



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

17 April 2019

Dear Directors,

***Report on the limited assurance procedures performed over actual gas volumes reported for the period 1 July 2017 to 30 June 2018 on the 2019/20 proposed distribution tariffs schedule of the South Australian gas distribution network for Australian Gas Networks Limited***

***Scope***

In accordance with the terms of engagement letter dated 4 April 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 for the period 1 July 2017 to 30 June 2018 (the “Period”) on the attached Schedule 1 - 2019/20 proposed distribution tariffs (“Schedule 1”) for the South Australian gas distribution network. The criteria (the “Criteria”) against which we assessed South Australia is Section 4.4.1 of the South Australian Access Arrangement for the period 1 July 2016 to 30 June 2021 (the “Access Arrangement”).

***The Company’s responsibilities***

The Company is responsible for the preparation of the Schedule 1 for South Australia 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.

***Our responsibilities***

Our responsibility is to perform limited assurance procedures over the reported actual gas volumes included in the Schedule 1 as measured by the Access Arrangement.

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***Report on the limited assurance procedures performed over actual gas volumes reported for the period 1 July 2017 to 30 June 2018 on the 2019/20 proposed distribution tariffs schedule of the South Australian gas distribution network for Australian Gas Networks Limited (continued)***

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 reported actual gas volumes included in the Schedule 1 have 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 Schedule 1 2019/20 proposed distribution tariffs to information from the APA billing system;
- comparing gas volumes for the year ended 30 June 2018 to gas volumes for the year ended 30 June 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 2019/20 proposed distribution tariffs schedule; and
- testing of mathematical accuracy of the Schedule 1 2019/20 proposed distribution tariffs.

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 requirement to lodge a proposed distribution tariffs schedule for South Australia 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 with the preparation of the proposed tariffs schedule for South Australia 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.



***Report on the limited assurance procedures performed over actual gas volumes reported for the period 1 July 2017 to 30 June 2018 on the 2019/20 proposed distribution tariffs schedule of the South Australian gas distribution network for Australian Gas Networks Limited (continued)***

***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 July 2017 to 30 June 2018 on the Schedule 1 - 2019/20 proposed distribution tariffs have not been prepared in accordance with Section 4.4.1 of the Access Arrangement for the Australian Gas Networks South Australian Distribution Network for the period 1 July 2016 to 30 June 2021.

A handwritten signature in grey ink that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers

A handwritten signature in grey ink, appearing to be "M. T. Lojszczyk".

M. T. Lojszczyk  
Partner

Adelaide  
17 April 2019