

14 August 2003

FILE No:
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MARS/PRISM:

Mr Russell Phillips
Acting General Manager
Regulatory Affairs – Gas
Australian Competition and Consumer Commission
PO Box 1199
Dickson ACT 2602

E-mail: russell.phillips@accc.gov.au

Dear Mr Phillips

30 June 2003 Ring Fencing Compliance Report for the Queensland Gas Pipeline

Please find attached the 30 June 2003 Ring Fencing Compliance Report for the Queensland Gas Pipeline. As required by the Australian Competition and Consumer Commission, the Board of Directors of the following Service Providers have unanimously approved the attached report by way of a circular resolution:

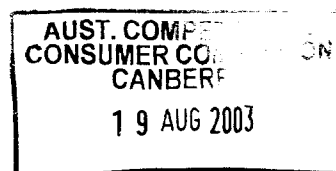
Duke Queensland Pipeline Pty Ltd
DEI Queensland Pipeline Pty Ltd
Duke Australia Operations Pty Ltd

Should you have any queries with respect to this matter, I can be contacted on (03) 9685 1061.

Yours sincerely



Stephen Livens
Senior Regulatory Analyst



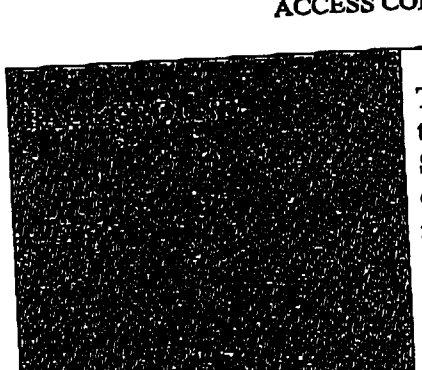
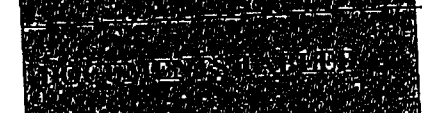

**CIRCULAR RESOLUTION OF DIRECTORS PURSUANT TO
SECTION 248A OF THE CORPORATIONS ACT 2001**

for the following companies
(the "Companies")

**DUKE QUEENSLAND PIPELINE PTY LTD
DEI QUEENSLAND PIPELINE PTY LTD
DUKE AUSTRALIA OPERATIONS PTY LTD**

**ACN 083 050 284
ACN 083 050 104
ACN 083 050 319**

**RING FENCING REPORTS PURSUANT TO SECTION 4.1 OF THE NATIONAL THIRD PARTY
ACCESS CODE FOR NATURAL GAS PIPELINE SYSTEMS**

	The Queensland Gas Pipeline (QGP) is subject to regulation under the National Third Party Access Code for Natural Gas Pipeline Systems (the Code). Pursuant to Section 4.1 of the Code, the owner(s) and operator of the QGP are required to submit to the regulator annual ring fencing compliance reports. The reports describe the measures taken to ensure compliance with their obligations under the Code and provide an assessment of the effect of those measures.
	It is noted that the annual ring fencing reports for the year ended 30 June 2003 for the Companies were circulated (the Reports).
	It was RESOLVED THAT the Reports are hereby accepted and approved.


.....
VERNE K. FLETCHER, Director
Date:

.....
BRADLEY K. ALFORD, Director
Date:

.....
RICHARD K. McGEE, Director
Date:

.....
BRENT C. BAILEY, Director
Date:

Aug-12-2003 08:38am From-DUKE ENERGY

713 627 5219

T-762 P.002/002 F-216

**CIRCULAR RESOLUTION OF DIRECTORS PURSUANT TO
SECTION 248A OF THE CORPORATIONS ACT 2001**

for the following companies
(the "Companies")

**DUKE QUEENSLAND PIPELINE PTY LTD
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**RING FENCING REPORTS PURSUANT TO SECTION 4.1 OF THE NATIONAL THIRD PARTY
ACCESS CODE FOR NATURAL GAS PIPELINE SYSTEMS**

BACKGROUND:	The Queensland Gas Pipeline (QGP) is subject to regulation under the National Third Party Access Code for Natural Gas Pipeline Systems (the Code). Pursuant to Section 4.1 of the Code, the owner(s) and operator of the QGP are required to submit to the regulator annual ring fencing compliance reports. The reports describe the measures taken to ensure compliance with their obligations under the Code and provide an assessment of the effect of those measures.
DOCUMENTS TABLED:	It is noted that the annual ring fencing reports for the year ended 30 June 2003 for the Companies were circulated (the Reports).
RESOLUTION:	It was RESOLVED THAT the Reports are hereby accepted and approved.

