

Allgas Energy Pty Limited  
ACN 009 656 446

HSBC Building      Phone    61 2 9693 0000  
Level 25            Fax      61 2 9693 0093  
580 George Street  
Sydney NSW 2000  
PO Box R41  
Royal Exchange NSW 1225



**Allgas Energy Pty Limited ACN 009 656 446**

**Statement of Compliance for the year ended 30 June 2019**

**Allgas Energy Gas Distribution Network**

1. Attached is the information and documentation to be prepared and provided to the Australian Energy Regulator (AER) in accordance with the regulator's Annual Compliance Order dated 7 November 2008 (Annual Compliance Order). This information is in the format set out in Attachment 1 of the Annual Compliance Order.
2. The information is for the year ending 30 June 2019.
3. The information and documentation prepared and provided in accordance with the Annual Compliance Order is accurate and can be relied on to provide a true and fair representation of the ownership and operation 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 and the National Gas Rules.
4. The information and documentation provided in accordance 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 accordance with the Annual Compliance Order is not false or misleading.
6. The information and documentation provided in accordance with the Annual Compliance Order is complete.
7. At its meeting on 29 October 2019, the Board of Directors of Allgas Energy Pty Limited approved the information and documentation to be prepared and provided to the Australian Energy Regulator in accordance with the Annual Compliance Order.

Signed by: [signed]

NAME: Peter J Fredricson

DIRECTOR

29 October 2019

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## **Annual Compliance Order**

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

**Allgas Energy Pty Limited ACN 009 656 446**

**For the year ended 30 June 2019**

### **Introductory Statement**

Allgas Energy Pty Limited (Allgas Energy) is not aware of any breach of any of the obligations it has as a service provider providing pipeline services by means of a distribution pipeline which is covered for the purposes of the regulatory regime of the National Gas Law and the National Gas Rules, other than as noted below.

Allgas Energy has maintained a compliance program during the year to ensure that:

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



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| <b>1. General duties for the provision of pipeline services of covered pipeline services by a service provider</b>   |  |
| <b>1.1 Legal entity</b>  |  |
| (a) <i>Nominate the type of legal entity the service provider is according to the specified kinds of legal entity in section 131 of the NGL.</i>   | Allgas Energy Pty Limited ACN 009 656 446 is a legal entity registered under the Corporations Act 2001 of the Commonwealth.  |
| (b) <i>What is the registered business name and ABN of the service provider legal entity providing the covered pipeline service?</i>   | The registered business name of the legal entity providing the covered pipeline service is Allgas Energy Pty Limited. The ABN is 52 009 656 446.   |
| (c) <i>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.</i> | The group structure is presented in the organisational chart in Appendix 1.  |
| <b>1.2 Preventing or hindering access</b>  |  |
| (a) <i>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?</i>  | 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 section 133 of the National Gas Law.   |
| <b>1.3 Supply and haulage of natural gas</b>   |  |
| (a) <i>Does a producer supply natural gas through the covered pipeline at a place other than the exit flange of the producer's processing plant?</i>   | One or more of the users on the distribution network may be "producers" as that term is defined in the National Gas Law. It is likely that those persons supply natural gas to other parties through the distribution network. |



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| <b>1.4 Queuing requirements</b>  |   |
| (a) <i>Has the service provider complied with the queuing requirements of the applicable access arrangement during the year?</i>   | There were no queuing requirements in an applicable access arrangement with which the service provider had to comply during the year.   |
| <b>1.5 Service provider providing light regulation services must not price discriminate</b>  |   |
| (a) <i>Does the service provider provide light regulation services?</i>  | The service provider provides light regulation services. On 28 April 2015, the National Competition Council made a determination that services provided by the Allgas Energy gas distribution network be light regulation services. The determination became effective on 22 July 2015.   |
| (b) <i>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.</i>             | Different tariffs apply to different classes of end users, and the tariffs for the largest end users vary by location. However, with the exception of a small number of legacy contracts approved by the AER in the previous Access Arrangement, all users of the distribution network pay the same tariff for the same service to an end user.   |
| <b>2. Structural and Operational Separation Requirements (Ring Fencing)</b>  |   |
| <b>2.1 Carrying on of a related business</b>   |   |
| (a) <i>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.</i> | <p>The associates of Allgas Energy are:</p> <ul style="list-style-type: none"> <li>• GDI (EII) Pty Limited</li> <li>• Allgas Toowoomba Pty Limited</li> <li>• Allgas Pipelines Operations 1 Pty Limited.</li> </ul> <p>The shareholders of GDI (EII) Pty Limited are:</p> <ul style="list-style-type: none"> <li>• Energy Investment Two P/L (40%)</li> <li>• SAS Trustee Corporation (40%)</li> <li>• APT Pipelines Pty Limited (20%).</li> </ul> <p>GDI (EII) Pty Limited is not a subsidiary of any one of its shareholders. Allgas Energy is not, then, a related body corporate of any one of the shareholders of GDI (EII) Pty Limited, and none of those</p> |



