of their respective budgeted expense to the total labour expense for all pipelines.

Factor 2 –

Operations related costs, eg. The costs of Corporate & Strategy, Information Technology and Commercial and Project Development divisions are allocated on the proportion of their respective budgeted operations and maintenance cost (excluding fuel), to the total operations and maintenance expense (excluding fuel) for all pipelines

Factor 3 –

Other service related costs, eg. the finance and administration departments and the commercial services and planning departments. These areas have been allocated based on historical work patterns and current work allocation and staffing levels within these divisions. The allocation methodology for each area has been developed by the divisional general manager based on their expectations of the work to be carried out by that division for each relevant asset or project.

Factor 4 –

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Direct allocation, eg. The costs of the Commercial Project Development Division relating to transportation sales and all Fees & Permits (part of Operations division). Certain departments within EECSS provide services which are solely related to an individual legal entity. These costs have been directly allocated back to that legal entity.

Part of the Operations division is also subject to the allocation methodology. The various legal entities are charged a share of the Operations division. The EECSS Operations division has arisen due to –

- The formation of one Operations division with the Maintenance Manager based in Perth;
- The formation of a national logistics group to manage the purchasing, inventory management and control, contracts administration and fleet management;
- The formation of a national Engineering group to manage asset enhancement and shipper related projects;
- The formation of a national Maintenance Planning Group; and
- The formation of a national Technical Services group that provides specialised engineering expertise on all Pipeline assets.

To ensure that costs are being correctly allocated, the monthly EECSS allocation of costs utilises the Allocation Module within PeopleSoft to allocate the relevant share of EECSS costs to each of the Pipeline entities based on the actual costs incurred each month. This is completed in accordance with the methodology described above.

3. BOUNDARIES

3.1. SCOPE

This Policy applies to all Epic Energy entities that are “Service Providers” of at least one “Covered Pipeline” as defined by the National Third Party Access Code for Natural Gas Pipeline Systems.

3.2. EXCEPTIONS

There are no exceptions to this policy unless after an application made by the Service Provider, the Regulator has notified the Service Provider under section 4.15 of the Code that it has waived the Service Provider’s obligations under section 4.1(b) and/or sections 4.1(h) and (i) of the Code.

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3.3. NON COMPLIANCE

Substantial Civil and Criminal penalties could apply if you –

- Have contravened a provision;
- Attempted to contravene a provision;
- Aided, abetted, counselled or procured a person to contravene such a provision;
- Induced or attempted to induce a person, whether by threats or promises or otherwise to contravene such a provision;
- Have been any way, directly or indirectly, knowingly concerned in or party to the contravention by a person or such a provision;
- Have conspired with others to contravene such a provision

It should be noted that these Substantial Civil and Criminal penalties are not limited to the Service Provider and could extend to Directors and Employees.

4. CHANGE MECHANISM

4.1. OWNER

Chief Financial Officer / Manager, Regulation & Risk

4.2. REVIEW FREQUENCY

This policy and associated procedures are to be reviewed annually by 30 November by the Chief Financial Officer and Manager, Regulation & Risk.

Compliance with this policy is to be audited on an annual basis by 31 December by the Senior Risk Coordinator.

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This policy will also be reviewed if there is a change to the relevant sections of the Code, listed above.

5. COMMENT

None.

ATTACHMENT 3

CONFIDENTIAL INFORMATION POLICY

See attached

	NATIONAL THIRD PARTY ACCESS CODE CONFIDENTIAL INFORMATION
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1. PURPOSE

Under the National Third Party Access Code for Natural Gas Pipeline Systems (“Code”) and pursuant to contractual undertakings entered into by legal entities comprising the Epic Energy Group in Australia (“Epic Energy”), Epic Energy is obliged to ensure that confidential information obtained from or about third parties is used only for the purpose intended.

Epic Energy together with its employees, consultants, contractors and agents have a duty to third parties to ensure that confidential information disclosed to Epic Energy by that third party or which Epic Energy otherwise obtains from a third party is used only for the purpose for which it is disclosed.

In other words, it is not just information provided to a third party about itself, but it also includes information Epic Energy obtains from other sources or which it generates itself which might reasonably be expected to affect materially the commercial interests of the third party. An example of this could be hourly or daily deliveries to a Shipper at an outlet point/delivery point.

