



AUSTRALIAN GAS NETWORKS

ANNUAL COMPLIANCE REPORT for 2014/15

26 October 2015

ANNUAL COMPLIANCE REPORT

The following constitutes the Annual Compliance Report for the compliance period 2014/15 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.

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?*

Registered Business Name	ABN	Covered Pipeline
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

Please also see Attachment A.

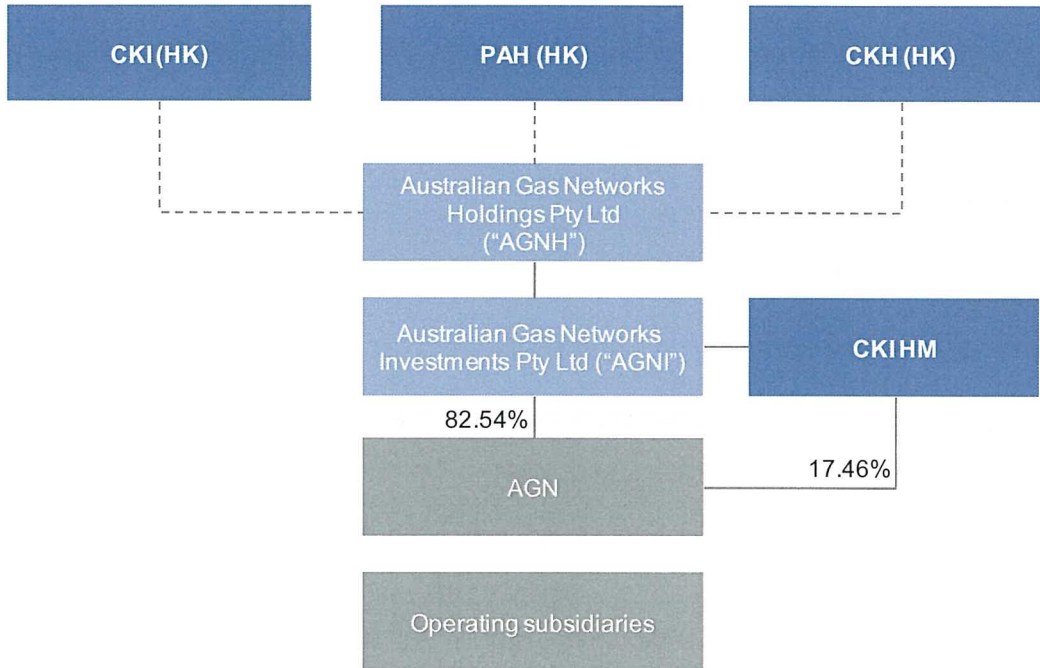
- c) *Provide an outline of the group structure which is controlled by or which the service provider is a part (including identification of the head company, nature of investment or entity, relationship to the service provider and proportion of assets owned/share of investment within the group). This 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 operating subsidiaries of AGNL (namely, Australian Gas Networks (Vic) Pty Ltd and Australian Gas Networks (Albury) Ltd) are also set out below in Figure 2.

In September 2014, a consortium comprising Cheung Kong (Holdings) Ltd ("CKH"), Cheung Kong Infrastructure Holdings Ltd ("CKI") and Power Assets Holdings Ltd ("PAH") acquired all outstanding