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|   | <p>shareholders is an associate of Allgas Energy.</p> <p>Allgas Energy does not have any associates by virtue of the application of s.15 of the Corporations Act.</p> <p>None of Allgas Energy's associates takes part in a related business.</p> <p>For completeness:</p> <ul style="list-style-type: none"> <li>SAS Trustee Corporation is the Trustee of the State Authorities Superannuation Scheme, State Superannuation Scheme and Police Superannuation Scheme, and is also the Trustee of the State Authorities Non-contributory Superannuation Scheme (which provides an additional benefit for members of each of the three previously listed schemes); none of the schemes is an associate of Allgas Energy.</li> <li>APT Pipelines Pty Limited has related bodies corporate that undertake related businesses; none of these related bodies corporate is an associate of Allgas Energy.</li> </ul> |
| <p>(b) <i>Provide a list of associates that are service providers and/or provide pipeline services.</i></p> | <p>None of the associates of Allgas Energy is a service provider and/or provides pipeline services.</p> <p>For completeness:</p> <ul style="list-style-type: none"> <li>SAS Trustee Corporation holds passive investments (less than 5%) in businesses that are service providers and/or provide pipeline services; none of these businesses is an associate of Allgas Energy.</li> <li>APT Pipelines Pty Limited has related bodies corporate that are service providers and/or provide pipeline services; none of these related bodies corporate is an associate of Allgas Energy.</li> </ul>  |
| <p><b>2.2 Marketing staff and the taking part in related businesses</b></p>                                 |  |
| <p>(a) <i>Provide a list of associates of the service provider that are directly</i></p>                    | <p>None of the associates of Allgas Energy is directly involved in the sale, marketing or</p>  |



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| <p><i>involved in the sale, marketing or advertising of pipeline services.</i></p>   | <p>advertising of pipeline services.<br/>For completeness, APT Pipelines Pty Limited has related bodies corporate that are directly involved in the sale, marketing or advertising of pipeline services; none of these related bodies corporate is an associate of Allgas Energy.</p> |
| <p>(b) <i>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.</i></p> | <p>None of Allgas Energy's marketing staff is an officer, employee, consultant, independent contractor or agent or otherwise provides services to associates which take part in a related business.</p>   |
| <p>(c) <i>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.</i></p> | <p>None of Allgas Energy's officers, employees, consultants, independent contractors, or agents is a member of the marketing staff of an associate that takes part in a related business.</p>   |
| <p><b>2.3 Separate accounts must be prepared, maintained and kept</b></p>  |   |
| <p>(a) <i>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.</i></p>                | <p>The service provider has prepared, maintained and kept a separate set of regulatory accounts in respect of the services provided by the Allgas Energy gas distribution network.</p>  |
| <p>(b) <i>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?</i></p>  | <p>The separate regulatory accounts are kept by Allgas Energy.</p>  |
| <p>(c) <i>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.</i></p>  | <p>A consolidated set of regulatory accounts has been kept in respect of the whole of the business of the service provider. In addition, a consolidated set of financial accounts has been kept in respect of GDI (EII) Pty Limited.</p>  |
| <p>(d) <i>Name the legal entity in which the</i></p>   | <p>The name of the legal entity in which the</p>  |



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| <p><i>consolidated set of accounts are reported, maintained or kept for the services provided by each covered pipeline owner or operator?</i></p>  | <p>consolidated set of accounts are kept in respect of the whole of the business of the service provider is GDI (EII) Pty Limited.</p>   |
| <p>(e) <i>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.</i></p> | <p>A copy of the GDI (EII) Pty Limited annual financial report lodged with the Australian Securities and Investment Commission is attached as Appendix 2.</p> <p>No separate financial reports for Allgas Energy have been lodged with the Australian Securities and Investment Commission since 2006.</p> <p>Allgas Energy last lodged audited financial statements relating to the Allgas Energy gas distribution network with the Queensland Competition Authority in 2007.</p> |
| <p><b>2.4 Additional ring fencing requirements or exemptions</b></p>   |  |
| <p>(a) <i>Does the service provider have any additional ring fencing requirements?</i></p>   | <p>The service provider does not have any additional ring fencing requirements.</p>  |
| <p>(b) <i>What are these requirements?</i></p>   | <p>Not applicable.</p>   |
| <p>(c) <i>Provide a statement that these additional ring fencing requirements have or have not been met.</i></p>   | <p>Not applicable.</p>   |
| <p>(d) <i>Does the service provider have any exemptions for the minimum ring fencing requirements?</i></p>   | <p>The service provider does not have any exemptions for the minimum ring fencing requirements.</p>  |
| <p>(e) <i>What are these exemptions?</i></p>   | <p>Not applicable.</p>   |
| <p>(f) <i>By what jurisdictional regulator and when where these exemptions granted?</i></p>  | <p>Not applicable.</p>   |