.....
VERNE FLETCHER, Director
Date:

Richard K. McGee
.....
RICHARD K. McGEE, Director
Date: August 12, 2003

Bradley K. Alford
.....
BRADLEY K. ALFORD, Director
Date: August 8, 2003

Brent C. Bailey
.....
BRENT C. BAILEY, Director
Date: August 6, 2003

BCB

Statement of Compliance

Queensland Gas Pipeline

Statement of Compliance for Duke Queensland Pipeline Pty Ltd for the financial year 2002/03

1. Attached is the annual Ring Fencing Compliance Report for the year ending 30 June 2003.
2. Duke Queensland Pipeline Pty Ltd is not aware of any breach of any of the obligations listed in section 4.1 of the Code other than as detailed in this report.
3. Duke Queensland Pipeline Pty Ltd has maintained a compliance program during the relevant period that ensures that:
 - (a) appropriate internal procedures have been established and maintained to ensure compliance with the obligations in section 4.1 of the *National Third Party Access Code for Natural Gas Pipeline Systems* (the Code);
 - (b) an accurate assessment of these procedures has been made;
 - (c) the Managing Director of Duke Queensland Pipeline Pty Ltd is made aware of any breaches of the ring fencing obligations;
 - (d) remedial action is taken as soon as possible to rectify breaches of the minimum ring fencing obligations;
 - (e) the compliance program is reviewed regularly and as necessary.
1. The Board of Directors of Duke Queensland Pipeline Pty Ltd has approved this report by way of a circular resolution.

Signed by:

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.....

Julie Dill
Managing Director
Duke Energy International – Asia
Pacific

V K Fletcher
Director

Date:

Date:

6/8/03

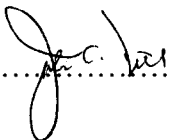
Statement of Compliance

Queensland Gas Pipeline

Statement of Compliance for Duke Queensland Pipeline Pty Ltd for the financial year 2002/03

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2. Duke Queensland Pipeline Pty Ltd is not aware of any breach of any of the obligations listed in section 4.1 of the Code other than as detailed in this report.
3. Duke Queensland Pipeline Pty Ltd has maintained a compliance program during the relevant period that ensures that:
 - (a) appropriate internal procedures have been established and maintained to ensure compliance with the obligations in section 4.1 of the *National Third Party Access Code for Natural Gas Pipeline Systems* (the Code);
 - (b) an accurate assessment of these procedures has been made;
 - (c) the Managing Director of Duke Queensland Pipeline Pty Ltd is made aware of any breaches of the ring fencing obligations;
 - (d) remedial action is taken as soon as possible to rectify breaches of the minimum ring fencing obligations;
 - (e) the compliance program is reviewed regularly and as necessary.
4. The Board of Directors of Duke Queensland Pipeline Pty Ltd has approved this report by way of a circular resolution.

Signed by:

.....


Julie Dill
Managing Director
Duke Energy International – Asia
Pacific

Date: 6/8/03 ,

.....

VJ Fletcher
Director

Date:

Ring Fencing Compliance Report

Queensland Gas Pipeline

Ring Fencing Compliance Report for Duke Queensland Pipeline Pty Ltd - 2002/03

Compliance with minimum ring fencing obligations

Duke Queensland Pipeline Pty Ltd submits this report under section 4.13 of the Code. The report describes the measures taken to ensure compliance with its obligations under section 4 and provides an accurate assessment of the effect of those measures.

Duke Queensland Pipeline Pty Ltd will, pursuant to section 4.14 of the Code, notify the Commission immediately on becoming aware of a breach (or potential breach) of its obligations under section 4 of the Code.

1. Service Provider is a legal entity

Section 4.1(a) of the Code requires a Service Provider to be a legal entity.

Duke Queensland Pipeline Pty Ltd (ACN 083 050 284) is the legal and beneficial owner of 75% of the Queensland Gas Pipeline via the Duke Queensland Pipeline Partnership with DEI Queensland Pipeline Pty Ltd. Duke Queensland Pipeline Pty Ltd is a legal entity registered under the Corporations Law.

2. Not carry on a Related Business

Section 4.1(b) of the Code requires that a Service Provider not carry on a Related Business (essentially a business of producing, purchasing or selling natural gas).

The Duke Energy International group of companies provides comprehensive integrated wholesale energy services to the market. DEI's company structure ensures that certain activities are strictly quarantined. The responsibility for managing wholesale gas sales lies with a separate legal entity Duke Energy Australia Trading and Marketing Pty Ltd (DEATM - ACN 083 050 168). As such, Duke Queensland Pipeline Pty Ltd is not involved in the business of producing, purchasing or selling natural gas as prescribed by the Code.

The table below identifies all the Duke Queensland Pipeline Pty Ltd Associates with any involvement in natural gas:

Entity	Business carried on	Assets owned
DEI Queensland Pipeline Pty Ltd	Transmission	25% of Queensland Gas Pipeline
Duke Australia Operations Pty Ltd	Pipeline and Power Station operator	N/A
Duke Energy NSW Gas Holdings Pty Ltd	Holding company	Holding company of DEI Eastern Gas Pipeline Pty Ltd and Duke Eastern Gas