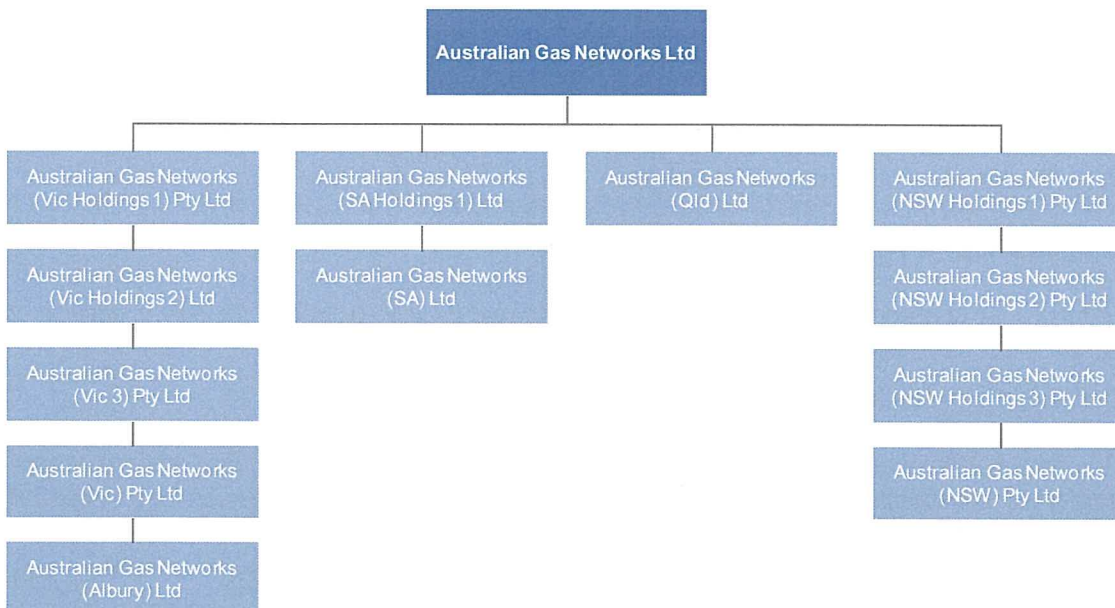
shares in Envestra Ltd (as it was then known). The consortium parties are members of the Cheung Kong (“CK”) Group of companies that have significant global interests in infrastructure businesses. The Company was officially delisted from the Australian Stock Exchange (“ASX”) in October 2014 and renamed AGN.

Figure 1: Ownership structure of Australian Gas Networks Group



Note: AGN 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: Operating 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?*

From October 2014, 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.

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.

- 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?*

Registered Business Name	ABN	Covered Pipeline
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

Please also see Attachment A.

- 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 submitted its most recent financial accounts to ASIC on 26 March 2015. These accounts cover the six month period ending December 2014 and have been submitted with this report.

2014/15 is a transition year for AGNL. This is because under new ownership by the Cheung Kong Group, accounts are now prepared on a calendar year basis. As such from 2015 onwards, AGNL will be able to provide a full calendar year of accounts to the AER with our Annual Compliance Report.

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 as soon as they are approved by the AER.

- 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. These terms are consistent with the most recent Access Arrangement approved by the AER.

- 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 immediately following AER approval of the revised Access Arrangement for the Queensland Gas Distribution System.

- 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.*

No.

3.2 Access determinations

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

In the 2014/15 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. That document, which is updated as required from time to time, was last updated in October 2015 (a copy is 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 2014/15 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 Director, Des Petherick

25/10/15

Date

ATTACHMENT A

The AER has previously been advised that a consortium of companies from the Cheung Kong Group in Hong Kong completed the purchase of all the publicly held shares in Envestra Limited, in 2014/15. Since then, the re-constituted Board representing the new owners has changed the Company's name to: **Australian Gas Networks Limited**.

The new name clearly defines the nature of our business and the national footprint over which we operate. The change of name does not impact the corporate identity of the Company. There is no change to ABNs and ACNs. Our new website domain name is www.australiangasnetworks.com.au

The following table sets out the new company names for the entities listed in this document.

Registered Business Name 2013/14	ABN	Covered Pipeline	New Registered Business Name (as of Oct 2014)
Envestra Limited	19 078 551 685	Envestra South Australian Gas Distribution System	Australian Gas Networks Limited
Envestra Limited	19 078 551 685	Envestra Queensland Gas Distribution System	Australian Gas Networks Limited
Vic Gas Distribution Pty Ltd	73 085 899 001	Envestra Victorian Distribution System	Australian Gas Networks (Vic) Pty Ltd
The Albury Gas Company Ltd	84 000 001 249	Albury Distribution System	Australian Gas Networks (Albury) Pty Ltd