



# Annual Compliance Report for 2015/16

Australian Gas Networks Limited

31 October 2016

## ANNUAL COMPLIANCE REPORT

*The following constitutes the Annual Compliance Report for the compliance period 2015/16 for the covered gas distribution networks owned by Australian Gas Networks Limited and its subsidiaries. For further information relating to the corporate structure of Australian Gas Networks Limited, please see our response to question 1.1(c).*

*For the purposes of this report, the "service provider" is interpreted to mean each of the following three legal entities; Australian Gas Networks Limited, Australian Gas Networks (Vic) Pty Ltd and Australian Gas Networks (Albury) Ltd.*

*This report is submitted on behalf of all service providers listed above. Only where necessary are particular service providers separately identified in response to the questions below.*

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### **1. General duties for the provision of pipeline services of covered pipeline services by a service provider**

#### **1.1 Legal Entity**

- a) *Nominate the type of legal entity the service provider is according to the specified kinds of legal entity in section 131 of the NGL.*

Australian Gas Networks Limited (AGNL), Australian Gas Networks (Vic) Pty Ltd and Australian Gas Networks (Albury) Ltd are each legal entities registered under the Corporations Act 2001 of the Commonwealth.

- b) *What is the registered business name and ABN of the service provider legal entity providing the covered pipeline service?*

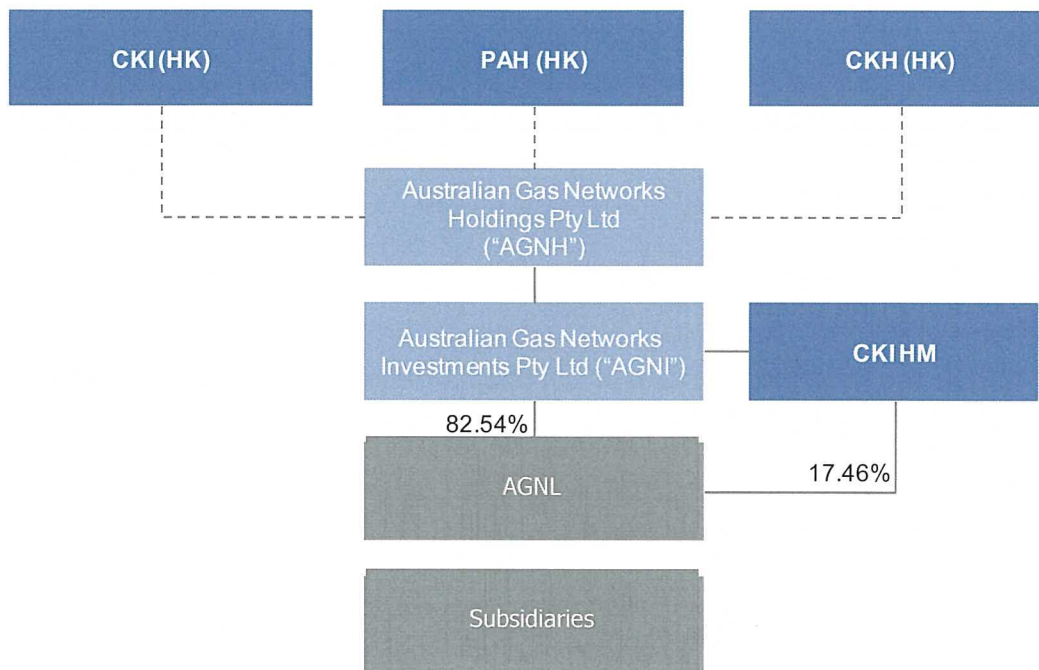
| <b>Registered Business Name</b>       | <b>ABN</b>     | <b>Covered Pipeline</b>                      |
|---------------------------------------|----------------|--|
| Australian Gas Networks Limited       | 19 078 551 685 | AGN South Australian Gas Distribution System |
| Australian Gas Networks Limited       | 19 078 551 685 | AGN Queensland Gas Distribution System       |
| Australian Gas Networks (Vic) Pty Ltd | 73 085 899 001 | AGN Victorian Distribution System            |
| Australian Gas Networks (Albury) Ltd  | 84 000 001 249 | Albury Distribution System                   |

- c) *Provide an outline of the group structure which is controlled by or which the service provider is a part (including identification of the head company, nature of investment or entity, relationship to the service provider and proportion of assets owned/share of investment within the group). This should include any assets (businesses) it owns or that own it. The group structure should include businesses that are beneficially controlled such as trustee companies, jointly owned or operated businesses such as partnerships or joint ventures, businesses that are significant investments or controlled. This can also be represented as an organisational chart.*

The ownership structure of AGNL is set out below in Figure 1. The subsidiaries of AGNL (namely, Australian Gas Networks (Vic) Pty Ltd and Australian Gas Networks (Albury) Ltd) are also set out below in Figure 2.

