

Jemena Gas Networks (NSW) Ltd

**Response to Annual Compliance Order for the
year ending 30 June 2019**

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1. JEMENA GAS NETWORKS (NSW) LTD 2018-19 ANNUAL COMPLIANCE REPORT

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

1.1 Legal entity

- (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.**

The service provider, Jemena Gas Networks (NSW) Ltd (JGN), is a legal entity registered under the *Corporations Act 2001* (Cth) (NGL s131(a)).

- (b) **What is the registered business name and ABN of the service provider legal entity providing the covered pipeline service?**

The registered business name of the service provider is Jemena Gas Networks (NSW) Ltd, ABN 87 003 004 322.

- (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 business such as partnerships or joint ventures, businesses that are significant investments or controlled. This can also be represented as an organisational chart.**

Attachment 1 contains an organisational chart which describes the corporate structure of which JGN was a part of during the reporting period.

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?**

JGN is not aware of any claim that it has prevented or hindered access to services on the covered pipeline within the terms of section 133 of the NGL.

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?**

JGN cannot know if a network user is a producer within the meaning of the National Gas Law. (JGN notes that this question relates to section 134 of the NGL which does not impose any obligation on a service provider.)

1.4 Queuing requirements

- (a) **Has the service provider complied with the queuing requirements of the applicable access arrangement during the year?**

Yes. There was no occasion during the reporting period when JGN received a request that required a queue to be formed.

1.5 Service provider providing light regulation services must not price discriminate

(a) Does the service provider provide light regulation services?

JGN does not provide any 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.

Not applicable.

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.

None of JGN's associates takes part in a related business.

(b) Provide a list of associates that are service providers and/or provide pipeline services.

The following associates of JGN were service providers and/or provided pipeline services during the reporting period:

- Jemena Colongra Pty Ltd
- Jemena Eastern Gas Pipeline (1) Pty Ltd
- Jemena Eastern Gas Pipeline (2) Pty Ltd
- Jemena Networks (ACT) Pty Ltd
- Evoenergy
- Jemena Queensland Gas Pipeline (1) Pty Ltd
- Jemena Queensland Gas Pipeline (2) Pty Ltd
- Jemena VicHub Pipeline Pty Ltd
- Jemena Darling Downs Pipeline (1) Pty Ltd
- Jemena Darling Downs Pipeline (2) Pty Ltd
- Jemena Darling Downs Pipeline (3) Pty Ltd

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.

Interpreting this to require a list of associates of JGN that are directly involved in the sale, marketing or advertising of pipeline services where the pipeline services may be those of the associate, JGN or any other service provider, those associates are:

- Jemena Colongra Pty Ltd
- Jemena Eastern Gas Pipeline (1) Pty Ltd
- Jemena Eastern Gas Pipeline (2) Pty Ltd
- Jemena Northern Gas Pipeline Pty Ltd
- ActewAGL Distribution
- Jemena Queensland Gas Pipeline (1) Pty Ltd
- Jemena Queensland Gas Pipeline (2) Pty Ltd
- Jemena VicHub Pipeline Pty Ltd
- Jemena Asset Management Pty Ltd
- Jemena Darling Downs Pipeline (1) Pty Ltd
- Jemena Darling Downs Pipeline (2) Pty Ltd
- Jemena Darling Downs Pipeline (3) Pty Ltd

- (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.

None of JGN's associates takes part in a related business. Accordingly, none of JGN'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.

- (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.

None of JGN's associates takes part in a related business. Accordingly, none of JGN'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.

2.3 Separate accounts must be prepared, maintained and kept

- (a) Provide a statement as to whether or not 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.

JGN operates four covered pipelines, which are and have always been consolidated for access purposes. JGN's only and entire business is to own, control and operate those pipelines. Consistent with the consolidation, JGN has prepared, maintained and kept a single set of accounts for its business.

- (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?

The accounts referred to in (a) above are in the name of JGN.

- (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.

JGN has prepared, maintained and kept a single set of accounts being the set of accounts referred to in (a) above. JGN accounts have sufficient controls and structure that ensure that costs are clearly recorded for the various services that it provides to mitigate the risk of cross subsidisation.

- (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?

The accounts referred to in (c) above are in the name of JGN.

- (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 JGN's special purpose financial report for the year ended 31 December 2018 is attached at Attachment 2. The report was submitted to the Australian Securities and Investments Commission in April 2019.

2.4 Additional ring fencing requirements or exemptions

(a) Does the service provider have any additional ring fencing requirements?

JGN has no additional ring fencing requirements.

(b) What are these requirements?

Not applicable.

(c) Provide a statement that these additional ring fencing requirements have or have not been met.

Not applicable.

(d) Does the service provider have any exemptions for the minimum ring fencing requirements?

JGN has no exemptions for the minimum ring fencing requirements.

(e) What are these exemptions?

Not applicable.

(f) By what jurisdictional regulator and when where these exemptions granted?

Not applicable.

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?

JGN has not entered into or given effect to any new associate contracts or varied the terms and conditions of an existing associate contract during the reporting period.

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

Not applicable.

(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?

Not applicable.

(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?

Not applicable.

Note: An 'associate contract' is defined under the NGL to include arrangements or understandings and is not limited to written 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?

Yes.

(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.

JGN has maintained a 'live' version of its AA on its website. This was made available from 1 July 2015 and is currently available on the Jemena website at:

<http://jemena.com.au/documents/gas/access-arrangement.aspx>

(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.

There have not been any relevant requests from the AER during the reporting period.

(d) Please provide details of when and how this request was met.

Not applicable.

(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?

Not applicable.

(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.

Not applicable.

(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?

Not applicable.

(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.

Not applicable.

(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.

Not applicable.

3.2 Access determinations

- (a) Has the service provider been party to an access determination?

No.

- (b) When did the access determination become operative?

Not applicable.

- (c) For what period is the access determination in place?

Not applicable.

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.

JGN has complied with all confidentiality requirements as prescribed under rule 137 of the NGL during the reporting period. There are no issues of non-compliance to report.

- (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

SGSP (Australia) Assets Pty Ltd has implemented and maintains a ring-fencing training program for all relevant subsidiaries, including JGN, which emphasises the importance of ensuring that confidential information is handled properly and that any breaches or possible breaches are reported promptly. That training was completed by 1,063 personnel during the reporting period. Ring-fencing requirements, including provisions relating to confidential information, are also described in induction material provided to new employees.

Jemena also maintains a compliance management system. The confidential information provisions of the NGL are included in the system which, among other things, delivers compliance questionnaires to responsible managers in the business on a periodic basis. This process serves to maintain awareness of the obligations and reinforces responsible managers' accountabilities for ensuring compliance.

3.4 Bundling

- (a) Has the service provider bundled any of its services when providing access or negotiating access with a prospective user?

No. JGN's 2015-20 AA has a single reference service, the Haulage Reference Service.

- (b) If so, provide a description of the bundled services and related conditions of access.

Not applicable.

2. CONTACT DETAILS

Primary contact

Name: Brad Parsons



Alternative contact

Name: Alex McPherson



Attachment A

JGN Corporate Structure



Jemena

A1. ORGANISATIONAL CHART

