

Statement of Compliance

**Statement of Compliance for APT Pipelines (NSW) Pty Limited ACN 080 842 360
("APT Pipelines (NSW)") for the financial year 2007/08**

APT Pipelines (NSW) – Central West Pipeline

1. Attached is the annual Ring Fencing Compliance Report for the year ending 30 June 2008. APT Pipelines (NSW) has not varied the Ring Fencing Compliance Report or Statement of Compliance from the original forms sent by the ACCC, other than to provide the information required and to recognise the introduction of the National Gas Law and Rules.
2. APT Pipelines (NSW) is not aware of any breach of any of the obligations listed in section 4.1 of the Code other than as detailed in this report.
3. APT Pipelines (NSW) 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 section 4.1 of the *National Third Party Access Code for Natural Gas Pipeline Systems* (the Code);
 - (b) an accurate assessment of these procedures has been made;
 - (c) the Board of Directors of APT Pipelines (NSW) is made aware of any breaches of the ring fencing obligations;
 - (d) remedial action is taken as soon as possible to rectify breaches of the minimum ring fencing obligations and that completion of this action is reported to the Board of Directors;
 - (e) the compliance program is reviewed regularly and as necessary.
4. The Board of Directors of APT Pipelines (NSW) has approved this report at its meeting on ³⁰31 July 2008.

Signed by:



NAME: Stephen Philip Ohl

DIRECTOR

DATE: 30/7/08



NAME:

DIRECTOR

DATE:

Ring Fencing Compliance Report

Ring Fencing Compliance Report for APT Pipelines (NSW) for the financial year 2007/08

Definitions

Unless otherwise defined, all capitalised terms used in this document have the meaning given to them in section 10.8 of the Code.

For periods prior to 1 July 2008 references are to the National Gas Code.

Compliance with minimum ring fencing obligations

APT Pipelines (NSW) submits this report under section 4.13 of the Code. The report describes the measures taken to ensure compliance with its obligations under section 4 and provides an accurate assessment of the effect of those measures.

APT Pipelines (NSW) will, pursuant to its obligations under the National Gas Law and Rules, notify the Commission immediately on becoming aware of a breach (or potential breach) of its obligations under the National Gas Law and Rules. Notification should be directed to the General Manager, Network Regulation North Branch, AER.

1. Service Provider is a legal entity

Section 4.1(a) of the Code requires a Service Provider to be a legal entity.

APT Pipelines (NSW) Pty Limited, A.C.N. 080 842 360 is a legal entity incorporated under the *Corporations Act 2001*.

2. Not carry on a Related Business

Section 4.1(b) of the Code requires that a Service Provider not carry on a Related Business (essentially a business of producing, purchasing or selling natural gas).

APT Pipelines (NSW)'s sole business is the ownership and operation of the Marsden to Dubbo Pipeline, also known as the Central West Pipeline ("CWP"). APT Pipelines (NSW) does not produce natural gas, and does not purchase or sell natural gas other than for operational purposes. The sale and purchase of natural gas for operational purposes is not a Related Business as defined in the Code or the National Gas Law and Rules.

APT Pipelines (NSW) is wholly owned by APT Pipelines Limited ACN 009 666 700, which is part of the APA Group (APA). Attachment 1 lists the companies in the APA Group.

3. Establish and maintain separate and consolidated sets of accounts

Section 4.1(c) of the Code requires Service Providers to establish and maintain separate accounts for the activity that is the subject of each Access Arrangement.

Section 4.1(d) of the Code requires Service Providers to establish and maintain a consolidated set of accounts for all the activities undertaken by the Service Provider.

APT Pipelines (NSW) owns one major asset, the Central West Pipeline. This asset is covered under the Code. APT Pipelines (NSW) owns no assets which are not covered by the Code.

APT Pipelines (NSW) has established and maintains accounts for its activities as Service Provider under the Access Arrangement. The revenues of the CWP in these accounts directly reflect revenues arising from contracts applying to the CWP. The allocation of costs is discussed in section 4 below.

The balance sheet for this asset is based on the regulatory asset base.

A consolidated set of accounts is maintained for the entire business of APT Pipelines (NSW), as required under the *Corporations Act 2001*. As APT Pipelines (NSW) undertakes no business other than the provision of Services through the covered CWP, these statutory accounts are also specific to the Services provided by means of the CWP.

4. Allocation of shared costs

Section 4.1(e) of the Code requires Service Providers to allocate costs in a fair and reasonable manner that is consistent with the principles in section 8.1 of the Code.

