



The Directors
Australian Gas Networks Limited
Level 6
400 King William Street
ADELAIDE SA 5000

21 October 2020

The Directors

Independent assurance report on the limited assurance procedures performed over actual gas volumes reported for the period 1 January 2019 to 31 December 2019 on the 2021 proposed distribution tariffs schedule for the Victoria and Albury gas distribution networks for Australian Gas Networks Limited

Scope

In accordance with the terms of engagement letter dated 24 September 2020, we were engaged by Australian Gas Networks Limited (the “Company”) to perform an independent limited assurance engagement in respect of the actual gas volumes reported (the “Subject Matter”) for the period 1 January 2019 to 31 December 2019 (the “Period”) on the attached 2021 proposed distribution tariffs schedule. The criteria (the “Criteria”) against which we assessed the Subject Matter is set out in Annexure B of the Australian Gas Networks (Victoria and Albury) – Access Arrangement 2018–2022 (the “Access Arrangement”).

The Company’s responsibilities

The Company is responsible for the preparation of the 2021 proposed tariffs schedule, including the actual gas volumes reported for the period 1 January 2019 to 31 December 2019 in accordance with the Criteria.

Our Independence and Quality control

We have complied with relevant ethical requirements related to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements* the firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PricewaterhouseCoopers, ABN 52 780 433 757
Level 11, 70 Franklin Street, ADELAIDE SA 5000, GPO Box 418, ADELAIDE SA 5001
T: +61 8 8218 7000, F: +61 8 8218 7999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Our responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained over the reported actual gas volumes included on the 2021 proposed distribution tariffs schedule as measured by the Access Arrangement.

Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE 3000) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. That standard requires that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention to indicate that the 2021 proposed distribution tariffs schedule has not been prepared, in all material respects, in accordance with the Criteria, for the Period. The procedures we performed were based on our professional judgement and included:

- Agreeing gas volumes for the period reported on the 2021 proposed distribution tariffs schedule to information from the APA billing system;
- Comparing reported gas volumes for the year ended 31 December 2019 to reported gas volumes for the year ended 31 December 2018 and obtaining explanations for material variances;
- Tracing a sample of invoices for the billing period to the underlying source data that is used to compile the 2021 proposed distribution tariffs schedule; and
- Testing of mathematical accuracy of the 2021 proposed distribution tariffs schedule.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Use of report

This report was prepared for the directors of Australian Gas Networks Limited in accordance with their requirements to lodge a proposed distribution tariffs schedule with the Australian Energy Regulator (“AER”). We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Directors of Australian Gas Networks Limited, or for any purpose other than that for which it was prepared.

Inherent limitations

Because of the inherent limitations of any work planned and executed under ASAE 3000, it is possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is not designed to detect all instances of non-compliance of the preparation of the proposed distribution tariffs schedule as measured against the Criteria, as it is limited primarily to making enquiries, of the Company, and applying analytical procedures. The limited assurance conclusion expressed in this report has been formed on the above basis.



Conclusion

Based on our completion of limited assurance procedures, which is not an audit, nothing has come to our attention that causes us to believe that the reported actual gas volumes for the period 1 January 2019 to 31 December 2019 on the proposed distribution tariffs schedule have not been prepared, in all material respects, in accordance with Annexure B of the Australian Gas Networks Limited (Victoria and Albury) – Access Arrangement 2018 – 2022.