		Pipeline Pty Ltd.
DEI Tasmania Holdings Pty Ltd	Transmission	Tasmanian Gas Pipeline
Duke Energy Australian Holdings Pty Ltd	Holding company	Holding company of DEI Queensland Pipeline Pty Ltd, Duke Queensland Pipeline Pty Ltd, Duke Australia Operations Pty Ltd, Duke Energy Australia Pty Ltd, Duke Energy Australia Commodities Pty Ltd, and Duke Energy Australia Trading and Marketing Pty Ltd (85.487% interest).
DEI Vic Hub Pty Ltd	Trading hub	Vic Hub
Duke Energy Australia Trading and Marketing Pty Ltd	Trading and marketing	N/A
Duke Energy Australia Commodities Pty Ltd	Holding company	14.513% owner of Duke Energy Australia Trading and Marketing Pty Ltd
Duke Energy Australia Pty Ltd	Administration	N/A
DEI Eastern Gas Pipeline Pty Ltd	Transmission	50% interest in the Eastern Gas Pipeline
Duke Eastern Gas Pipeline Pty Ltd	Transmission	50% interest in the Eastern Gas Pipeline
Duke Energy WA Holdings Pty Ltd	Holding company	Holding company of Duke Energy WA Power Pty Ltd and 1% interest in the Port Headland and Newman Power Stations.
Duke Energy WA Power Pty Ltd	Transmission	11.843% interest in the Goldfield Gas Transmission Pipeline and 99% interest in the Port Headland and Newman Power Stations.

3. Establish and maintain separate and consolidated sets of accounts

Section 4.1(c) of the Code requires Service Providers to establish and maintain separate accounts for the activity that is the subject of each Access Arrangement.

Section 4.1(d) of the Code requires Service Providers to establish and maintain a consolidated set of accounts for all the activities undertaken by the Service Provider.

A separate set of accounts is established and maintained in respect of the services of the Queensland Gas Pipeline.

A consolidated set of accounts is prepared which identifies Duke Queensland Pipeline Pty Ltd's 75% ownership of the Queensland Gas Pipeline.

4. Allocation of shared costs

Section 4.1(e) of the Code requires Service Providers to allocate costs in a fair and reasonable manner that is consistent with the principles in section 8.1 of the Code.

Within the DEI group of companies shared costs are allocated in line with DEI's Corporate Overhead Allocation Policy. This policy seeks to provide a consistent basis for allocating shared costs using a combination of factors including earnings, staff numbers and business complexity.

5. Treatment of Confidential Information

Under sections 4.1(f) and (g) of the Code, Service Providers must ensure that:

- *Confidential Information provided by a user or prospective user is used only for the purposes for which it was provided and is not disclosed without the user or prospective user's consent; and*
- *Confidential Information obtained by a Service Provider which might reasonably be expected to materially affect the commercial interests of a user or prospective user is not disclosed to any other person without the permission of the user or prospective user to whom the information pertains.*

Note that where functions of the Service Provider have been outsourced to a third party, the Service Provider is responsible for ensuring that any Confidential Information provided to the third party is handled in accordance with sections 4.1(f) and (g) of the Code.

Duke Australia Operations Pty Ltd undertakes the marketing and operation activities of the Queensland Gas Pipeline.

All confidential information received by the Duke Australia Operations Pty Ltd is strictly controlled in a manner consistent with the Code requirements. All marketing staff are employed by Duke Australia Operations Pty Ltd and are located remotely from Associates who work for a Related Business.

With respect to electronic information, computer security protocols have been established to ensure that only Duke Australia Operations Pty Ltd marketing staff are able to access such information. Any paper copies of confidential information are kept separately by relevant marketing staff in secure storage facilities. Further, all employees are required to sign confidentiality agreements on commencement of duties. These procedures are monitored on a day to day basis through on going training and awareness processes.

6. Marketing Staff

Service Providers must ensure that:

- *their Marketing Staff (essentially those directly involved in sales, sale provision or advertising for the Service Provider) are not also working for an Associate that takes part in a Related Business (section 4.1(h) of the Code); and*
- *the Marketing Staff of an Associate involved in a Related Business are not also working for the Service Provider (section 4.1(i) of the Code).*

Note that in answering the questions below, the broadest possible meaning is to be given to ‘servants, consultants, independent contractors or agents’.

Duke Queensland Pipeline Pty Ltd is a holding company for 75% of the QGP. It does not have any employees. Duke Australia Operations Pty Ltd undertakes the marketing and operating activities of the Queensland Gas Pipeline.

Duke Australia Operations Pty Ltd is committed to ensuring that it does not in any way employ marketing staff of an associate, nor does it allow its marketing staff to work for an associate involved in a related business as prescribed by the Code. Should this inadvertently occur, Duke Australia Operations Pty Ltd is committed to removing such staff from their position.

The procedures adopted to ensure compliance with sections 4.1(h) and (i) include requiring that all marketing staff are employed by Duke Australia Operations Pty Ltd. This contrasts with most other DEI office staff who are generally employed by Duke Energy Australia Pty Ltd.

Also, at the commencement of employment with the DEI, all employees participate in the Company’s “Code of Business Ethics” computer-based training, which among other things, incorporates a section regarding general ring fencing obligations. This ensures that all employees have a general level awareness of ring fencing obligations. In the case of marketing staff, this is coupled with further informal training as to the requirements of the Code. All DEI work procedures are regularly reviewed on an ad hoc basis.