Direct costs of owning, managing, operating and marketing the CWP are charged directly to APT Pipelines (NSW). These include but are not limited to:

- costs such as asset management, operation and maintenance of the pipeline assets (including costs incurred under contracts with Agility for these services from July-October 2007); and
- costs such as legal, regulatory, license fees etc.

Agility Management Pty Limited provided asset management and operation and maintenance services for the CWP from July until 2 October 2007. These costs were charged separately to APT Pipelines (NSW). These costs constituted the majority of costs incurred by APT Pipelines (NSW). Since the termination of the Agility contract, those costs have been directly charged to APT Pipelines (NSW).

Indirect costs such as corporate overheads, shared labour and labour overheads, which are shared by APTPPL and other entities in APA, are allocated to APTPPL on the basis of APTPPL's contribution to total APA revenues.

As APT Pipelines (NSW) undertakes no business other than the provision of Services through the covered CWP, there is no requirement to allocate costs between covered and uncovered activities of the CWP as all of the activities of APT Pipelines (NSW) are covered.

5. Treatment of Confidential Information

Under sections 4.1(f) and (g) of the Code, Service Providers must ensure that:

- *Confidential Information provided by a user or prospective user is used only for the purposes for which it was provided and is not disclosed without the user or prospective user's consent; and*
- *Confidential Information obtained by a Service Provider which might reasonably be expected to materially affect the commercial interests of a user or prospective user is not disclosed to any other person without the permission of the user or prospective user to whom the information pertains.*

Note that where functions of the Service Provider have been outsourced to a third party, the Service Provider is responsible for ensuring that any Confidential Information provided to the third party is handled in accordance with sections 4.1(f) and (g) of the Code.

- APT Pipelines (NSW) is part of APA. Employees of APA who are involved with the CWP have been informed of their obligations with respect to Confidential Information. Quarterly compliance reviews reinforce awareness of this obligation. Employees are required to sign confidentiality agreements upon commencement;
- APA has also required contractors having access to Confidential Information to observe the requirements of the Code in relation to such Confidential Information.
- On 2 October 2007 the agreement under which operating and maintenance services for a number of APA's transmission pipelines, including the CWP, were provided by Agility, was terminated and APA assumed in-house provision of these operating and maintenance services.

While Agility operated and maintained the pipelines APA required Agility to comply, with, its obligations to maintain the confidentiality of all information/data that came into its possession while providing services to APA.

Clauses 14.1 and 14.2 of the agreement between APA and Agility (which the ACCC has on file) prevented disclosure of confidential information by either party, in particular clause 14.2 prevented disclosure of confidential information by Agility.

Agility also confirmed in writing that it had in place appropriate systems and processes to ensure that all information obtained in the course of providing services to APA was treated consistently with the agreement between Agility and APA, and with APA's obligations under the Code. A copy of this letter has previously been sent to the ACCC.

- APA has a computer system separate from the systems of any contractor. This system has security arrangements which provide access only to approved personnel. 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.
- APA offices are secured;

- APA reviews its procedures and policies regularly. APA's review covers the various procedures and policies that are relevant to the Code (including obligations under 4.1(f), (g), (h) and (i)) and the individual access arrangements of the assets.
- APA monitors compliance performance quarterly. This monitoring is undertaken by the Manager Regulation and relevant commercial personnel associated with the assets. The results are reported to the Board.

6. Marketing Staff

Service Providers must ensure that:

- *their Marketing Staff (essentially those directly involved in sales, sale provision or advertising for the Service Provider) are not also working for an Associate that takes part in a Related Business (section 4.1(h) of the Code); and*
- *the Marketing Staff of an Associate involved in a Related Business are not also working for the Service Provider (section 4.1(i) of the Code).*

Note that in answering the questions below, the broadest possible meaning is to be given to 'servants, consultants, independent contractors or agents'.

APA's business model is based on owning and operating energy infrastructure, and the production, purchase and sale of natural gas is not part of its business model.

Attachment 1 lists APT Pipelines (NSW)'s Associates. APT Pipelines (NSW) does not have any Associates which take part in a Related Business (ie the producing, buying or selling of natural gas except for operational purposes) other than the following Associates:

- NT Gas Distribution Pty Limited;
- NT Gas Pty Limited;
- APT Parmelia; and
- APT Facility Management.

NT Gas Distribution Pty Limited (100 percent owned by NT Gas Pty Limited) operates as a bundled utility and therefore carries on a Related Business. The Commission has granted a waiver to NT Gas Pty Limited of the obligations of sections 4.1(h) and (i) of the Code in relation to the provision of services by the Marketing Staff of NT Gas Pty Limited to NT Gas Distribution Pty Limited.