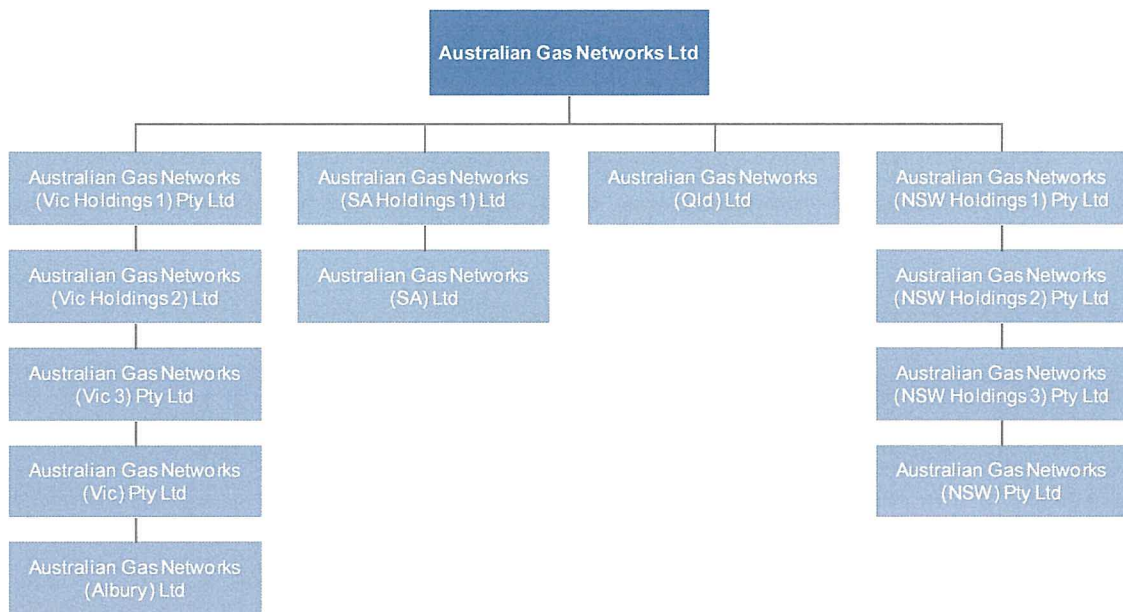
Australian Gas Networks is owned by a consortium comprising Cheung Kong Holdings Ltd ("CKH"), Cheung Kong Infrastructure Holdings Ltd ("CKI") and Power Assets Holdings Ltd ("PAH"). The consortium parties are members of the Cheung Kong ("CK") Group of companies that have significant global interests in infrastructure businesses.

**Figure 1: Ownership structure of Australian Gas Networks Group**



*Note: AGNL stands for Australian Gas Networks Limited. CKI (HK) is an acronym for Cheung Kong Infrastructure; PAH (HK) is an acronym for Power Asset Holdings; CKH (HK) is an acronym for Cheung Kong Holdings; CKI HM is an acronym for Cheung Kong Infrastructure Holdings Malaysian.*

**Figure 2: Subsidiaries of Australian Gas Networks Limited**



**1.2 Preventing or hindering access**

a) *Is the service provider aware of any claims that it has prevented or hindered access to services on the covered pipeline within the terms of section 133 of the NGL?*

No.

**1.3 Supply and haulage of natural gas**

b) *Does a producer supply natural gas through the covered pipeline at a place other than the exit flange of the producer's processing plant?*

No.

**1.4 Queuing requirements**

a) *Has the service provider complied with the queuing requirements of the applicable access arrangement during the year?*

Yes.

**1.5 Service provider providing light regulation services must not price discriminate**

a) *Does the service provider provide light regulation services?*

AGNL provided light regulation services in respect of the Queensland Gas Distribution System.