PricewaterhouseCoopers

PricewaterhouseCoopers

Andrew Forman

Andrew Forman
Partner

Adelaide
21 October 2020

PROPOSED 2021 DISTRIBUTION TARIFFS

Proposed tariff name	Existing tariff name	Prop 2021 Tariff	Exist 2020 Tariff	Actual 2019 Volumes	Prop Tar Revenue	Exist Tar Revenue
Tariff V - AGN Central - Residential	Tariff V - AGN Central - Residential					
Fixed Charge	Fixed Charge	0.1930	0.1931	205,059,578	39,576,499	39,597,005
GJ 0 - 0.0274	GJ 0 - 0.0274	11.8856	11.8925	4,898,092	58,216,759	58,250,555
GJ 0.0274 - 0.0493	GJ 0.0274 - 0.0493	6.8338	6.8378	3,062,512	20,928,596	20,940,846
GJ > 0.0493	GJ > 0.0493	3.7514	3.7538	18,240,947	68,429,087	68,472,866
Tariff V - AGN Central - Non Residential	Tariff V - AGN Central - Non Residential					
Fixed Charge	Fixed Charge	0.1930	0.1931	7,304,213	1,409,713	1,410,444
GJ 0 - 0.05	GJ 0 - 0.05	8.3900	8.3949	266,314	2,234,372	2,235,676
GJ 0.05 - 0.55	GJ 0.05 - 0.55	3.9599	3.9622	1,443,577	5,716,420	5,719,740
GJ 0.55 - 1.37	GJ 0.55 - 1.37	2.9536	2.9553	1,167,065	3,447,043	3,449,027
GJ > 1.37	GJ > 1.37	1.1929	1.1936	4,103,544	4,895,118	4,897,990
Tariff V - AGN North - Residential	Tariff V - AGN North - Residential					
Fixed Charge	Fixed Charge	0.1930	0.1931	28,977,377	5,592,634	5,595,531
GJ 0 - 0.0274	GJ 0 - 0.0274	10.4575	10.4636	664,130	6,945,137	6,949,188
GJ 0.0274 - 0.0493	GJ 0.0274 - 0.0493	6.1215	6.1251	397,382	2,432,574	2,434,005
GJ > 0.0493	GJ > 0.0493	3.3609	3.3629	2,557,176	8,594,413	8,599,527
Tariff V - AGN North - Non Residential	Tariff V - AGN North - Non Residential					
Fixed Charge	Fixed Charge	0.1930	0.1931	1,197,219	231,063	231,183
GJ 0 - 0.05	GJ 0 - 0.05	7.5259	7.5303	37,631	283,205	283,370
GJ 0.05 - 0.55	GJ 0.05 - 0.55	3.5788	3.5809	184,739	661,144	661,532
GJ 0.55 - 1.37	GJ 0.55 - 1.37	2.6691	2.6707	127,263	339,678	339,882
GJ > 1.37	GJ > 1.37	1.0785	1.0791	496,073	535,015	535,313
Tariff V - Murray Valley - Residential	Tariff V - Murray Valley - Residential					
Fixed Charge	Fixed Charge	0.2457	0.2458	2,990,930	734,872	735,171
GJ 0 - 0.0274	GJ 0 - 0.0274	9.1045	9.1098	57,802	526,260	526,566
GJ 0.0274 - 0.0493	GJ 0.0274 - 0.0493	5.5079	5.5111	30,628	168,696	168,794
GJ > 0.0493	GJ > 0.0493	3.4455	3.4475	192,707	663,974	664,359
Tariff V - Murray Valley - Non Residential	Tariff V - Murray Valley - Non Residential					
Fixed Charge	Fixed Charge	0.2457	0.2458	130,312	32,018	32,031
GJ 0 - 0.05	GJ 0 - 0.05	6.7291	6.7330	4,407	29,655	29,672
GJ 0.05 - 0.55	GJ 0.05 - 0.55	3.9744	3.9767	20,672	82,157	82,205
GJ 0.55 - 1.37	GJ 0.55 - 1.37	2.9661	2.9678	12,808	37,991	38,013
GJ > 1.37	GJ > 1.37	1.3427	1.3435	28,696	38,530	38,553