APT Parmelia (Western Australia) is in the process of exiting its Related Business. This retail business carried on by APT Parmelia is a residual activity reflecting the actions of previous owners. As sales contracts expire they are not renewed. The two remaining sales contracts will expire by 2009.

APT Facility Management Pty Limited ABN 91 124 754 365 buys and sells gas for the purposes of co-generation and natural gas for vehicles.

Gas for co-generation is purchased and sold at 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 Public Transport Authority of Western Australia. It is delivered to the following bus depots – Morley, Bayswater, East Perth, Fremantle, Southern River, Rockingham and Welshpool.

APA assigns staff directly to APT Pipelines (NSW) to undertake the sales and marketing function for the CWP. The staff are located in APA's office located in Sydney.

None of APT Pipelines (NSW)'s Marketing Staff are servants, consultants, independent contractors or agents or otherwise provide services to the Associates which take part in a Related Business, being NT Gas Pty Limited and NT Gas Distribution Pty Limited (located in the Northern Territory), APT Parmelia (located in Western Australia) or APT Facility Management Pty Limited.

None of APT Pipelines (NSW)'s servants, consultants, independent contractors or agents are Marketing Staff of an Associate which take part in a Related Business.

None of the Marketing Staff of NT Gas, NT Gas Distribution, APT Parmelia or APT Facility Management Pty Limited are servants, consultants, independent contractors or agents or otherwise provides services to APT Pipelines (NSW).

Quarterly code compliance reviews are in place to reinforce awareness of these obligations.

Attachment 1

The table below indicates APT Pipelines (NSW)'s Associates under the Code on 30 June 2008.

On 2 July 2007 APA acquired Origin Energy Networks, and its various companies are included in the tables below. APA also acquired 17.2% of Envestra at this time but this is not noted in the following table as it is not a controlling interest.

Name of Each Associate	Business Carried On	Regulated Assets Owned
Corporate		
Australian Pipeline Limited ACN 091 344 704	Responsible entity for the Australian Pipeline Trust and APT Investment Trust.	
APT Pipelines Limited ACN 009 666 700	Parent investment company for Australian Pipeline Trust.	
APT Management Services Pty Limited ACN 091 668 110	Provision of staff and administration to subsidiaries.	
APT Rights (Holdings) ACN 123 090 933	Operator of various assets	
BGP Asset Pty Limited ACN 120 164 678	Inactive	
Moomba to Sydney Pipeline		
Trans Australia Pipeline Pty Limited ACN 006 699 378 (formerly ACN 006 699 378 Pty Limited)	Holds shares in Gasinvest Australia Pty Limited (MSP).	
Gasinvest Australia Pty Limited ACN 065 055 478	Holds shares in East Australian Pipeline Pty Limited (MSP).	
Agex Pty Limited ACN 008 458 580	Holds shares in APT Pipelines Investments (NSW) Pty Limited. Holds shares in NT Gas Pty Limited. Unitholder in Amadeus Gas Trust.	
APT Pipelines Investments (NSW) Pty Limited ACN 065 070 966	Holds shares in East Australian Pipeline Pty Limited (MSP).	

East Australian Pipeline Pty Limited ACN 064 629 009	Owens and operates gas pipeline.	Moomba – Sydney Pipeline (MSP). Not covered from Moomba to Marsden and Wagga Wagga to Culcairn.
Central West Pipeline		
APT Pipelines (NSW) Pty Limited ACN 080 842 360	Owens and operates gas pipeline.	Central West Pipeline.
Roma to Brisbane Pipeline		
Sopic Pty Limited ACN 010 851 288	Holds shares in APT Petroleum Pipelines Holdings Pty Limited. Holds shares in NT Gas Pty Limited. Unitholder in the Amadeus Gas Trust.	
APT Petroleum Pipelines Holdings Pty Limited ACN 009 738 489	Holds shares in APT Petroleum Pipelines Limited (RBP). Owns and operates Kogan North Gas Processing facility (Coal seam methane).	
APT Petroleum Pipelines Pty Limited ACN 009 737 393	Owens and operates gas pipeline.	Roma – Brisbane Pipeline (RBP) and Peat Lateral
Carpentaria Gas Pipeline and Cannington Lateral		
Roverton Pty Limited ACN 011 071 917	Owens and operates gas pipeline.	70% interest in Carpentaria Gas Pipeline. Also 100% ownership of MIM Lateral and Mica Creek Meter Station (not covered).
APT Pipelines (QLD) Pty Limited ACN 080 382 387	Owens and operates gas pipeline.	30% interest in Carpentaria Gas Pipeline. Also 100% interest in Cannington Lateral (not covered).
Amadeus Basin to Darwin Pipeline (Note NT Gas Pty Limited and NT Gas Distribution Pty Limited are not wholly owned subsidiaries of APT Pipeline Limited)		
Agex Pty Limited ACN 008 458 580	As above, under the Moomba to Sydney Pipeline.	

