



Directlink and Murraylink

Electricity Transmission Ring-fencing
2025 Annual Compliance Report

April 2026



Energy
Infrastructure
Investments

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Acknowledgement of Country

We acknowledge the Traditional Owners and Custodians of the land on which our assets are operated and maintained.

We acknowledge their connections to land, sea and community.

We pay our respects to their Elders past and present. We commit to ensuring Directlink and Murraylink operate in a fair and ethical manner that respects First Nations peoples' rights and interests.



1. Overview

The Directlink Joint Venture (**Directlink**) and Murraylink Transmission Company Pty Ltd (**Murraylink**) provide transmission services in the National Electricity Market.

Both Directlink and Murraylink are registered as Transmission Network Service Providers (**TNSPs**) under the National Electricity Law.¹

Directlink and Murraylink must comply with the Australian Energy Regulator's (**AER**) Ring fencing Guideline for Electricity Transmission (Version 5) that was published by the AER on 24 February 2025 (**the Guideline**).

Clause 6.2.1 of the Guideline requires a TNSP to submit to the AER an annual ring-fencing compliance report.

This document sets out Directlink and Murraylink's annual compliance report for the 2025 calendar year (**Compliance Report**).

This Compliance Report sets out:

- that Directlink and Murraylink have not breached the Guideline during the reporting period (see Section 4)
- that Directlink and Murraylink do not provide any services beyond transmission services (see Section 5)
- the purpose of all transactions between:
 - Directlink and APA Group (**APA**), and
 - Murraylink and APA (see Section 6)
- the measures Directlink and Murraylink have taken to ensure compliance with their obligations (see Section 7)

Directlink and Murraylink, which are both High Voltage Direct Current (**HVDC**) interconnectors, employ no staff. APA is the operator of both these assets under a long-term services agreement.

APA, on behalf of Directlink and Murraylink, has established internal processes to ensure compliance with the Guideline and has prepared this Compliance Report.

As required under clause 6.2.1(c) of the Guideline, Directlink and Murraylink, have engaged a qualified independent authority to assess Directlink and Murraylink's compliance with the Guideline. A report from the independent authority has been submitted to the AER along with this Compliance Report.

Any questions about this Compliance Report can be directed to

¹ Directlink (No. 1) Pty Limited ABN 85 085 123 468, Directlink (No. 2) Pty Limited ABN 87 095 439 222, and Directlink (No. 3) Pty Limited ABN 86 095 449 817 trading as Directlink Joint Venture is registered with the Australian Energy Market Operator (AEMO) as the TNSP for Directlink; Murraylink Transmission Company Pty Ltd is the registered TNSP for Murraylink.

2. Directlink and Murraylink’s operating environment

The Directlink and Murraylink TNSPs are different to the five jurisdictional TNSPs that are responsible for managing the transmission network in each of the National Electricity Market’s (NEM) five jurisdictions.

In contrast to the registered electricity Distribution Network Service Providers (DNSPs), which are a relatively homogenous group of businesses which provide a very similar set of distribution services, the TNSPs do not have the same homogeneity.

As can be seen from table 1 below, the five jurisdictional TNSPs are medium to large businesses, with an average annual opex of around \$150m.

Directlink and Murraylink, on the other hand, are much smaller TNSPs and have a much smaller operating budget (around \$7-8 million per annum).

Table 1: 2024 Annual opex of TNSPs in the NEM (Source: AER Network Performance Data, Directlink and Murraylink Regulatory Accounts 2024)

TNSP	Annual opex (\$2024)
Powerlink	\$265m
Transgrid	\$222m
AusNet	\$100m
ElectraNet	\$122m
TasNetworks	\$36m
Directlink	\$8.02m
Murraylink	\$7.37m

The AER recognises that the difference in the operating environments of the TNSPs means there is less risk of discriminatory behaviour, and associated harm to competition, from TNSP behaviour, compared to that of electricity Distribution Network Service Providers.²

The Directlink and Murraylink interconnectors have additional characteristics that mean they are not subject to the same ring-fencing risks as larger, jurisdictional TNSPs:

- Size and location:** Directlink and Murraylink are much smaller assets than the jurisdictional TNSPs: Directlink is 63km long and Murraylink is 180km. For some TNSPs, there may also be very limited opportunity to discriminate, given the size and characteristics of the transmission asset. The AER identified this possibility in its draft Revenue Determination Guideline for NSW contestable network projects. The AER noted that because some network operators operate in a limited network area that is not directly

² AER, *Ring fencing Guideline Electricity Transmission Issues Paper*, May 2022, p25

connected to the regional reference node, this is likely to result in a lower risk of harm to electricity customers.³ Neither Directlink or Murraylink are connected to the local reference node for the purposes of the NEM dispatch engine, resulting in a lower risk of discrimination from the actions of Directlink or Murraylink.

