


## Statement of Compliance

### Statement of Compliance for Epic Energy Queensland Pty Ltd for the financial year 2007 - 08

Epic Energy Queensland Pty Ltd – South West Queensland Pipeline System

1. Attached is the annual Ring Fencing Compliance Report for the year ending 30 June 2008. Epic Energy Queensland Pty Ltd has not varied the Ring Fencing Compliance Report or Statement of Compliance from the original forms sent by the ACCC, other than to provide the information required.
2. Epic Energy Queensland 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. Epic Energy Queensland 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 Chief Executive Officer of Epic Energy Queensland 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 and that completion of this action is reported to the Board of Directors;
  - (e) the compliance program is reviewed regularly and as necessary.
4. The Board of Directors of Epic Energy Corporate Shared Services Pty Ltd approved this report at a meeting of directors on 12 August 2008.

Signed by:



.....  
NAME: Steve Banning  
CHIEF EXECUTIVE OFFICER

DATE: 15<sup>th</sup> August 2008

# Ring Fencing Compliance Report

**Ring Fencing Compliance Report for Epic Energy Queensland Pty Ltd for the financial year 2007 - 08**

## Definitions

Unless otherwise defined, all capitalised terms used in this document have the meaning given to them in section 10.8 of the Code.

## Compliance with minimum ring fencing obligations

Epic Energy Queensland 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.

Epic Energy Queensland 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.*

Epic Energy Queensland Pty Ltd is a legal entity incorporated pursuant to the *Corporations Act*.

### 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).*

Epic Energy Queensland Pty Ltd does not carry on a Related Business. See **Attachment 1** which lists the business activities carried on by the Service Provider. These do not include any producing, purchasing or selling of natural gas except to the extent that it is allowed by the Code.

### **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.*

For the entire reporting period, Epic Energy Queensland Pty Ltd was a Service Provider of the SWQP in the capacity as owner.

For the reporting period, a separate set of accounts was maintained in respect of the Services provided by the SWQP.

*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.*

All of the business activities that Epic Energy Queensland Pty Ltd carried on during the reporting period are set out in Attachment 1.

Epic Energy Queensland Pty Ltd maintains a separate consolidated set of accounts for its entire business.

The measures taken by Epic Energy Queensland Pty Ltd to ensure compliance with the requirements in sections 4.1(c) & (d) are outlined in **Attachment 2**.

### **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.*

Included in **Attachment 2** to this report is a policy of the Service Providers which includes the policy for the allocation of costs that are shared between an activity related to a Covered Pipeline and any other activity of the Service Provider.

## 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.*

Epic Energy Queensland Pty Ltd complies with this requirement and ensures compliance of it by 2 means:

- (a) Every relevant contract entered into by the Service Provider contains such an obligation.
- (b) Epic Energy has implemented a policy, a copy of which is contained in **Attachment 3**, with which its employees and contractors are required to comply.

In addition, the Epic Energy group has implemented the following operational security procedures:

- (a) All employees (and only approved contractors) are issued with a person-based logon to connect to the Epic Energy network, internally or externally. Each person is personally responsible for ensuring that no one else uses the logon, and the services and access that the logon provides.
- (b) Each employee (and contractor where appropriate) must not advise anyone of their password, nor allow it to be accessible by anyone. The conditions of use (including password management) are outlined to each person as part of the company's policies and procedures.
- (c) Each employee must change their password every 60 days, by way of an automated process.
- (d) No authorised user of the Epic Energy network must at any stage leave a device unsecured whilst logged on with their personal logon-id.
- (e) All email and internet access from Epic Energy's network must be via the Epic Energy firewall.
- (f) All users must not access or use Epic Energy's computing and communication facilities, including the internet and e-mail, for illegal or inappropriate purposes, including hacking, selling/passing on customer or employee information or denial of service. Illegal purpose is defined as any act which constitutes a violation of State or Commonwealth (Australian) Laws.
- (g) Access to Confidential Information provided by a User or Prospective User in electronic or hard copy form is restricted only to approved employees. This is determined by each employee's supervisor in accordance with the provisions of the Gas Code.

## 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'.*

During the reporting period, Epic Energy Queensland Pty Ltd and all of its Associates are the owners and/or operators of transmission pipelines in Australia and are not involved in a Related Business.

Therefore, none of the Epic Energy Queensland Pty Ltd Marketing Staff are servants, consultants, independent contractors or agents of an Associate that takes part in a Related Business.

As stated above, Epic Energy Queensland and all of its Associates are the owners and/or operators of transmission pipelines in Australia and are not involved in a Related Business.