Sopic Pty Limited ACN 010 851 288	As above, under the Roma to Brisbane Pipeline.	
NT Gas Pty Limited ACN 050 221 415	Trustee for Amadeus Gas Trust; owns and operates gas pipelines.	Amadeus Basin – Darwin Pipeline.
Other NT Pipelines		
NT Gas Distribution Pty Limited ACN 071 741 618	Owns gas distribution system; retails gas to customers.	Darwin City Gate – Berrimah Pipeline and Darwin Distribution Network (not covered). Katherine sleeper factory lateral (not covered). Tennant Creek sleeper factory lateral (not covered).
APT Pipelines (NT) Pty Limited ACN 075 733 336	Owns gas pipelines.	Mt. Todd and Mataranka Laterals (not covered).
NT Gas Easements Pty Limited ACN 051 412 643	Holds pipeline easements in NT.	
APT Bonaparte Pty Limited ACN 120 164 650	Constructing a new pipeline in the Northern Territory. (Bonaparte Pipeline).	Bonaparte Pipeline under construction (not covered)
BGP Tenure Holdings Pty Limited ACN 128 987 968	Ownership of easements and property in relation to the Bonaparte Pipeline	
APA Pipelines (WPP) Pty Limited ACN 131 331 676	Ownership of proposed Wickham Point Pipeline	Proposed Wickham Point Pipeline (not covered)
Goldfields Gas Pipeline		
APT Pipelines Investments (WA) Pty Limited ACN 081 638 244	Holds 55% interest in SCP Investments (No.1) Pty Limited (GGT). Holds 100% interest in Western Australian Gas Transmission Company 1 Pty Limited.	
Western Australian Gas Transmission Company 1 Pty Limited ACN 081 780 387	Holds 100% of APT Goldfields Pty Limited. Holds 100% of APT Parmelia Gas Pty Limited. Holds 100% of APT Parmelia Holdings.	
APT Goldfields Pty Limited	Holds 45% interest in SCP Investments (No.1) Pty	

ACN 084 545 344	Limited (GGT).	
SCP Investments (No.1) Pty Limited ACN 084 521 817	Holds shares in SCP Investments (No.2) Pty Limited and SCP Investments (No.3) Pty Limited and Goldfields Gas Transmission Pty Limited (GGT).	
SCP Investments (No.2) Pty Limited ACN 084 521 951	Holds shares in Southern Cross Pipelines Australia Pty Limited (GGT).	
SCP Investments (No.3) Pty Limited ACN 085 991 984	Holds shares in Southern Cross Pipelines (NPL) Australia Pty Limited (GGT).	
Goldfields Gas Transmission Pty Limited ACN 004 273 241	Operates gas pipelines (for GGT Joint Venture).	
Southern Cross Pipelines Australia Pty Limited ACN 084 521 997	Holds an interest in Goldfields Gas Pipeline. Holds 100% of Kalgoorlie Kambalda lateral.	62.7% interest in Goldfields Gas Pipeline (GGT). 100% interest in Kalgoorlie Kambalda lateral.
Southern Cross Pipelines (NPL) Australia Pty Limited ACN 085 991 948	Holds an interest in Goldfields Gas Pipeline.	25.5% interest in Goldfields Gas Pipeline (GGT).
Parmelia Pipeline		
Western Australian Gas Transmission Company 1 Pty Limited ACN 081 780 387	As above under Goldfields Gas Pipeline.	
APT Parmelia Gas Pty Limited ACN 098 386 317	No activities.	
APT Parmelia Holdings Pty Limited ACN 115 930 768	Holds 100% of APT Parmelia.	
APT Parmelia Pty Limited ACN 078 902 397	Owens gas pipeline, retails gas to customers.	Owens 100% of Parmelia pipeline (not covered).
Other WA Pipelines		
Gas Transmission Services WA (Holdings) Pty Limited ACN 106 043 298	Holds 100% of Gas Transmission Services WA (Operations) Pty Limited.	

