

## Statement of Compliance

### Statement of Compliance for GasNet Australia (Operations) Pty Ltd ("GasNet") for the financial year 2007/08

GasNet Australia (Operations) Pty Ltd – Principal Transmission System (PTS)


1. Attached is the annual Ring Fencing Compliance Report for the year ending 30 June 2008. GasNet 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. GasNet 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. GasNet 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 GasNet 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 GasNet has approved this report at its meeting on <sup>30</sup>~~31~~ July 2008.

Signed by:

  
.....  
NAME:

DIRECTOR **Stephen Philip Ohl**

DATE: 30/7/08

  
.....  
NAME:

DIRECTOR

DATE:

# Ring Fencing Compliance Report

**Ring Fencing Compliance Report for GasNet Australia (Operations) Pty Ltd 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

GasNet 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.

GasNet 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.*

GasNet Australia (Operations) Pty Ltd, A.C.N. 083 009 278 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).*

GasNet is predominately a gas transmission company and does not carry on any related business as defined by the National Access Code. GasNet does not produce or sell natural gas, other than to the extent necessary to provide a safe and reliable operation of the covered pipeline. 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.

GasNet is wholly owned by APA Group. 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.*

GasNet has two major business activities:

- Ownership of the Victorian Principal Transmission System (PTS). The PTS is covered by the Code;
- Non-regulated activities and assets include provision of metering services, provision of LNG services, provision of project management services, and operation of third party assets.

GasNet maintains a general ledger covering all of its activities. The ledger system's chart of account and the chart of accounts of the subsidiary project ledger are designed to allow segregation of revenues and costs between the PTS and non regulated assets and projects.

In particular:

- All direct costs for the PTS such as materials, contract services, and utility charges are recorded in the job costing ledger against job codes that are specific to the PTS;
- Other operational departmental costs such as telephones and motor vehicles are collected by the operational department and are allocated on an asset value basis;
- Direct Overhead costs are allocated by a combination of effort and asset value. Effort involves the labour time component of activities such as central store operations, Occupational Health & Safety support, maintenance and breakdown response, house keeping functions such as asset management and procedure writing;
- Indirect overheads include the costs associated with the corporate departments. These costs are allocated on a combination of a revenue basis and an asset value basis.

A consolidated set of accounts is maintained for the entire business of GasNet, as required under the *Corporations Act 2001*. As all revenues, costs, assets and liabilities are recorded in the consolidated ledger, GasNet Australia (Operations) Pty Ltd has in place financial reporting systems that allow for the production of a set of such accounts.

### **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.*

Costs are allocated in the following manner:

- Direct costs that are identified to a particular asset within an operation department's costs are charged to that asset;

- Direct costs that are not identified to a particular asset within an operation department's costs are reallocated on an asset value basis;
- Direct overhead costs are allocated by a combination of effort and asset value. Effort involves the labour time component of activities such as central store operations, Occupational Health & Safety support, maintenance and breakdown response, house keeping functions such as asset management and procedure writing;
- Indirect overheads includes, the costs associated with the corporate departments. These costs are allocated on a combination of a revenue and an asset value basis.

## 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.*

- GasNet is part of APA. Employees of APA who are involved with the PTS have been informed of their obligations with respect to Confidential Information. GasNet applies APA policies governing the treatment of confidential information by employees.
- APA has also required contractors having access to Confidential Information to observe the requirements of the Code in relation to such Confidential Information. Where appropriate, confidentiality agreements are put in place with contractors and organisations with access to commercially sensitive information and confidentiality clauses are placed in contracts of employment for new employees.
- APA computer systems are 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.
- GasNet offices are secured through an electronic door access system. Access to the buildings is via coded access cards. The cards control access during and outside of normal business hours. Procedures are in place for the issuing of cards and for the cancelling of cards.

During normal business hours, all visitors to GasNet Offices must register at a reception area and be issued with a visitor's pass.

The offices are monitored after hours by an intruder alarm system, which is linked to an external security monitoring company. There is also an after hours security patrol service in operation to prevent unauthorised access.

- 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 GasNet's Associates. GasNet does not have any Associates which take part in a Related Business (i.e. 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 GasNet to undertake the sales and marketing function for the GasNet. The staff are located in GasNet's office located in Melbourne.

None of GasNet'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 GasNet'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 GasNet.

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

## Attachment 1

The table below indicates GasNet'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
<b>Corporate</b>		
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	
<b>Moomba to Sydney Pipeline</b>		
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	Owns and operates gas pipeline.	Moomba – Sydney Pipeline (MSP). Not covered from Moomba to Marsden and Wagga Wagga to Culcairn.
<b>Central West Pipeline</b>		
APT Pipelines (NSW) Pty Limited ACN 080 842 360	Owns and operates gas pipeline.	Central West Pipeline.
<b>Roma to Brisbane Pipeline</b>		
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	Owns and operates gas pipeline.	Roma – Brisbane Pipeline (RBP) and Peat Lateral
<b>Carpentaria Gas Pipeline and Cannington Lateral</b>		
Roverton Pty Limited ACN 011 071 917	Owns 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	Owns and operates gas pipeline.	30% interest in Carpentaria Gas Pipeline. Also 100% interest in Cannington Lateral (not covered).
<b>Amadeus Basin to Darwin Pipeline</b> (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.
<b>Other NT Pipelines</b>		
NT Gas Distribution Pty Limited ACN 071 741 618	Owens 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	Owens 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)
<b>Goldfields Gas Pipeline</b>		
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).
<b>Parmelia Pipeline</b>		
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).
<b>Other WA Pipelines</b>		
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	Owens interests in gas pipeline/laterals in WA.	Pipeline supplying Telfer (not covered).
APT Pipelines (WA) Pty Limited ACN 066 343 584	Owens interests in gas pipeline/laterals in WA and provides management services for pipeline assets.	Owens Westline Lateral, Wihuna Lateral and 50% of Mid West Pipeline (not covered).
<b>Murraylink</b>		
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		
<b>Directlink</b>		
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		
<b>GasNet Victoria</b>		
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	
<b>Allgas Queensland</b>		
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.
<b>SeaGas Pipeline (Victoria and SA)</b>		
APT Pipelines (SA) Pty Limited ABN 87 124 754 347	Owens 100% of APT SeaGas Holdings Pty Limited and owens 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		
<b>Asset Management</b>		
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	