

## Statement of Compliance

### Statement of Compliance for N.T. Gas Pty. Limited ACN 050 221 415 ("NT Gas") for the period 1 July 2010 to 16 June 2011

NT Gas – Amadeus Basin to Darwin Pipeline

1. Attached is the information sought by the Australian Energy Regulator (AER) Annual Compliance Order dated 7 November 2008 (the Annual Compliance Order). This information is in the format set out in Attachment 1 of the Annual Compliance Order.
2. This information is for the year ending 16 June 2011.
3. The information and documentation provided in compliance with the Annual Compliance Order is accurate and can be relied on to provide a true and fair representation of the Service Providers operations and ownership of the pipeline and can be relied upon by the AER in the performance or exercise of its functions or powers under the National Gas Law or the National Gas Rules.
4. The information and documentation provided in compliance with the Annual Compliance Order is in its reliance on information and documentation that is prepared, kept or maintained accurately represented.
5. The information and documentation provided in compliance with the Annual Compliance Order is not false or misleading.
6. The information and documentation provided in compliance with the Annual Compliance Order is complete.
7. The Board of Directors of N.T. Gas Pty. Limited approved this report at the N.T. Gas Pty. Limited board meeting on 31 October 2011.

Signed: *P. J. Caldwell*

NAME: *PETER JOHN CALDWELL*

DIRECTOR

DATE: *31 October 2011*

## Matters to be specifically addressed annually by service providers and related providers

### AER Annual Compliance Order Report for N.T. Gas Pty. Limited ACN 050 221 415 for the period 1 July 2010 to 16 June 2011

#### Introductory Statement

N.T. Gas Pty. Limited ("NT Gas") is not aware of any breach of any of the obligations in the National Gas Law and National Gas Rules other than any that are detailed in this report.

NT Gas has maintained a compliance program during the relevant period that ensures that:

- (a) appropriate internal procedures have been established and maintained to ensure compliance with the obligations in the National Gas Law and National Gas Rules;
- (b) the Board of Directors of NT Gas is made aware of any breaches of the obligations;
- (c) remedial action is taken as soon as possible to rectify any breaches of the obligations and that completion of this action is reported to the Board of Directors;
- (d) the compliance program is reviewed regularly and as necessary.

#### 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.*

N.T. Gas Pty. Limited ACN 050 221 415 is a legal entity registered under the *Corporations Act 2001* of the Commonwealth. As trustee for the Amadeus Gas Trust, NT Gas operated the Amadeus Basin to Darwin Pipeline ("ABDP") during the period 1 July 2010 to 16 June 2011

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

The registered business name of the legal entity providing the covered pipeline service is N.T. Gas Pty. Limited. The ABN is 27 050 221 415.

- (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 business that are beneficially controlled such as trustee companies, jointly owned or operated business such as partnerships or joint ventures, businesses that are significant investments or controlled. This can also be represented as an organisational chart.*

The service provider is a 96% owned subsidiary of the APA Group. An outline of the APA Group structure as at 30 June 2011, showing the service provider is provided in Appendix 1.

##### 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?*

The service provider is not aware of any claims it has prevented or hindered access to services on the covered pipeline within the terms of s133 of the NGL.

### **1.3 Supply and haulage of natural gas**

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

During the period there was one shipper on the ABDP and this shipper is not a producer.

### **1.4 Queuing requirements**

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

The service provider is not aware of any non-compliance with the queuing policy of the Access Arrangement during the period.

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

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

The ABDP is not a light regulation pipeline and as such light regulation services are not provided.

- (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.*

Not applicable.

## **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.*

A related business means the business of producing, purchasing or selling natural gas.

Pursuant to pre-existing agreements of which the Regulator is aware, NT Gas was contractually committed to buy and sell natural gas during the period 1 July 2010 to 16 June 2011. However, fulfilment of NT Gas' obligations under the agreements did not require NT Gas to participate actively in the sale or purchase of gas.

NT Gas managed and operated the ABDP and its laterals. NT Gas did not (on its own account) produce natural gas, and did not (on its own account) purchase or sell natural gas other than for operational purposes for the ABDP.