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| <b>2.5 Associate contracts</b>  |  |
| <i>Note: An 'associate contract' is defined under the NGL to include arrangements or understandings and is not limited to written contracts.</i>  |  |
| (a) <i>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?</i>  | The service provider has not entered into, or given effect to, any new associate contracts, or varied the terms and conditions of any existing associate contract.                           |
| (b) <i>For each new or varied associate contract, please indicate the date the new or varied associate contract was entered into or given effect?</i>   | Not applicable.  |
| (c) <i>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?</i>   | Not applicable.  |
| (d) <i>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?</i>   | Not applicable.  |
| <b>3. Other requirements</b>  |  |
| <b>3.1 Making access arrangement or terms and conditions of access available</b>  |  |
| (i) Ensuring applicable access arrangement and other specified information is available on website.   |  |
| (a) <i>Has the service provider published the approved access arrangement on its website?</i>   | Not applicable.  |
| (b) <i>Please provide the website address where this access arrangement can be accessed and the date that this access arrangement was provided on the website.</i>  | Not applicable.  |
| (c) <i>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.</i> | 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. |



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| (d) <i>Please provide details of when and how this request was met.</i>   | Not applicable.   |
| (ii) Publishing approved competitive tender process access arrangement  |   |
| (a) <i>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?</i>   | Not applicable.<br>The Allgas Energy gas distribution network is not a competitive tender pipeline.   |
| (b) <i>Please provide the website address where this access arrangement can be accessed and the date that this access arrangement was provided on the website.</i>  | Not applicable.   |
| (iii) Publishing terms and conditions of access to light regulation services  |   |
| (a) <i>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?</i>   | The service provider has published indicative terms and conditions for light regulation services on the APA Group website.  |
| (b) <i>Please provide the website address where this information can be accessed and the date that this information was first made available on the website.</i>  | <a href="https://www.apa.com.au/our-services/gas-distribution/allgas-gas-distribution-network/">https://www.apa.com.au/our-services/gas-distribution/allgas-gas-distribution-network/</a> |
| (c) <i>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.</i> | See CONFIDENTIAL Appendix 4.  |
| <b>3.2 Access determinations</b>  |   |
| (a) <i>Has the service provider been party to an access determination?</i>  | The service provider has not been party to an access determination.   |
| (b) <i>When did the access determination become operative?</i>  | Not applicable.   |
| (c) <i>For what period is the access</i>  | Not applicable.   |



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| <i>determination in place?</i>   |   |
| <b>3.3 Confidentiality</b>   |   |
| (a) <i>Provide a statement that the confidentiality requirements under rule 137 of the National Gas Rules have or have not been met.</i>                   | <p>The confidentiality requirements under rule 137 of the National Gas Rules have been met.</p> <p>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.</p> <p>The service provider took all practicable steps to protect relevant confidential information in the service provider's possession against improper disclosure or use.</p>  |
| (b) <i>Has the service provider established an internal protocol or policy guideline or procedure manual for the handling of confidential information?</i> | <p>Allgas Energy, under a services agreement with APA Group, has specified requirements for dealing with confidential information. Employees of APA who are involved with the Allgas Energy gas distribution network 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 and standard employment contracts contain confidentiality obligations.</p> <p>APA also requires contractors having access to Confidential Information to observe the requirements of the NGL in relation to such Confidential Information.</p> <p>More generally, all APA employees are required to comply with the APA Code of Conduct, which explicitly addresses appropriate treatment on confidential and proprietary information, including customer information. Employees' employment agreements also include conditions relating to confidentiality.</p> <p>In addition, access to APA computer systems is through individual passwords and user names. Passwords are changed at periodic intervals. Firewall protection is</p> |

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|   | <p>in place to prevent unauthorised access to electronically stored information via the internet.</p> <p>APA offices are secured.</p> <p>A copy of the APA Group's Ring-fencing Policy for covered pipelines and related businesses is provided in Appendix 3.</p> |
| <p><b>3.4 Bundling</b></p>  |  |
| <p>(a) <i>Has the service provider bundled any of its services when providing access or negotiating access with a prospective user?</i></p> | <p>The service provider has not bundled any of its services when providing access or negotiating access with a prospective user.</p>   |
| <p>(b) <i>If so, provide a description of the bundled services and related conditions of access.</i></p>                                    | <p>Not applicable.</p>   |