

ActewAGL Distribution 2011-12 Annual Gas Compliance Report**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.

ActewAGL Distribution response

ACTEW Distribution Ltd (ABN 83 073 025 224) and Jemena Networks (ACT) Pty Ltd (ABN 24 008 552 663) are both legal entities registered under the *Corporations Act 2001* of the Commonwealth. Together, they trade as the ActewAGL Distribution partnership (ABN 76 670 568 688).

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

ActewAGL Distribution response

The registered business names for the legal entities forming the ActewAGL Distribution Partnership that are service providers for the covered ACT, Queanbeyan and Palerang gas network are:

- ACTEW Distribution Ltd (ABN 83 073 025 224)
- Jemena Networks (ACT) Pty Ltd (ABN 24 008 552 663)

The registered business name for the partnership is ActewAGL Distribution (76 670 568 688).

(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.

ActewAGL Distribution response

ActewAGL Distribution ownership structure provided at Attachment A.

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?

ActewAGL Distribution response

ActewAGL Distribution is not aware of any claims that it has prevented or hindered access to

services of the covered pipeline within the terms of section 133 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?

ActewAGL Distribution response

Not to ActewAGL Distribution's knowledge.

1.4 Queuing requirements

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

ActewAGL Distribution response

Yes. ActewAGL Distribution has not received any requests for services for which there is insufficient capacity in the network to satisfy those requests and therefore no queue has been formed for services.

1.5 Service provider providing light regulation services must not price discriminate

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

ActewAGL Distribution response

No.

(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.

ActewAGL Distribution response

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.

ActewAGL Distribution response

AGL ACT Retail Investments Pty Limited (ABN 53 093 631 586) and ACTEW Retail Limited (ABN 23 074 371 207), trading as the ActewAGL Retail Partnership (ABN 46 221 314 841), are associates of the ActewAGL Distribution partners that take part in a related business. The ActewAGL Retail Partnership sells natural gas to customers.

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

ActewAGL Distribution response

The AER has determined that Jemena Asset Management Pty Ltd (ACN 086 013 461) is a *related provider*, defined by s43 of the NGL as “a person who supplies a contributing service to a scheme pipeline service provider”. S44 defines a *contributing service* as “a service that the AER, in accordance with this section, decides is a service that contributes in a material way to the provision of a pipeline service by a scheme pipeline service provider.” Jemena Asset Management Pty Ltd is an associate of ActewAGL Distribution.

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.

ActewAGL Distribution response

Jemena Asset Management Pty Limited (ACN 086 013 461) provides certain marketing services under agreement to ActewAGL Distribution for the covered ACT, Queanbeyan and Palerang gas network.

(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.

ActewAGL Distribution response

ActewAGL Distribution has an agreement with ActewAGL Retail under which ActewAGL Retail provides ActewAGL Distribution with various corporate services. These services include corporate communications services such as network communication campaigns (eg. vegetation management), provision of media relations services (eg. media monitoring), corporate brand management (eg. graphic design services) and website maintenance. In receiving the services ActewAGL Distribution ensures compliance with applicable ring-fencing rules and guidelines. The services provided do not directly involve the sale, marketing or advertising of *pipeline services*. ActewAGL Distribution does not have *marketing staff* that are also employees of ActewAGL Retail.

(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.

ActewAGL Distribution response

See response in relation to (b) above.

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.

ActewAGL Distribution response

Yes. The ACT, Queanbeyan and Palerang gas distribution network, which is the only covered pipeline within the structure, has a separate set of accounts.

(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?

ActewAGL Distribution response

Separate accounts are prepared, maintained and kept within the Distribution Partnership.

(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.

ActewAGL Distribution response

Yes. ActewAGL has prepared, maintained and kept a consolidated set of accounts 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?

ActewAGL Distribution response

The consolidated set of accounts is reported under the ActewAGL Joint Venture.

(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.

ActewAGL Distribution response

Financial report provided at Attachment B.

2.4 Additional ring fencing requirements or exemptions

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

ActewAGL Distribution response

No.

(b) What are these requirements?

ActewAGL Distribution response

Not applicable.

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

ActewAGL Distribution response

Not applicable.

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

ActewAGL Distribution response

No.

(e) What are these exemptions?

ActewAGL Distribution response

Not applicable.

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

ActewAGL Distribution response

Not applicable.

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?

ActewAGL Distribution response

ActewAGL Distribution has not entered into or given effect to any new associate contracts, or varied the terms and conditions of an existing associate contract.

(b) For each new or varied associate contract, please indicate the date the new or varied associate contract was entered into or given effect?

ActewAGL Distribution response

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?

ActewAGL Distribution response

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?

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

ActewAGL Distribution response

Not applicable.

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?

ActewAGL Distribution response

Yes.

(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.

ActewAGL Distribution response

<http://www.actewagl.com.au/About-us/Publications.aspx>

ActewAGL's website is continuously revised to improve information provision to our customers. The current version of the access arrangement was first posted on the ActewAGL website on 25 May 2010.

(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.

ActewAGL Distribution response

No.

(d) Please provide details of when and how this request was met.

ActewAGL Distribution response

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?

ActewAGL Distribution response

There is no competitive tender process access arrangement in place for the ActewAGL Distribution covered pipeline.

(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.

ActewAGL Distribution response

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?

ActewAGL Distribution response

ActewAGL Distribution is not a service provider for 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.

ActewAGL Distribution response

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.

ActewAGL Distribution response

Not applicable.

3.2 Access determinations

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

ActewAGL Distribution response

No.

(b) When did the access determination become operative?

ActewAGL Distribution response

Not applicable.

(c) For what period is the access determination in place?

ActewAGL Distribution response

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.

ActewAGL Distribution response

To the best of our knowledge and belief, the ActewAGL Distribution partnership has complied with the confidentiality requirements under rule 137 of the *National Gas Rules*.

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

If so please provide the AER with the relevant policy document

ActewAGL Distribution response

The ActewAGL Distribution partnership has a significant number of established protocols, policy guidelines and procedures for the handling of confidential information. These include:

- (a) all employee agreements include confidentiality obligations and employees are required to comply with ActewAGL Distribution's Code of Conduct (Corporate Policy 3.1);
- (b) all employees are required to undergo a formal induction process, including confidentiality compliance;
- (c) ActewAGL Distribution's Corporate Policy 7.14 (Ring-fencing) specifically addresses requirements under the NGL;
- (d) A requirement that all non standard contracts be reviewed by ActewAGL's Legal Division to ensure that they include appropriate confidentiality obligations;
- (e) All template contracts, including those relating to the retention of contractors, include appropriate confidentiality obligations and are regularly reviewed by ActewAGL's Legal Division;
- (f) ActewAGL Distribution's confidentiality practices are also reflected in our records management (Corporate Policy 8.13), IT security (Corporate Policy 7.12) and physical security procedures (Corporate Policy 9.2).

Relevant policies provided at Attachments C - G.

3.4 Bundling

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

ActewAGL Distribution response

No. Services provided as per the Access Arrangement

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

ActewAGL Distribution response

Not applicable.

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Appendix: Summary of Attachments

Attachment A: ActewAGL Organisation Structure

Attachment B: 2011-12 ActewAGL Joint Venture Summary Financial Report

Attachment C: ActewAGL Policy 3.1, Code of Conduct

Attachment D: ActewAGL Policy 7.14, Ring Fencing

Attachment E: ActewAGL Policy 8.13, Records Management

Attachment F: ActewAGL Policy 7.12, Information Technology Security

Attachment G: ActewAGL Policy 9.2, Security