- **Control:** AEMO determines the utilisation of Directlink and Murraylink and decides how much of, and how often, Directlink's and Murraylink's capacity is dispatched. Constraining, or otherwise limiting, the amount of energy that can flow across an interconnector is one of the potential ways that discriminatory behaviour can occur. This risk is negligible for Directlink or Murraylink given that AEMO controls their operation.
- **HVDC systems:** Both Directlink and Murraylink use HVDC to transmit energy, in contrast to the more common alternating current (**AC**) systems. This means that both Directlink and Murraylink are very unlikely to have generation assets connected to them. This eliminates the risk of discrimination in the provision of contestable connections for generators or load.

Unlike small distribution networks, Directlink and Murraylink are not able to apply for an exemption from the requirement to register as a TNSP with AEMO.

Directlink and Murraylink are therefore required to submit a Compliance Report under the Guideline.

³ AER, *Draft Revenue Determination Guideline for NSW contestable network projects*, May 2022, p26

3. **Statement of Compliance**

Directlink and Murraylink are compliant with the Guideline for the Reporting Period 1 January 2025 to 31 December 2025.

4. Breaches of the Guideline

Directlink and Murraylink had no breaches of the Guideline during the Reporting Period 1 January 2025 to 31 December 2025.

5. Other services provided by Directlink and Murraylink

Under clause 3.1(b) of the Guideline, a TNSP may provide transmission services but must not provide other services.

Directlink and Murraylink provide transmission services and do not provide other services, including connections.

There have been no connection applications received during the Reporting Period 1 January 2025 to 31 December 2025.

6. The purpose of transactions between Directlink and Murraylink and APA

Clause 6.2.1(b)(iv) of the Guideline requires a TNSP's Compliance Report to describe the purpose of all transactions between the TNSP and an affiliated entity.

APA owns 19.9% of Energy Infrastructure Investments Pty Ltd (**EII**), which is the 100% shareholder of both Directlink and Murraylink. APA is therefore an affiliated entity for the purposes of the Guideline.

EII's other shareholders are MM Midstream Investments Pty Ltd (49.9%) and Osaka Gas Energy Oceania Pty Ltd (30.2%).

In December 2008, EII entered into an agreement with APA for the provision of asset management, operating, maintenance, capital and commercial services to the EII assets (including Directlink and Murraylink).

This agreement was for an initial term of seven years but has been extended on two occasions for an additional 5 years (i.e., until December 2025). APA and the other shareholders have been in negotiations to extend the MOMCSA for an additional three 5 yearly contract terms. APA and the other shareholders agreed a short extension whilst the full extension is being negotiated. This short variation included the required ringfencing clauses.

The terms of this agreement are set out in the Management, Operations and Maintenance and Commercial Services Agreement (**MOMCSA**) and a copy of the contract has previously been provided to the AER on a confidential basis.

The services that APA is required by the MOMCSA to provide EII include:

- all asset management, operations, maintenance and capital services required for the safe and efficient operation of the asset, including compliance with regulatory obligations. The types of asset management, operating, maintenance and capital services that APA is required to provide under the agreement are set out in Schedule 2 of the MOMCSA; and
- all administrative, accounting and other business functions that EII is required to perform, including in compliance with legal and regulatory obligations, for each of its assets (including Directlink and Murraylink). The types of commercial services that APA is required to provide under the agreement are set out in Schedule 3 of the MOMCSA.

Details of these agreements have previously been provided to the AER as part of Directlink and Murraylink's five yearly revenue determination processes.⁴ There are no material changes to the revised MOMCSA with regards to the services provided.

