



The Directors
Australian Gas Networks Limited
Level 6
400 King William Street
ADELAIDE SA 5000

18 October 2019

The Directors

Independent assurance report on the limited assurance procedures performed over actual gas volumes reported for the period 1 January 2018 to 31 December 2018 on the 2020 proposed distribution tariffs schedule for the Victoria and Albury gas distribution networks for Australian Gas Networks Limited

Scope

In accordance with the terms of engagement letter dated 18 October 2019, we were engaged by Australian Gas Networks Limited (the “Company”) to perform an independent limited assurance engagement in respect of the actual gas volumes reported (the “Subject Matter”) for the period 1 January 2018 to 31 December 2018 (the “Period”) on the attached 2020 proposed distribution tariffs schedule. The criteria (the “Criteria”) against which we assessed the Subject Matter is set out in Annexure B of the Australian Gas Networks (Victoria and Albury) – Access Arrangement 2018–2022 (the “Access Arrangement”).

The Company’s responsibilities

The Company is responsible for the preparation of the proposed tariffs schedule for the period 1 January 2018 to 31 December 2018 in accordance with the Criteria.

Our Independence and Quality control

We have complied with relevant ethical requirements related to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements* the firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Our responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained over the reported actual gas volumes included on the 2020 proposed distribution tariffs schedule as measured by the Access Arrangement.

Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE 3000) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. That standard requires that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention to indicate that the 2020 proposed distribution tariffs schedule has not been prepared, in all material respects, in accordance with the Criteria, for the Period. The procedures we performed were based on our professional judgement and included:

- Agreeing gas volumes for the period reported on the 2020 proposed distribution tariffs schedule to information from the APA billing system;
- Comparing reported gas volumes for the year ended 31 December 2018 to reported gas volumes for the year ended 31 December 2017 and obtaining explanations for material variances;
- Tracing a sample of invoices for the billing period to the underlying source data that is used to compile the 2020 proposed distribution tariffs schedule; and
- Testing of mathematical accuracy of the 2020 proposed distribution tariffs schedule.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Use of report

This report was prepared for the directors of Australian Gas Networks Limited in accordance with their requirements to lodge a proposed distribution tariffs schedule with the Australian Energy Regulator (“AER”). We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Directors of Australian Gas Networks Limited, or for any purpose other than that for which it was prepared.

Inherent limitations

Because of the inherent limitations of any work planned and executed under ASAE 3000, it is possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is not designed to detect all instances of non-compliance of the preparation of the proposed distribution tariffs schedule as measured against the Criteria, as it is limited primarily to making enquiries, of the Company, and applying analytical procedures. The limited assurance conclusion expressed in this report has been formed on the above basis.



Conclusion

Based on our completion of limited assurance procedures, which is not an audit, nothing has come to our attention that causes us to believe that the reported actual gas volumes for the period 1 January 2018 to 31 December 2018 on the proposed distribution tariffs schedule have not been prepared, in all material respects, in accordance with Annexure B of the Australian Gas Networks Limited (Victoria and Albury) – Access Arrangement 2018 – 2022.

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A handwritten signature in black ink, appearing to read 'Andrew Forman', written in a cursive style.