Gas Transmission Services WA (Operations) Pty Limited ACN 106 043 332	Owns interests in gas pipeline/laterals in WA.	Pipeline supplying Telfer (not covered).
APT Pipelines (WA) Pty Limited ACN 066 343 584	Owns interests in gas pipeline/laterals in WA and provides management services for pipeline assets.	Owns Westlime Lateral, Wiluna Lateral and 50% of Mid West Pipeline (not covered).
Murraylink		
APT Energy Pty Limited ACN 118 894 769	Ownership of Murraylink electricity transmission asset.	Ownership of regulated Murraylink electricity transmission asset.
Murraylink (No 1) Pty Limited ACN 095 833 462		
Murraylink (No 2) Pty Limited ACN 095 760 375		
Murraylink Transmission Company Pty Limited ACN 089 875 605		
Murraylink Transmission Partnership ABN 79 181 207 909		
Directlink		
APT Directlink Holdings Pty Limited ACN 122 978 349	Ownership of Directlink electricity transmission asset.	Ownership of regulated Directlink electricity transmission asset.
Directlink (No. 1) Pty Limited ABN 85 085 123 468		
Directlink (No. 2) Pty Limited ABN 87 095 439 222		
Directlink (No. 3) Pty Limited ABN 86 095 449 817		
GasNet Victoria		
GasNet Australia Pty Limited ABN 79 096 457 868	Responsible entity for GasNet Australia Trust and GasNet Australia Investments Trust. Owns 100% of GasNet	

	Australia (Holdings) Pty Limited	
GasNet Australia Investments Pty Limited ABN 95 104 348 852	Owens 100% of Gas Investments Australia (Holdings) Pty Limited	
GasNet Australia (Holdings) Pty Limited ABN 68 104 581 142	Owens 100% of GasNet Australia (Operations) Pty Limited	
GasNet Australia (Operations) Pty Limited ABN 65 083 009 278	Owens and operates gas pipelines. Owens 100% of GasNet Australia (NSW) Pty Limited and GasNet A Pty Limited and GasNet B Pty Limited	GasNet System assets (excluding the NSW assets). These assets including the covered PTS assets.
GasNet Australia (NSW) Pty Limited ABN 14 079 136 413	Owens gas assets.	Owens GasNet interconnect assets in NSW.
GasNet A Pty Limited ABN 17 087 673 907	GasNet Australia Group company.	
GasNet B Pty Limited ACN 083 009 303	GasNet Australia Group company.	
Gas Investments Australia (Holdings) Pty Limited ABN 85 106 043 252	Owens 100% of Gas Transmission Services WA (Holdings) Pty Limited	
Allgas Queensland		
APT Allgas Energy Pty Limited ACN 009 656 446	Owens and operates gas network.	Gas networks in south east Queensland.
APT Allgas Pipelines Operations Pty Limited ACN 076 666 807	Holds pipeline easements in Queensland.	
APT Allgas Toowoomba Pty Limited ACN 009 655 645	Owens gas assets.	Some gas assets in regional south east Queensland.
SeaGas Pipeline (Victoria and SA)		
APT Pipelines (SA) Pty Limited ABN 87 124 754 347	Owens 100% of APT SeaGas Holdings Pty Limited and owns and operates SESA pipeline.	SESA pipeline (uncovered)
APT Sea Gas Holdings Pty Limited ACN 124 754 767	Ownership of APT SPV2 and APT SPV3	
APT SPV2 ACN 095 483 453	Ownership of APA share of SeaGas pipeline.	SeaGas pipeline (uncovered)

APT SPV3 ACN 095 483 462		
Asset Management		
APT AM Employment Pty Limited ACN 124 754 356	Asset management company	
APT AM Holdings Pty Limited ACN 124 754 383	Holding Company for APT O&M Holdings Pty Limited and APT Water Management Holdings Pty Limited	
APT AM (Stratus) Pty Limited ACN 124 754 374	Asset management company	
APT Facility Management Pty Limited ACN 124 754 365	Asset management company for Cogeneration and NGV assets	
APT (MIT) Services Limited ACN 117 635 677	Corporate and Management Services Business for the Mariner Infrastructure Trust	
APT O&M Holdings Pty Limited ACN 109 740 749	Holding company for Operations and Management business	
APT O&M Services Pty Limited ACN 112 358 586	Operations and Management business	
APT O&M Services (Qld) Pty Limited ACN 112 358 595	Operations and Management business	
APT Water Management Holdings Pty Limited ACN 109 043 496	Owns 100% of APT Water Management Pty Limited	
APT Water Management Pty Limited ACN 105 097 434	Water management business	