⁴ Directlink Joint Venture, *Outsourcing Arrangements*, 2025-30 Revenue Proposal;
Murraylink Transmission Company, *Outsourcing arrangements and margins*, January 2022

7. How Directlink and Murraylink ensure compliance with the Guideline

APA, on behalf of Directlink and Murraylink, undertakes a wide range of activities to ensure compliance with the Guideline. These activities form part of APA's wider Compliance and Risk Management framework.

7.1 Ring fencing policy, standard and procedure

Given its portfolio of regulated gas pipelines, APA has complied with ring-fencing obligations under the National Gas Law for many years. APA also has ring-fencing obligations for its gas and electricity assets in Western Australia.

APA has an existing suite of ring-fencing policies and procedures that all APA staff must abide by. These documents include:

- **Ring fencing policy** – sets out APA's approach to ring fencing including the principles, roles and responsibilities of individuals within the business
- **Ring fencing standard** – sets out what behaviours and processes are required to comply with ring fencing obligations
- **Ring fencing procedure** – contains the detailed processes and procedures that support ring fencing compliance

During 2025, a detailed review of the policy, standard and procedure was conducted. These documents were updated to be more user friendly, with guidance notes created to assist staff in understanding their obligations. The documents were finalised in January 2026.

7.2 Internal structure, communication and training

During the Reporting period, further activities have been undertaken to ensure compliance:

- Continuation of the Monthly Ring-fencing Steering Committee – the purpose of this committee is to bring together representatives from different parts of the business that have ring fencing obligations to provide information and monitor compliance in a structured format.
- Continuation of regular ring-fencing updates to the Executive Policy Committee and the Monthly Policy Forum.
- Within APA's existing compliance framework, controls continue to be monitored and updated where required (see Section 7.3).

7.3 Ring fencing controls

Ring fencing controls are assigned individuals across the organisation. This drives a culture of compliance and ensures that all ring-fencing obligations have a clear and single owner.

The ring-fencing controls are contained within APA's internal compliance system, Vigilant. The controls have also been assigned to individuals who are responsible for ensuring compliance and attesting on an annual basis that the controls are effective and the obligations are complied with.

APA has conducted a detailed review of its ring-fencing controls for accuracy and updated actions and assignment to individuals where required. This included consolidating all its ring-fencing obligations into a specific Ring-fencing Compliance Plan which is monitored by the Regulatory Compliance Manager.

The 2023 and 2024 KPMG audit identified an opportunity for improvement around the management of ring fencing training.⁵ APA commenced the implementation of Workday in April 2024, and implemented its learning module in November 2024. Following the implementation of the learning module, we commenced the process of uplifting the management of ring-fencing training. The first phase, automated training reminders, was completed in November 2024. Further automation of staff identification and enrolment is being developed as part of enhancements to the Workday Platform. It is anticipated this functionality will be implemented by the end of 2026.

We have addressed the second opportunity for improvement raised by the 2024 KPMG audit relating to the formalisation of review frequency.⁶ Control actions have been created in Vigilant to review the waiver register on a quarterly basis and to review the User Access Review Procedure annually.

⁵ **PIO 1 Trainings:** The process for identifying relevant employees who need to complete Ring Fencing training is manual. These employees are identified through email communication with their respective departmental general managers. Directlink and Murraylink's processes could be improved through establishment of formal and systemized processes to:

- identify relevant employees that should complete Ring-fencing training, including new joiners and
- track timely completion of training.

⁶ **PIO 2 Formalisation of frequency of review:** We noted that formal review frequency is not defined for:

- information and waiver registers; and
- list of users and storage location as a part of user access controls.