Andrew Forman
Partner

Adelaide
18 October 2019

PROPOSED 2020 DISTRIBUTION TARIFFS

Proposed tariff name	Existing tariff name	Prop 2020 Tariff	Exist 2019 Tariff	Actual 2018 Volumes	Prop Tar Revenue	Exist Tar Revenue
Tariff V - AGN Central - Residential	Tariff V - AGN Central - Residential					
Fixed Charge	Fixed Charge	0.1931	0.1901	200,042,386	38,628,185	38,028,058
GJ 0 - 0.0274	GJ 0 - 0.0274	11.8926	11.4676	4,774,338	56,779,122	54,750,198
GJ 0.0274 - 0.0493	GJ 0.0274 - 0.0493	6.8378	6.7306	2,971,130	20,315,996	19,997,490
GJ > 0.0493	GJ > 0.0493	3.7538	3.6949	17,831,150	66,934,572	65,884,317
Tariff V - AGN Central - Non Residential	Tariff V - AGN Central - Non Residential					
Fixed Charge	Fixed Charge	0.1931	0.1901	7,284,773	1,406,690	1,384,835
GJ 0 - 0.05	GJ 0 - 0.05	8.3949	8.2633	265,831	2,231,621	2,196,638
GJ 0.05 - 0.55	GJ 0.05 - 0.55	3.9622	3.8769	1,423,735	5,641,113	5,519,680
GJ 0.55 - 1.37	GJ 0.55 - 1.37	2.9553	2.8973	1,139,568	3,367,735	3,301,670
GJ > 1.37	GJ > 1.37	1.1936	1.1749	4,006,118	4,781,703	4,706,788
Tariff V - AGN North - Residential	Tariff V - AGN North - Residential					
Fixed Charge	Fixed Charge	0.1931	0.1901	28,266,023	5,458,169	5,373,371
GJ 0 - 0.0274	GJ 0 - 0.0274	10.4636	10.0897	646,209	6,761,674	6,520,055
GJ 0.0274 - 0.0493	GJ 0.0274 - 0.0493	6.1251	6.0291	383,055	2,346,251	2,309,477
GJ > 0.0493	GJ > 0.0493	3.3629	3.3102	2,456,109	8,259,650	8,130,213
Tariff V - AGN North - Non Residential	Tariff V - AGN North - Non Residential					
Fixed Charge	Fixed Charge	0.1931	0.1901	1,189,097	229,615	226,047
GJ 0 - 0.05	GJ 0 - 0.05	7.5303	7.4122	37,173	279,926	275,536
GJ 0.05 - 0.55	GJ 0.05 - 0.55	3.5809	3.5038	180,074	644,824	630,943
GJ 0.55 - 1.37	GJ 0.55 - 1.37	2.6707	2.6183	123,813	330,666	324,179
GJ > 1.37	GJ > 1.37	1.0786	1.0617	482,010	519,896	511,750
Tariff V - Murray Valley - Residential	Tariff V - Murray Valley - Residential					
Fixed Charge	Fixed Charge	0.2458	0.2419	2,924,336	718,802	707,397
GJ 0 - 0.0274	GJ 0 - 0.0274	9.1098	8.7843	55,926	509,479	491,273
GJ 0.0274 - 0.0493	GJ 0.0274 - 0.0493	5.5111	5.4247	29,340	161,693	159,159
GJ > 0.0493	GJ > 0.0493	3.4475	3.3934	186,758	643,849	633,745
Tariff V - Murray Valley - Non Residential	Tariff V - Murray Valley - Non Residential					
Fixed Charge	Fixed Charge	0.2458	0.2419	128,179	31,506	31,007
GJ 0 - 0.05	GJ 0 - 0.05	6.7330	6.6274	4,312	29,034	28,579
GJ 0.05 - 0.55	GJ 0.05 - 0.55	3.9767	3.8911	20,265	80,588	78,853
GJ 0.55 - 1.37	GJ 0.55 - 1.37	2.9678	2.9096	13,200	39,176	38,407
GJ > 1.37	GJ > 1.37	1.3435	1.3224	28,917	38,850	38,239
Tariff V - Bairnsdale - Residential	Tariff V - Bairnsdale - Residential					
Fixed Charge	Fixed Charge	0.3178	0.3128	1,583,316	503,178	495,261
GJ 0 - 0.0274	GJ 0 - 0.0274	19.4166	18.7228	30,898	599,927	578,489
GJ 0.0274 - 0.0493	GJ 0.0274 - 0.0493	11.2934	11.1163	15,280	172,565	169,859
GJ > 0.0493	GJ > 0.0493	6.1999	6.1027	66,716	413,633	407,148
Tariff V - Bairnsdale - Non Residential	Tariff V - Bairnsdale - Non Residential					
Fixed Charge	Fixed Charge	0.3178	0.3128	42,198	13,411	13,200
GJ 0 - 0.05	GJ 0 - 0.05	13.8045	13.5881	1,724	23,805	23,432
GJ 0.05 - 0.55	GJ 0.05 - 0.55	6.7300	6.5851	12,857	86,524	84,662
GJ 0.55 - 1.37	GJ 0.55 - 1.37	5.0178	4.9194	10,060	50,481	49,491
GJ > 1.37	GJ > 1.37	2.0267	1.9949	37,494	75,990	74,797
Tariff D - AGN Central	Tariff D - AGN Central					
0 - 10	0 - 10	1,461.0058	1,429.5715	1,452	2,121,807	2,076,155
10 - 50	10 - 50	893.1654	873.9485	1,250	1,116,405	1,092,385
> 50	> 50	163.1104	159.6010	1,420	231,656	226,672
Tariff D - AGN North	Tariff D - AGN North					
0 - 10	0 - 10	1,461.0058	1,429.5715	434	634,285	620,638
10 - 50	10 - 50	893.1654	873.9485	627	560,202	548,149
> 50	> 50	163.1104	159.6010	440	71,804	70,259
Tariff D - Murray Valley	Tariff D - Murray Valley					
0 - 10	0 - 10	1,702.9777	1,666.3373	68	116,204	113,704
10 - 50	10 - 50	1,050.8447	1,028.2353	163	171,502	167,812
> 50	> 50	178.9774	175.1266	103	18,348	17,954
Tariff D - Bairnsdale	Tariff D - Bairnsdale					
0 - 10	0 - 10	2,416.6996	2,364.7031	15	37,196	36,396
10 - 50	10 - 50	1,497.1554	1,464.9434	4	5,515	5,396
> 50	> 50	273.0471	267.1724	-	-	-
Tariff V - Albury - Residential	Tariff V - Albury - Residential					
Fixed Charge	Fixed Charge	0.2512	0.2473	8,074,668	2,028,357	1,996,865
GJ 0 - 0.0274	GJ 0 - 0.0274	8.6120	8.3043	182,816	1,574,421	1,518,161
GJ 0.0274 - 0.0493	GJ 0.0274 - 0.0493	5.1476	5.0669	107,335	552,516	543,855
GJ > 0.0493	GJ > 0.0493	2.8267	2.7824	679,508	1,920,766	1,890,664
Tariff V - Albury - Non Residential	Tariff V - Albury - Non Residential					
Fixed Charge	Fixed Charge	0.2512	0.2473	337,460	84,770	83,454
GJ 0 - 0.05	GJ 0 - 0.05	6.3207	6.2216	11,054	69,867	68,772
GJ 0.05 - 0.55	GJ 0.05 - 0.55	3.1210	3.0538	56,721	177,024	173,214
GJ 0.55 - 1.37	GJ 0.55 - 1.37	2.2163	2.1728	41,384	91,718	89,919
GJ > 1.37	GJ > 1.37	0.8948	0.8808	178,426	159,655	157,157
Tariff D - Albury	Tariff D - Albury					
0 - 10	0 - 10	1,256.4656	1,229.4321	50	62,889	61,536
10 - 50	10 - 50	780.3805	763.5902	103	80,214	78,489
> 50	> 50	188.5700	184.5128	197	37,217	36,417
Total Revenue	Total Revenue				241,034,237	235,848,266