

# Related party transactions

## 1.1 Overview

### 1.1.1 Introduction

AusNet Gas Services Pty Ltd ABN 43 086 015 036 (**AusNet Gas Services**), part of the AusNet Group (comprising AusNet Services Limited and its subsidiaries), is required to submit to the Australian Energy Regulator (**AER**) an access arrangement proposal for its gas distribution network for the access arrangement period from 1 July 2023 to 30 June 2028.

The Regulatory Information Notice (**RIN**) issued to AusNet Gas Services on 8 March 2022 requires that a proposal submitted by a pipeline service provider include specified information about its transactions with 'related parties'.<sup>1</sup>

On 16 February 2022, AusNet Services Limited was acquired by Australian Energy Holdings No 4 Pty Limited.

This document describes the new ownership structure for the AusNet Group and summarises any related party transactions that AusNet Gas Services was or is a party to, both prior to and following the change of ownership.

### 1.1.2 Document structure

The remainder of this Appendix is structured as follows:

- section 1.2 explains the AusNet corporate structures in place during the current access arrangement period;
- section 1.3 describes the AusNet Gas Services' related party transactions; and
- section 1.4 summarises AusNet Group's Captive Insurer arrangements.

## 1.2 AusNet Group corporate structure

On 16 February 2022, AusNet Services Limited was acquired by Australian Energy Holdings No 4 Pty Limited. This section describes the AusNet Group's corporate structure at the start of the current access arrangement period (1 January 2018) and the structure that exists following the acquisition.

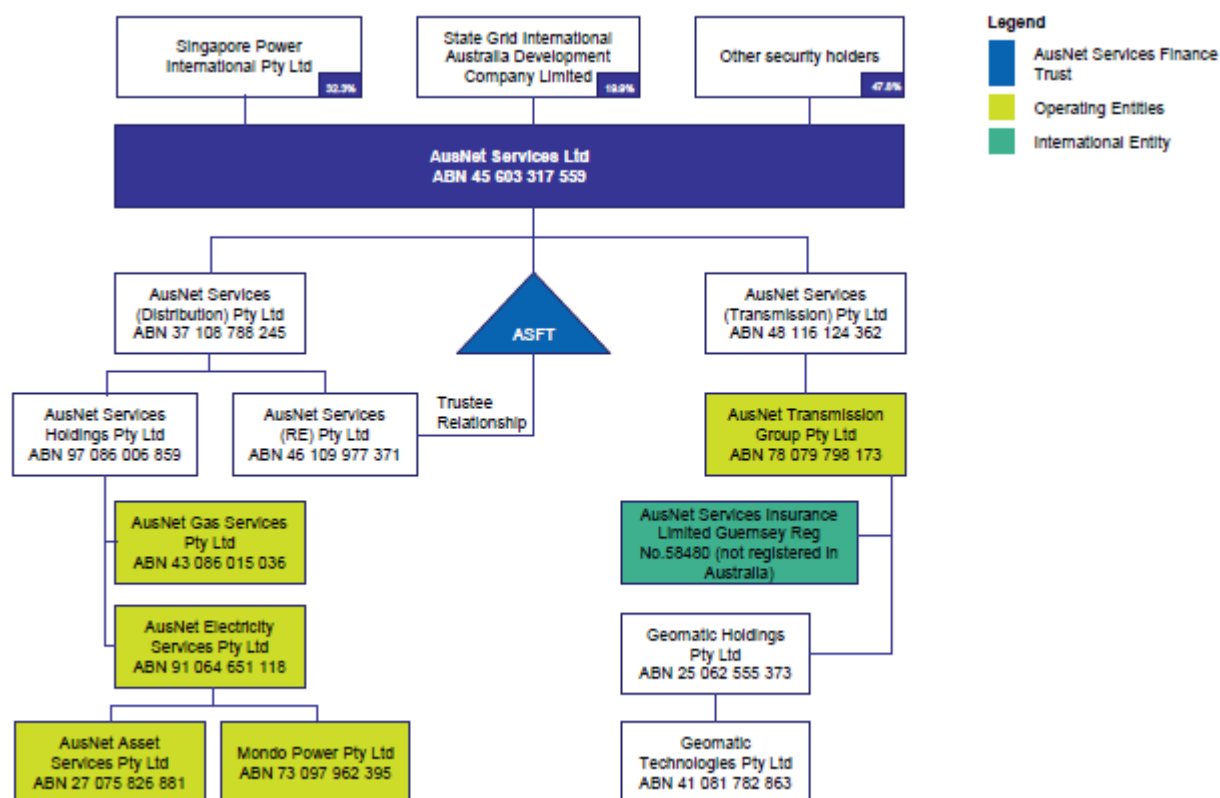
### 1.2.1 Corporate structure to 15 February 2022