- b) *If so, are there any differences in the prices of the provision of those services? Please provide an explanation as to why these price differences exist.*

No - all users are charged the same tariffs for the same services. Consistent with those provided when the network was subject to full regulation (including that any prudent discounts provided under full regulation have been maintained under light regulation)

## **2. Structural and Operational Separation Requirements (Ring Fencing)**

### **2.1 Carrying on of a related business**

- a) *Provide a list of associates of the service provider that take part in a related business and for each associate describe what the nature of the related business is.*

The service providers have no associates that take part in a related business.

- b) *Provide a list of associates that are service providers and / or provide pipeline services.*

The service providers have no such associates.

### **2.2 Marketing staff and the taking part in related businesses**

- a) *Provide a list of associates of the service provider that are directly involved in the sale, marketing or advertising of pipeline services.*

The service providers have no such associates.

- b) *Provide a statement as to whether or not any of the service provider's marketing staff are also officers, employees, consultants, independent contractors or agents of an associate of the service provider that takes part in a related business.*

The service providers have no such associates.

- c) *Provide a statement as to whether or not any of the service provider's officers, employees, consultants, independent contractors or agents are also marketing staff of an associate of the service provider that takes part in a related business.*

The service providers have no such associates.

### **2.3 Separate accounts must be prepared, maintained and kept**

- a) *Provide a statement as to whether or not the service provider has prepared, maintained and kept a separate set of accounts in respect of the services provided by every covered pipeline owned or operated by the service provider.*

The service providers maintain a separate set of regulatory accounts for each covered pipeline.

Note: AGN Queensland Gas Distribution System Regulatory Accounts have not provided to the AER since the National Competition Council made a light regulation determination in relation to the cover pipeline on 5 November 2014.

- b) *Name the legal entity or entities in which the separate accounts are reported, maintained or kept for the services provided by each covered pipeline owner or operator?*

| <b>Registered Business Name</b>       | <b>ABN</b>     | <b>Covered Pipeline</b>                      |
|---------------------------------------|----------------|--|
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| Australian Gas Networks (Albury) Ltd  | 84 000 001 249 | Albury Distribution System                   |

- c) *Provide a statement as to whether or not the service provider has prepared, maintained and kept a consolidated set of accounts in respect of the whole of the business of the service provider.*

The service providers maintain a consolidated set of accounts for the whole business.

- d) *Name the legal entity in which the consolidated set of accounts are reported, maintained or kept for the services provided by each covered pipeline owner or operator?*

Australian Gas Networks Limited (AGNL).

- e) *Provide a copy of the most recently lodged annual financial reports with the Australian Securities and Investments Commission or if no such reports exists other similar audited financial reports prepared for or provided to a state or territory department, agency or body under relevant state or territory legislation. These financial reports may be the consolidated set of accounts in respect to the whole of the business of the service provider, and if also separately lodged with the Australian Securities and Investments Commission the most recently lodged annual separate set of accounts in respect of the services provided by the service provider.*

AGNL accounts are prepared on a calendar year basis. Included with the report is a copy of Australian Gas Networks Holding Pty Ltd (ACN 169 818 026) Directors' and Financial Report – 31 December 2015.

## **2.4 Additional ring fencing requirements or exemptions**

- a) *Does the service provider have any additional ring fencing requirements?*

No.

## 2.5 Associate contracts

- a) *Has the service provider entered into or given effect to any new associate contracts, or varied the terms and conditions of an existing associate contract?*

No. The service providers have no associate contracts.

- b) *For each new or varied associate contract, please indicate the date the new or varied associate contract was entered into or given effect?*

Not applicable.

- c) *For each new or varied associate contract, please indicate if the contract or variation was approved by the AER and the date that it was approved?*

Not applicable.

- d) *If the associate contract was not approved by the AER, please indicate what date the new or varied associate contract was provided to the AER?*

Not applicable.

## 3. Other requirements

### 3.1 Making access arrangement or terms and conditions of access available

- (i.) Ensuring applicable access arrangement and other specified information is available on website

- a) *Has the service provider published the approved access arrangement on its website?*

Yes.