Table 2: APA Ring fencing compliance controls

Obligation	APA controls
3.1 Legal separation	<p>CTRL_000754 - The new corporate entity registration process takes ring fencing compliance into account, including the appropriate appointment of directors</p> <p>CTRL_011374 - Any new or varied agreement between either Directlink or Murraylink and APA as Operator (service provider) requires that the service provider complies with the non-discrimination, staff sharing and information access obligations as if APA was Murraylink or Directlink. Ring fencing related clauses are included in legally approved templates used for procurement.</p> <p>CTRL_011377 - A process exists to ensure that Murraylink or Directlink (as TNSP) will not enter into a new agreement or agree to a material variation to an existing agreement where the agreement grants another legal entity the right to use any energy storage device which is owned, operated or controlled by Directlink or Murraylink (as the TNSP), unless it is for the sole purpose of providing that TNSP with network support services.</p>
3.2.1 Separate accounts	<p>CTRL_011315 - Financial account establishment and maintenance</p> <ul style="list-style-type: none"> - Separate financial accounts are established and maintained to ensure the extent and nature of transactions between TNSP and its affiliated entities are demonstrated. - Records are kept demonstrating to the AER how the above is met.
3.2.2 Cost allocation and attribution	<p>CTRL_011315 - Financial account establishment and maintenance</p> <ul style="list-style-type: none"> - Separate financial accounts are established and maintained to ensure the extent and nature of transactions between TNSP and its affiliated entities are demonstrated. - Records are kept demonstrating to the AER how the above is met. <p>CTRL_011706 - Cost Allocation Principles and an approved Cost Allocation Methodology are used to allocate and attribute costs between transmissions services and other services.</p> <p>Records are kept demonstrating to the AER how the above is met.</p>

Obligation	APA controls
<p>4.1 Obligation not to discriminate</p>	<p>CTRL_005770 – Ring fencing policy and procedures kept up to date by Reg & Policy. Policy sets out APA Group's principles, roles and responsibilities to ensure that the way APA deals with customers that may also be competitors is appropriate, maintains customer confidence in APA, and is otherwise consistent with legal requirements.</p> <p>CTRL_000747 – Ring-fencing training is monitored to ensure that Annual training is completed by relevant staff based on their day-to-day role.</p> <p>CTRL_005773 - APA Legal to advise on (and sign off) certain practices (e.g. bundled pricing, development of deal-specific ring fencing protocol) and competition & consumer law issues (as needed).</p>
<p>4.2.1 Protection of ring fenced information</p>	<p>CTRL_005770 – Ring fencing policy and procedures kept up to date by Reg & Policy. Policy sets out APA Group's principles, roles and responsibilities to ensure that the way APA deals with customers that may also be competitors is appropriate, maintains customer confidence in APA, and is otherwise consistent with legal requirements.</p> <p>CTRL_000747 – Ring-fencing training is monitored to ensure that Annual training is completed by relevant staff based on their day-to-day role.</p> <p>CTRL_011724 - Annual Mandatory Enterprise Security Training conducted through APA's online Learning system (WorkDay). All staff must complete this training.</p> <p>CTRL_011710 - A User Access Review procedure has been developed to ensure access to ring fenced information for APA's Murraylink and Directlink electricity transmission assets is monitored and restricted as per Ring Fencing requirements. The list of users and storage locations is reviewed regularly by the Asset Manager.</p> <p>Reoccurring Acton 1649 - Conduct a review of the User Access Review procedure and update as required.</p>
<p>4.2.2 Disclosure of information</p>	<p>CTRL_005770 – Ring fencing policy and procedures kept up to date by Reg & Policy. Policy sets out APA Group's principles, roles and responsibilities to ensure that the way APA deals with customers that may also be competitors is appropriate, maintains customer confidence in APA, and is otherwise consistent with legal requirements.</p> <p>CTRL_000747 – Ring-fencing training is monitored to ensure that Annual training is completed by relevant staff based on their day-to-day role.</p>

Obligation	APA controls
4.2.3 Sharing of information	CTRL_011375 - An Information Sharing Protocol has been established that sets out how and when APA will make relevant information available to legal entities. The protocol is available on APA's website.
4.2.4 Information register	<p>CTRL_011318 - Information and Waiver Registers are maintained and publicly available on the APA Website. Each are reviewed periodically for accuracy.</p> <p>The Information Register is maintained to keep a record of all:</p> <ul style="list-style-type: none"> - related electricity services providers - other legal entities who provide contestable electricity services but who are not affiliated entities of the TNSP. <p>The information register also identifies information requested by related electricity service provider or legal entity in sufficient detail.</p> <p>The Waiver Register includes:</p> <ul style="list-style-type: none"> - the description of the conduct to which the waiver or interim waiver applies; and - the terms and conditions of the waiver or interim waiver <p>Reoccurring Acton 882 - Information and Waiver Register Quarterly Review. Review information and Waiver Registers for accuracy and updates.</p>
4.3 Staff separation	<p>CTRL_005770 – Ring fencing policy and procedures kept up to date by Reg & Policy. Policy sets out APA Group's principles, roles and responsibilities to ensure that the way APA deals with customers that may also be competitors is appropriate, maintains customer confidence in APA, and is otherwise consistent with legal requirements.</p> <p>CTRL_000747 – Ring-fencing training is monitored to ensure that Annual training is completed by relevant staff based on their day-to-day role.</p> <p>CTRL_000756 - Restriction of attendance at internal and external meetings, calls and on emails is reinforced in annual training and the ring fencing manual. Responsibility also lies with Exec and GMs to enforce the culture.</p>