The relevant licensed entity, AusNet Gas Services, is part of the AusNet Group. At the commencement of the current access arrangement period, AusNet Services Limited was a public company listed on the Australian Stock Exchange (**ASX**). The AusNet Group was owned 32.3% by Singapore Power International Pte Ltd (**SPI**), 19.9% by State Grid International Australia Development Company Ltd (**SGIAD**) and 47.8% by external investors. This corporate structure is depicted in Figure 1.1 below.

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<sup>1</sup> As that term is defined in the Regulatory Information Notice dated 2 March 2020.

Figure 1.1: AusNet Services Group corporate structure to 15 February 2022



The AER defines ‘related party’ for the purposes of the RIN as an entity that controls or exerts significant influence on the service provider or which has the capacity to determine the outcome of decisions about the service provider’s financial and operating policies.

Neither SGIAD nor SPI were controlling shareholders (i.e. shareholders owning 50% or more) of AusNet Gas Services and neither entity had the capacity to determine the outcome of decisions about financial or operating policies. In any event, there were no transactions between SGIAD or SPI and AusNet Gas Services that would constitute a related party transaction under the RIN.

### 1.2.1 Corporate structure from 16 February 2022

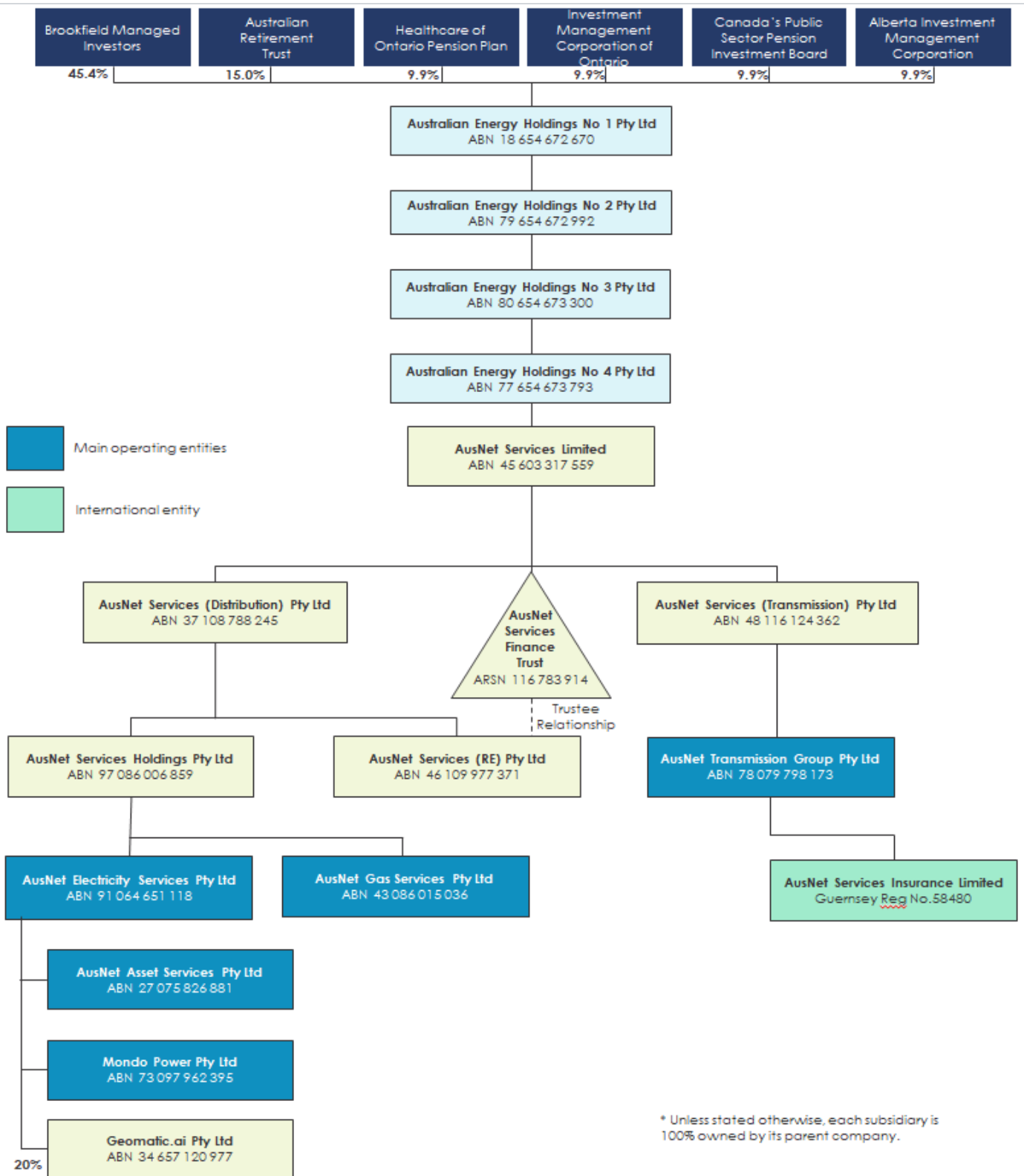
On 16 February 2022, AusNet Services Limited became wholly owned by Australian Energy Holdings No 4 Pty Ltd (**AEH 4**). AEH 4 is a wholly owned subsidiary of Australian Energy Holdings No 1 Pty Ltd, the shareholders of which are:

- a syndicate of institutional investors managed or advised by Brookfield Asset Management Inc (**Brookfield**);
- Australian Retirement Trust (formerly Sunsuper Superannuation Fund), an Australian multi-industry superannuation fund;
- Alberta Investment Management Corporation, an institutional investment manager for pension, endowment and government funds in Alberta, Canada;
- Investment Management Corporation of Ontario, an investment manager overseeing assets on behalf of public sector institutions in Ontario, Canada;
- Healthcare of Ontario Pension Plan, a defined benefit pension plan for healthcare workers in Ontario, Canada; and
- Canada’s Public Sector Pension Investment Board.

Following the change in ownership, AusNet Services Limited was delisted from the Australian Stock Exchange with effect from close of trading on 17 February 2022.

The current ownership structure for the AusNet Group is depicted in Figure 1.2 below. It shows that the corporate structure of the AusNet Group is unaffected by the change in ownership, and the separation between Transmission and Distribution (electricity and gas) assets, services, costs and revenues remains.

Figure 1.2: AusNet Group corporate structure from 16 February 2022



AusNet Gas Services confirms that it has not entered into and does not, at this time, intend to enter into any transaction with any shareholder of Australian Energy Holdings No 1 Pty Ltd that meet or would meet the definition of a related party transaction under the RIN.

## 1.3 Related party transactions

### 1.3.1 SGSP (Australia) Assets Pty Ltd

As noted above, at the commencement of the current access arrangement period, SPI and SGIAD were the major security holders of the AusNet Services Group. These entities own 40% and 60% respectively of SGSP (Australia) Assets Pty Ltd (formerly, SPI (Australia) Assets Pty Ltd)), whose subsidiaries include Jemena Asset Management Pty Ltd and Zinfra Pty Ltd (**Zinfra**).

Zinfra and AusNet Gas Services are not related bodies corporate under the Corporations Act nor are they related parties as defined in the RIN. Notwithstanding this but for completeness, previous access arrangement proposals<sup>2</sup> have outlined the arrangements that apply under the installation service provider contractor panel because that Zinfra was a member of the panel of providers. While Zinfra remains a member of that panel, AusNet Gas Services has not awarded in works contracts to Zinfra during the current access arrangement period.

AusNet's new ownership structure clarifies that any existing or future transaction with Zinfra is not a related party transaction.

### 1.3.2 Mondo Power Pty Ltd

Mondo Power Pty Ltd (**Mondo Power**) is a member of the AusNet Group and a related body corporate of AusNet Gas Services under the Corporations Act. This relationship has not changed as a result of the change of ownership. For accounting and regulatory reporting purposes, Mondo Power and AusNet Gas Services are considered related parties.

AusNet Gas Services procures corrosion protection and SCADA services from Mondo Power in accordance with an operating structure and process that has been in place within the AusNet Group for a number of years. There is no proposal for AusNet Gas Services to acquire other services or works from Mondo Power at this time.

The process for procuring corrosion protection and SCADA services varies depending on whether the expenditure is capex or opex in nature.

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AusNet Gas Services records these transactions in its accounting system and reports them in the Annual RIN submitted to the AER.

## 1.4 AusNet Group Captive Insurer

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<sup>2</sup> Most recently, Appendix 2A, GAAR 2018-2022 – Related Party Arrangements, pp 4-8.

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