Tariff V - Bairnsdale - Residential	Tariff V - Bairnsdale - Residential					
Fixed Charge	Fixed Charge	0.3176	0.3178	1,657,399	526,390	526,721
GJ 0 - 0.0274	GJ 0 - 0.0274	19.4053	19.4166	32,507	630,802	631,169
GJ 0.0274 - 0.0493	GJ 0.0274 - 0.0493	11.2868	11.2934	16,113	181,860	181,966
GJ > 0.0493	GJ > 0.0493	6.2017	6.1999	69,683	432,153	432,028
Tariff V - Bairnsdale - Non Residential	Tariff V - Bairnsdale - Non Residential					
Fixed Charge	Fixed Charge	0.3176	0.3178	43,459	13,803	13,811
GJ 0 - 0.05	GJ 0 - 0.05	13.7965	13.8045	1,792	24,727	24,741
GJ 0.05 - 0.55	GJ 0.05 - 0.55	6.7261	6.7300	13,125	88,278	88,329
GJ 0.55 - 1.37	GJ 0.55 - 1.37	5.0149	5.0178	10,214	51,223	51,253
GJ > 1.37	GJ > 1.37	2.0256	2.0267	41,020	83,090	83,135
Tariff D - AGN Central	Tariff D - AGN Central					
0 - 10	0 - 10	1,460.1550	1,461.0058	1,429	2,086,765	2,087,981
10 - 50	10 - 50	892.6453	893.1654	1,224	1,092,717	1,093,354
> 50	> 50	163.0154	163.1104	1,252	204,062	204,181
Tariff D - AGN North	Tariff D - AGN North					
0 - 10	0 - 10	1,460.1550	1,461.0058	430	627,427	627,792
10 - 50	10 - 50	892.6453	893.1654	600	535,946	536,258
> 50	> 50	163.0154	163.1104	439	71,501	71,542
Tariff D - Murray Valley	Tariff D - Murray Valley					
0 - 10	0 - 10	1,701.9860	1,702.9777	68	116,484	116,552
10 - 50	10 - 50	1,050.2328	1,050.8447	161	168,916	169,015
> 50	> 50	178.8732	178.9774	79	14,090	14,099
Tariff D - Bairnsdale	Tariff D - Bairnsdale					
0 - 10	0 - 10	2,415.2923	2,416.6996	16	38,668	38,691
10 - 50	10 - 50	1,496.2836	1,497.1554	3	4,084	4,086
> 50	> 50	272.8881	273.0471	-	-	-
Tariff V - Albury - Residential	Tariff V - Albury - Residential					
Fixed Charge	Fixed Charge	0.2511	0.2512	8,209,588	2,061,428	2,062,249
GJ 0 - 0.0274	GJ 0 - 0.0274	8.6070	8.6120	186,859	1,608,300	1,609,234
GJ 0.0274 - 0.0493	GJ 0.0274 - 0.0493	5.1446	5.1476	110,413	568,031	568,362
GJ > 0.0493	GJ > 0.0493	2.8251	2.8267	710,588	2,007,482	2,008,619
Tariff V - Albury - Non Residential	Tariff V - Albury - Non Residential					
Fixed Charge	Fixed Charge	0.2511	0.2512	338,182	84,918	84,951
GJ 0 - 0.05	GJ 0 - 0.05	6.3170	6.3207	11,077	69,971	70,012
GJ 0.05 - 0.55	GJ 0.05 - 0.55	3.1192	3.1210	57,114	178,150	178,252
GJ 0.55 - 1.37	GJ 0.55 - 1.37	2.2150	2.2163	41,149	91,145	91,199
GJ > 1.37	GJ > 1.37	0.8944	0.8949	171,447	153,342	153,428
Tariff D - Albury	Tariff D - Albury					
0 - 10	0 - 10	1,255.7339	1,256.4656	49	62,104	62,140
10 - 50	10 - 50	779.9261	780.3805	106	82,686	82,734
> 50	> 50	188.5252	188.6350	189	35,614	35,635

Total Revenue	Total Revenue				246,778,776	246,922,563
----------------------	----------------------	--	--	--	-------------	-------------