NT Gas does not have any Associates which take part in a related business other than the following associates:

- N.T. Gas Distribution Pty. Limited – N.T. Gas Distribution Pty. Limited (100 percent owned by NT Gas Pty Limited up to 16 June 2011) operates as a bundled utility and therefore carries on a related business. The ACCC has previously granted a waiver to NT Gas in relation to the provision of services by the marketing staff of NT Gas to N.T. Gas Distribution Pty. Limited.
- APT Parmelia - APT Parmelia (Western Australia) was party to 2 contracts for supply of gas through the Parmelia Gas Pipeline. This was a residual activity reflecting the actions of previous owners of the Parmelia Gas Pipeline and these contracts which expired in December 2009 were not renewed. However APT Parmelia continued to supply gas until retailers not associated with APT Parmelia took over the contracts and during this interim period, appropriate ring-fencing arrangements were put in place.

- APT Facility Management - APT Facility Management Pty Limited buys and sells gas for the purposes of co-generation and natural gas for vehicles. Gas for co-generation is purchased and sold in Queensland at Baillie Henderson Hospital (Toowoomba), Redcliffe Hospital (Redcliffe) and Toowoomba Base Hospital (Toowoomba). Gas for natural gas vehicles is purchased in Western Australia. The gas, once purchased, is compressed and sold as compressed natural gas to the bus operator. The Public Transport Authority of Western Australia is obliged to step in and guarantee any outstanding amounts owed by the bus operator to APA for the gas. It is delivered to the follow bus depots – Morley, Bayswater, East Perth, Fremantle, Champion Lakes, Rockingham, Welshpool, Malaga and Karrinyup.
- APA Facilities Management Pty Limited – APA Facilities Management Pty Limited buys and sells gas for the purpose of supplying liquefied natural gas for vehicles from Dandenong in Victoria. The gas, once purchased, is liquefied by a third party on APA's behalf and then sold by APA Facilities Management Pty Limited as liquefied natural gas to wholesalers.

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

A list of associates of the service provider as at 30 June 2011 is provided in a table in Appendix 2. This table outlines the nature of the associates' activities and whether they are service providers and / or provide pipeline services.

## **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.*

A list of associates of the service provider as at 30 June 2011 is provided in a table in Appendix 2. This table outlines the nature of the associates' activities and whether they are involved in the sale, marketing or advertising of pipeline services.

*(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.*

*(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.*

N.T. Gas Distribution Pty. Limited, (100 percent owned by NT Gas up to 16 June 2011) operates as a bundled utility and therefore carries on a related business. The ACCC has previously granted a waiver to NT Gas in relation to the provision of services by the marketing staff of NT Gas to N.T. Gas Distribution Pty. Limited.

Other than advised above, none of NT Gas' marketing staff are officers, employees, consultants, independent contractors or agents or otherwise provide services to associates which take part in a related business, being APT Parmelia (located in Western Australia), APA Facilities Management Pty Limited (Vic) or APT Facility Management Pty Limited.

Other than advised above, none of NT Gas' officers, employees, consultants, independent contractors or agents are marketing staff of an associate that takes part in a related business, being APT Parmelia (located in Western Australia), APA Facilities Management Pty Limited (Vic) or APT Facility Management Pty Limited (WA and Qld).

### **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 provider has prepared, maintained and kept a separate set of accounts in respect of the services provided by the ABDP.

- (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?*

The separate accounts are kept by NT Gas.

- (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.*

A consolidated set of accounts have been kept in respect of the whole of the business of the service provider.

- (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?*

The name of the legal entity in which the consolidated set of accounts are kept in respect of the whole of the business of the service provider is N.T. Gas Pty. Limited in Trust for the Amadeus Gas Trust.

- (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.*

No separate financial reports for NT Gas or the Amadeus Gas Trust have been lodged with the Australian Securities and Investment Commission because they are not reporting entities. Special Purpose Financial Reports are prepared for the Amadeus Gas Trust to satisfy the Directors reporting requirements under the Trust Deed.

The APA Group, our parent entity, lodges financial reports with the Australian Securities and Investment Commission.