This policy examines the requirements under the Code in relation to the disclosure of confidential information and details how Epic Energy will comply (and will ensure that there can be compliance) with these requirements at all times.

2. POLICY**2.1. What confidential obligations are owed under the Code?**

Sections 4.1(f) and (g) of the Code provide the following:

- “(f) The Service Provider must ensure that all Confidential Information provided by a User or Prospective User is used only for the purpose for which that information was provided and that such information is not disclosed to any other person without the approval of the User or Prospective User who provided it, except:
- (i) if the Confidential Information comes into the public domain otherwise than by disclosure by the Service Provider; or
 - (ii) to comply with any law, any legally binding order of a court, government, government or semi-government authority or administrative body or the listing rules of any relevant recognised Stock Exchange;
- (g) ensure that all Confidential Information obtained by the Service Provider or by its servants, consultants, independent contractors or agents in the course of conducting its business and which might reasonably be expected to affect materially the commercial

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interests of a User or Prospective User is not disclosed to any other person without the approval of the User or Prospective User to whom that information pertains, except:

- (i) if the Confidential Information comes into the public domain otherwise than by disclosure by the Service Provider; or
- (ii) to comply with any law, any legally binding order of a court, government, government or semi-government authority or administrative body or the listing rules of any relevant recognised Stock Exchange

2.2. *What is Confidential Information?*

Confidential Information is defined for the purposes of the Code as follows:

'Confidential Information' means information that is by its nature confidential or is known by the Service Provider to be confidential and includes:

- (a) any information relating to the financial position of a User or Prospective User and, in particular, includes information relating to the assets or liabilities of the User or Prospective User and any other matter that affects or may affect the financial position or reputation of the User or Prospective User;
- (b) information relating to the internal management and structure of the User or Prospective User or the personnel, policies and strategies of a User or Prospective User;
- (c) information of a User or Prospective User to which the Service Provider has access, other than information referred to in paragraphs (a) and (b), that has any actual or potential commercial value to the User or Prospective User or the person or corporation which supplied that information; and
- (d) any information in the Service Provider's possession relating to the User's or Prospective User's customers or suppliers and like information.

2.3. *Generally when can Confidential Information be disclosed?*

Generally, confidential information may be disclosed:

- (a) internally to Epic Energy personnel who have a need to know the confidential information as part of their position or role within Epic Energy;
- (b) in order to comply with any law, legally binding order of a court, government, government or semi government authority or administrative body or the listing rules of any relevant recognised Stock Exchange;
- (c) if it is in the public domain, otherwise than through a breach of these obligations;

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- (d) with the prior consent or approval of the party who owns the Confidential Information or in respect of whom the confidential information relates; or
- (e) if it is End User information and the End User has requested that the Service Provider disclose it to those entities nominated by the End User.

2.4. What to do if in doubt

If you have any questions about confidential information or any doubts as to whether or not information you are dealing with may be confidential, contact Epic Energy's Manager of Regulation & Risk (ph 08 9492 3803)(part of Corporate Services) who will assist you to clarify the matter.

3. BOUNDARIES

3.1. SCOPE

This Policy applies at least to all Epic Energy entities that are "Service Providers" of at least one "Covered Pipeline" as defined by the National Third Party Access Code for Natural Gas Pipeline Systems.

3.2. EXCEPTIONS

There are no exceptions to this policy.

3.3. NON COMPLIANCE

Substantial Civil and Criminal penalties could apply if you –

- Have contravened a provision;
- Attempted to contravene a provision;
- Aided, abetted, counselled or procured a person to contravene such a provision;
- Induced or attempted to induce a person, whether by threats or promises or otherwise to contravene such a provision;
- Have been any way, directly or indirectly, knowingly concerned in or party to the contravention by a person or such a provision;

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- Have conspired with others to contravene such a provision

It should be noted that these Substantial Civil and Criminal penalties are not limited to the Service Provider and could extend to Directors and Employees.

4. CHANGE MECHANISM

4.1. OWNER

Senior Counsel & Manager, Regulation & Risk

4.2. REVIEW FREQUENCY

This policy and associated procedures are to be reviewed annually by 30 November by the Senior Counsel and Manager, Regulation & Risk.

This policy will also be reviewed if there is a change to the relevant sections of the Code, listed above.

In addition, compliance with this policy is to be audited by the Senior Risk Coordinator on 31 December each year.

5. COMMENT

None.