

Country Energy Gas Networks Annual Compliance Report

Gas Networks



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Attachments:

- Independent Auditor's Report
- Audited Accounts for the year ended 30 June 2010
- Statement by Members of the Board
- Country Energy Information Security Policy CEPG1003

1 CONTACT DETAILS

Country Energy is pleased to submit this "Country Energy Gas Networks Annual Compliance Report".

This annual compliance report is made pursuant to the Annual Compliance Order issued by the Australian Energy Regulator (AER) on 7 November 2008 and is for the period to 30 June 2010.

The following information and the documentation provided covers the relevant Compliance Period as defined by the order and relates to the Wagga Wagga Natural Gas Distribution Network which is a covered network as defined by the Compliance Order.

The information is set out in accordance with Attachment 1 of the Compliance Order.

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2 STATEMENT OF COMPLIANCE

**Annual Compliance Report
for 2009/10
Submitted by Country Energy Gas Pty Limited
ABN: 94 083 199 839**

To: Mr Warwick Anderson
General Manager Network Regulation North
Australian Energy Regulator
GPO Box 3131
CANBERRA ACT 2601

Country Energy Gas Pty Limited verifies the following:

1. The information and documentation provided in compliance with the Annual Compliance Order ("the Order") is accurate and can be relied on to provide a true and fair representation of Country Energy Gas Pty Limited's operations or ownership of a pipeline that can be relied on by the AER in the performance or exercise of its functions or powers under the NGL or the NGR.
2. The information and documentation provided in compliance with "the Order" in reliance on information and documentation that is prepared, kept or maintained is accurately represented,
3. The information and documentation provided is not false and misleading,
4. The information and documentation provided is in accordance with "the Order" and is complete, and
5. In instances where "the Order" is not complied with, the reasons why "the Order" is not complied with are set out including all relevant references to any exemptions or provisions of the NGL as applicable.

Dated: 29/10/2010

Signed:



.....
Terri Benson
Managing Director

3 COUNTRY ENERGY GAS NETWORKS ANNUAL COMPLIANCE REPORT FOR 2009/2010

1 General duties for the provision of pipeline services of covered pipeline services by a service provider

1.1 General duties for the provision of pipeline services of covered pipeline services by a service provider

- 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.
- b. What is the ABN of the service provider legal entity providing the covered pipeline service?
- 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 businesses such as partnerships or joint ventures, businesses that are significant investments or controlled. This can also be represented as an organisational chart.
 - **Country Energy Gas Pty Limited (Country Energy Gas) is a wholly owned subsidiary of Country Energy. Country Energy is a Statutory State Owned Corporation under the State Owned Corporations ACT 1989 (NSW).**
 - **Country Energy Gas Pty Limited ABN 94 083 199 839 (Country Energy Gas).**

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?
 - **Country Energy Gas is not aware of any claims that have prevented or hindered access to services on the covered network.**

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?
 - **No, Country Energy does not receive supply of natural gas through the covered pipeline at a place other than the exit flange of the producer's processing plant.**

1.4 Queuing requirements

- a. Has the service provider complied with the queuing requirements of the applicable access arrangement during the year?
 - **There are no queuing requirements in the current Access Arrangement.**

1.5 Service provider providing light regulation services must not price discriminate

- a. Does the service provider provide light regulation services?
- 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.
 - **Country Energy does not provide light regulation services.**

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.
- b. Provide a list of associates that are service providers and/or provide pipeline services.
 - **Country Energy Gas does not carry on a related business. The Associate Contract between Country Energy and Country Energy Gas Pty Limited was reviewed in January 2008. This contract provides Country Energy access to the covered network to allow retail natural gas sales.**

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.
- 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.
 - **Country Energy Gas Pty Limited utilises the services provided by the Corporate Marketing team of its parent company, Country Energy, to provide assistance in the marketing of pipeline services.**
- 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.
 - **Officers of Country Energy Gas are not employees, consultants, independent contractors or agents, nor marketing staff of an associate of Country Energy Gas.**

2.3 Separate accounts must be prepared, maintained and kept

- a. Provide a statement as to whether or not any of 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.
 - **A separate set of accounts are maintained and kept in respect of services provided by Country Energy Gas, however the information kept in the accounts is aggregated for the covered and uncovered networks operated by Country Energy Gas.**
- 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?
 - **Country Energy Gas Pty Ltd.**
- 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.
 - **Yes. Consolidated accounts cover the whole of the business for Country Energy Gas Pty Ltd.**
- 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?
 - **Country Energy Gas Pty Ltd.**
- 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.
 - **A copy of the latest audited accounts is attached for information.**

2.4 Additional ring fencing requirements or exemptions

- a. Does the service provider have any additional ring fencing requirements?
- b. What are these requirements?
- c. Provide a statement that these additional ring fencing requirements have or have not been met.
- d. Does the service provider have any exemptions for the minimum ring fencing requirements?
- e. What are these exemptions?
- f. By what jurisdictional regulator and when were these exemptions granted?
 - **There are no additional ring fencing requirements or exemptions on Country Energy Gas.**

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

- **During the period, Country Energy Gas has not entered into any new associate contracts, nor has Country Energy Gas varied the terms and conditions of any existing associate contracts.**

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?
 - 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.
 - 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.
 - d. Please provide details of when and how this request was met.
 - **The approved Country Energy Gas Access Arrangement is available on Country Energy's web site:**
www.countryenergy.com.au/gasnetworkpricing
 - **There have been no additional requirements from the AER for Country Energy Gas to provide additional information to prospective users in relation to access to the covered network.**
- 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?
 - 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.
 - **Country Energy Gas Pty Ltd has no competitive tender process arrangement in place for a covered pipeline.**

- 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?
- 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.
- 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.
 - **Country Energy Gas Pty Ltd does not have any light regulation services.**

3.2 Access determination

- a. Has the service provider been party to an access determination?
- b. When did the access determination become operative?
- c. For what period is the access determination in place?
 - **Country Energy Gas' Access Arrangement was approved by the Independent Pricing and Regulatory Tribunal in December 2005. The Access Arrangement became operative 1 January 2006 for a period of four and a half years and is due for revision 1 July 2010.**

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.
 - **Country Energy Gas confirms that the confidentiality requirements of rule 137 of the National Gas Rules have been met.**
- 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.
 - **Country Energy Gas through its parent organisation has established policy guidelines and procedures relating to the handling of confidential information. A copy of the Country Energy security policy, CEOP1003, is attached for information.**

3.4 Bundling

- a. Has the service provider bundled any of its services when providing access or negotiating access with a prospective user?
- b. If so, provide a description of the bundled services and related conditions of access.
 - **Country Energy Gas has not bundled any services in the Access Arrangement.**