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

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

The service provider does not have any additional ring fencing requirements.

- (b) *What are these requirements?*

Not applicable

*(c) Provide a statement that these additional ring fencing requirements have or have not been met.*

Not applicable

*(d) Does the service provider have any exemptions for the minimum ring fencing requirements?*

The service provider did have an exemption for the minimum ring fencing requirements.

*(e) What are these exemptions?*

N.T. Gas Distribution Pty. Limited, (100 percent owned by NT Gas up to 16 June 2011) operates as a bundled utility and therefore carries on a related business. The Australian Competition and Consumer Commission (ACCC) has previously granted a waiver to NT Gas in relation to the provision of services by the marketing staff of NT Gas to N.T. Gas Distribution Pty. Limited.

*(f) By what jurisdictional regulator and when where these exemptions granted?*

The ACCC issued a notice of waiver to the minimum ring fencing requirements in its Final Decision dated 13 March 2002.

## **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?*

There were no associate contracts during the period 1 July 2010 to 16 June 2011. The associate contract between NT Gas and N.T. Gas Distribution Pty. Limited, for interruptible gas transmission, approved by the ACCC on 14 March 2007, commenced 15 March 2007 and terminated 1 January 2009.

*(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

*Note: An 'associate contract' is defined under the NGL to include arrangements or understandings and is not limited to written contracts.*

## **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?*

During the period 1 July 2010 to 16 June 2011, the NT Gas Access Arrangement and Access Arrangement Information for the ABDP were available on the APA Group website and the Access Arrangement Information was available on the NT Gas website.

- (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.*

The website address was

<http://www.apa.com.au/our-business/economic-regulation/nt-gas-assets.aspx>, published February 2009 and removed following publication of Access Arrangement for the 2011 to 2016 period, and [http://www.ntgas.com.au/Uploads/Images/NT\\_Gas\\_Access\\_Arrangement.pdf](http://www.ntgas.com.au/Uploads/Images/NT_Gas_Access_Arrangement.pdf), published in 2004.

- (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.*

The service provider has not received any requests from the AER to provide to prospective users other information specified as reasonably necessary to determine if access should be sought.

- (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?*

This is not applicable as the ABDP does not have an approved competitive tender process access arrangement.

- (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?*

This is not applicable as the ABDP is not a light regulation pipeline.

- (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.*

Not applicable.

- (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.*

This is not applicable as the ABDP is not a light regulation pipeline.

### 3.2 Access determinations

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

The service provider has 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 confidentiality requirements under rule 137 of the National Gas Rules have been met.

The service provider did not disclose relevant confidential information or use relevant confidential information for a purpose other than the purpose for which the information was given to the service provider.

The service provider took all practicable steps to protect relevant confidential information in the service provider's possession against improper disclosure or use.

*(b) Has the service provider established an internal protocol or policy guideline or procedure manual for the handling of confidential information?*

All staff involved in the management and operation of the ABDP provided services under contract. These secondment arrangements terminated on 16 June 2011. NT Gas required that all contractors having access to confidential information were informed of their obligations with respect to confidential information. Staff and contractors were required to sign confidentiality agreements upon commencement and standard employment contracts contained confidentiality obligations.

Confidentiality requirements were reinforced by NT Gas Ring Fencing Policy. Under that policy, new staff received training which was appropriate to their duties, and existing staff received periodic refresher training.

NT Gas reviewed its procedures and policies annually, and these were part of the quality system certified to AS 9001.

In addition access to computer systems is through individual passwords and user names. Passwords are changed at periodic intervals. Firewall protection is in place to prevent unauthorised access to electronically stored information via the internet.

NT Gas offices are secured.



### 3.4 Bundling

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

The service provider has not bundled any of its services when providing access or negotiating access with a prospective user.

N.T. Gas Distribution Pty. Limited (100% owned by NT Gas up to 16 June 2011) operates as a bundled utility.

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

N.T. Gas Distribution Pty. Limited purchases gas under contract from Power and Water Corporation. The gas is then transported in the uncovered distribution system and retailed to customers.

