



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

19 April 2018

Dear Directors,

Report on the limited assurance procedures performed over actual gas volumes reported for the period 1 July 2016 to 30 June 2017 on the 2018/19 proposed distribution tariffs schedule of the South Australian gas distribution network for Australian Gas Networks Limited

Scope

In accordance with the terms of engagement letter dated 21 March 2018, 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 for the period 1 July 2016 to 30 June 2017 (the “Period”) on the attached 2018/19 proposed distribution tariffs schedule for the South Australian gas distribution network (“South Australia”). The criteria (the “Criteria”) against which we assessed South Australia is Section 4.4.1 of the South Australian Access Arrangement for the period 1 July 2016 to 30 June 2021 (the “Access Arrangement”).

The Company’s responsibilities

The Company is responsible for the preparation of the proposed tariffs schedule for South Australia 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.

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Our responsibilities

Our responsibility is to perform limited assurance procedures over the reported actual gas volumes included on the 2018/19 proposed distribution tariffs schedule for South Australia 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 2018/19 proposed distribution tariffs schedule for South Australia 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 2018/19 proposed distribution tariffs schedule to information from the APA billing system;
- comparing gas volumes for the year ended 30 June 2017 to gas volumes for the year ended 30 June 2016 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 2018/19 proposed distribution tariffs schedule; and
- testing of mathematical accuracy of the 2018/19 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 requirement to lodge a proposed distribution tariffs schedule for South Australia 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 with the preparation of the proposed tariffs schedule for South Australia 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 July 2016 to 30 June 2017 on the proposed tariffs schedule have not been prepared in accordance with Section 4.4.1 of the Access Arrangement for the Australian Gas Networks South Australian Distribution Network for the period 1 July 2016 to 30 June 2021.

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Andrew Forman

Andrew Forman
Partner

Adelaide
19 April 2018