- b) *Please provide the website address where this Access Arrangement can be accessed and the date that this access arrangement was provided on the website.*

Website address: <http://www.australiangasnetworks.com.au/our-business/regulation-and-network-tariffs/access-arrangements/>

The service providers publish the respective Access Arrangements on the website prior to the commencement of the new Access Arrangement period.

- c) *Has the service provider received any requests from the AER to provide to prospective users generally other information specified as reasonably necessary to determine if access should be sought?*

No.

- d) *Please provide details of when and how this request was met.*

Not applicable.

(ii.) Publishing approved competitive tender process access arrangement

- a) *Where there is an approved competitive tender process access arrangement in place for a covered pipeline, has the service provider published the approved access arrangement on its website?*

Not applicable.

- b) *Please provide the website address where this access arrangement can be accessed and the date that this access arrangement was provided on the website.*

Not applicable.

(iii.) Publishing terms and conditions of access to light regulation services.

- a) *Where there is access to light regulation services on a covered pipeline, has the service provider published tariffs and other terms and conditions for these services on its website?*

The tariffs and other terms and conditions in respect of the Queensland Gas Distribution System are published on our website.

- b) *Please provide the website address where this information can be accessed and the date that this information was first made available on the website.*

Website address: <http://www.australiangasnetworks.com.au/our-business/regulation-and-network-tariffs/access-arrangements/>.

The information was made available in June 2016.



- c) *Has the service provider had access negotiations regarding light regulation services? If so, the following will need to be reported, the name of the party requesting the service, the pipeline service requested, and the outcome of the access negotiations.*

AGN has had access negotiations regarding light regulation services. AGN initiated the negotiation of the service. The pipeline services under negotiations include the following:

1. Haulage Services:
  - a. Domestic Haulage Services
  - b. Demand Haulage Services
  - c. Commercial Haulage Services
2. Ancillary Services:
  - a. Details are found on the AGN website:  
<https://uat.australiangasnetworks.com.au/-/media/files/agn/our-business/regulatory-information/access-arrangements/agn-queensland-ancillary-services-charges-2016.pdf?la=en>
3. Negotiated Services:
  - a. Details are found in the AGN website:  
<https://uat.australiangasnetworks.com.au/-/media/files/agn/our-business/regulatory-information/access-arrangements/agn-queensland-light-regulation-network-terms-and-conditions-2016.pdf?la=en>

AGN is currently in negotiations with the following parties:

- a. Alinta Energy
- b. Origin Energy
- c. AGL Energy

We have obtained in principle agreement with both Alinta Energy and Origin Energy and negotiations are continuing with AGL Energy. We expect agreements to be executed by the end of November 2016.

### 3.2 Access determinations

- a) *Has the service provider been party to an access determination?*

In the 2015/16 year, the service providers have not been party to an access determination.

- b) *When did the access determination become operative?*

Not applicable.

- c) *For what period is the access determination in place?*

Not applicable.

### 3.3 Confidentiality

- a) *Provide a statement that the confidentiality requirements under rule 137 of the National Gas Rules have or have not been met.*

The service providers advise that the confidentiality provisions of rule 137 have been complied with.

- b) *Has the service provider established an internal protocol or policy guideline or procedure manual for the handling of confidential information? If so please provide the AER with the relevant policy document.*

Yes. AGNL has had a Ring Fencing Manual in place since 2002. This document was last updated in September 2016 (a copy attached with this report).

AGN has developed its own Privacy Policy, details of which are available through AGN's website, via the following link: <http://www.australiangasnetworks.com.au/privacy-statement/>.

### 3.4 Bundling

- a) *Has the service provider bundled any of its services when providing access or negotiating access with a prospective user?*

No.

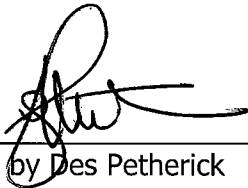
- b) *If so, provide a description of the bundled services and related conditions of access.*

Not applicable.

## Statement of Compliance

I verify that the information and documentation provided for 2015/16 is:

- (a) accurate and can be relied on to provide a true and fair representation of the service provider's operations or ownership of a pipeline that can be relied on by the AER in the performance or exercise of its functions or powers under the National Gas Law or National Gas Rules;
- (b) accurately represented;
- (c) not false and misleading;
- (d) in accordance with the Compliance Order and is complete.



\_\_\_\_\_  
Signed by Des Petherick  
Director

31 / 10 / 16

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Date