Therefore, none of the Epic Energy Queensland Pty Ltd servants, consultants, independent contractors or agents are Marketing Staff of an Associate that takes part in a Related Business.

During the reporting period, the Service Provider had not been required by the Regulator, under section 4.3 of the Code, to comply with obligations in addition to those contained in section 4.1 of the Code.

While none of the Epic Energy group of companies is involved in a Related Company, Epic Energy Queensland Pty Ltd is nonetheless committed to ensuring that it does not in anyway employ marketing staff of an Associate, nor would it allow its marketing staff to work for an Associate involved in a Related Business. Should this inadvertently occur, Epic Energy Queensland Pty Ltd is committed to removing such staff from their position.

In the event an associate of Epic Energy Queensland Pty Ltd makes a decision to start taking part in a Related Business, Epic Energy Queensland Pty Ltd would review the existing procedures and practices, and if necessary, would develop additional procedures and practices to ensure ongoing compliance with its obligations under section 4.1 (h) and (i) of the Code.

Such procedures would include, at a minimum, ensuring there is appropriate employment arrangements (that is, a separate company employing the marketing staff of the Associate) including physical office separation. With respect to electronic information, additional

security protocols (if not already sufficient) would be established to ensure that marketing staff of an Associate would be unable to access such information. Any paper copies of confidential information would be kept separately by the relevant marketing staff in secure facilities. It is also likely that all marketing employees would be required to sign confidentiality agreements on commencement of duties.

**ATTACHMENT 1**

**EPIC ENERGY GROUP OF AUSTRALIAN COMPANIES INVOLVED IN  
NATURAL GAS THAT CARRY ON BUSINESS**

<b>Entity</b>	<b>Business carried on</b>	<b>Relevant Assets Owned</b>
Epic Energy South Australia Pty Ltd	<ul style="list-style-type: none"> <li>• Owns gas transmission pipelines.</li> <li>• Is party to an agreement to operate the following pipelines for and on behalf of non Epic Energy group legal entities: <ul style="list-style-type: none"> <li>- Beverley Lateral – for Heathgate Resources Pty Ltd.</li> </ul> </li> <li>• It is also party to an agreement to operate the Port Bonython Liquids Transmission Pipeline (this is not a Pipeline within the definition of the Gas Pipelines Access Law) for and on behalf of a non Epic Energy entity</li> </ul>	<ul style="list-style-type: none"> <li>• Moomba to Adelaide Natural Gas Transmission Pipeline System (“MAPS”) – uncovered</li> <li>• South East Transmission Pipeline (“Katnook Pipeline”) – uncovered</li> </ul>
Epic Energy Queensland Pty Ltd	<ul style="list-style-type: none"> <li>• Owns a gas transmission pipeline</li> </ul>	<ul style="list-style-type: none"> <li>• South West Queensland Natural Gas Transmission Pipeline (“SWQP”) – covered for the relevant period, but is uncovered as of 1 July 2008</li> </ul>
Epic Energy (Pilbara Pipeline) Pty Ltd	<ul style="list-style-type: none"> <li>• Owns gas transmission pipelines</li> </ul>	<ul style="list-style-type: none"> <li>• Pilbara Energy Pipeline (“PEPL”) – uncovered</li> <li>• Burrup Extension Pipeline (“BPL”) – uncovered</li> </ul>
Epic Energy (WA) One Pty Ltd	<ul style="list-style-type: none"> <li>• Owns a gas transmission pipeline</li> </ul>	<ul style="list-style-type: none"> <li>• Wodgina lateral pipeline - uncovered</li> </ul>
Epic Energy Holdings Pty Ltd	<ul style="list-style-type: none"> <li>• Up to 31 December 2007, employs the Epic</li> </ul>	<ul style="list-style-type: none"> <li>• Nil</li> </ul>

	<p>Energy Executive Team. From 1 January 2008, this entity became a non-trading holding company and the Executive Team became employed by Epic Energy Corporate Shared Services.</p>	
<p>Epic Energy Corporate Shared Services Pty Ltd</p>	<ul style="list-style-type: none"> <li>• Provides services of an operational and maintenance nature to the other Epic Energy group companies</li> <li>• Employs all non-executive Epic Energy employees up to 31 December 2007, and all Epic Employees from 1 January 2008.</li> </ul>	<ul style="list-style-type: none"> <li>• the rights to various software and hardware licences</li> <li>• the rights to various leases</li> </ul>



**ATTACHMENT 2**

**RING FENCING MINIMUM OBLIGATIONS POLICY**

See attached

**ATTACHMENT 3**

**CONFIDENTIAL INFORMATION POLICY**

See attached