Obligation	APA controls
4.4.1 Conduct of service providers	CTRL_011374 - Any new or varied agreement between either Directlink or Murraylink and APA as Operator (service provider) requires that the service provider complies with the non-discrimination, staff sharing and information access obligations as if APA was Murraylink or Directlink. Ring fencing related clauses are included in legally approved templates used for procurement.
5.7 Waiver register	<p>CTRL_011318 - Information and Waiver Registers are maintained and publicly available on the APA Website. Each are reviewed periodically for accuracy.</p> <p>The Information Register is maintained to keep a record of all:</p> <ul style="list-style-type: none"> - related electricity services providers - other legal entities who provide contestable electricity services but who are not affiliated entities of the TNSP. <p>The information register also identifies information requested by related electricity service provider or legal entity in sufficient detail.</p> <p>The Waiver Register includes:</p> <ul style="list-style-type: none"> - the description of the conduct to which the waiver or interim waiver applies; and - the terms and conditions of the waiver or interim waiver <p>Reoccurring Acton 882 - Information and Waiver Register Quarterly Review. Review information and Waiver Registers for accuracy and updates.</p>
6.1 Maintaining compliance	<p>CTRL_011639 - Compliance Management System (CMS) Procedure sets out APA's approach to meetings its obligations.</p> <p>The CMS is available on Empower and accessible to all staff. The CMS is reviewed every 2 years by the Group Compliance Manager. Processes captured in the CMS relate to:</p> <ul style="list-style-type: none"> - Regulatory Change and control review post change - Policy Management - Incidents

Obligation	APA controls
	<ul style="list-style-type: none"> - Compliance Control Assurance - Governance and Reporting <p>CTRL_005770 – Ring fencing policy and procedures kept up to date by Reg & Policy. Policy sets out APA Group's principles, roles and responsibilities to ensure that the way APA deals with customers that may also be competitors is appropriate, maintains customer confidence in APA, and is otherwise consistent with legal requirements.</p> <p>CTRL_000747 – Ring-fencing training is monitored to ensure that Annual training is completed by relevant staff based on their day-to-day role.</p> <p>CTRL_011638 - Risk Management System (RMS) Procedure has been established to provide consistent procedures for risk management across APA.</p> <p>The procedure document is reviewed every 2 years by the Head of Risk, and is accessible to all staff via Empower. Training on the Risk Management Procedures is provided through the online Risk Fundamentals course in LMS.</p> <p>Processes captured in the document relate to how the following must be managed across APA:</p> <ul style="list-style-type: none"> - Risk assessment, monitoring, treatment and recording - Process Control effectiveness and controls assurance - Incident management and Business Recovery - Emerging Risks and Opportunities
6.2.1 Annual compliance report	<p>CTRL_011317 - The Economic Reg & Ext Pol Team prepares an annual ring fencing compliance report and submits this to the AER by April 30th each year i.e., within four months of the end of the calendar year to which the compliance report relates. The Compliance Report is also accompanied by an assessment of compliance with each provision of the ring fencing guideline by a suitably qualified independent authority.</p> <p>Recurring Action 588 - Prepare and submit Ring Fencing Compliance Report for Electricity Transmission Assets</p>

Obligation	APA controls
6.3 Compliance breaches	<p>CTRL_005770 – Ring fencing policy and procedures kept up to date by Reg & Policy. Policy sets out APA Group's principles, roles and responsibilities to ensure that the way APA deals with customers that may also be competitors is appropriate, maintains customer confidence in APA, and is otherwise consistent with legal requirements.</p> <p>CTRL_0011316 - The Economic Reg & Ext Pol Team has a process in place to notify the AER in writing within 15 business days of becoming aware of a breach of its obligations under the Ring fencing Electricity Transmission Guideline.</p>
6.4 Complaints and investigations	CTRL_011381 – Ring fencing email address maintained to deal with queries and escalations.