



Advisian

WorleyParsons Group



Multinet Pipe Works Projects

Independent Report: Validation of Pipework Lengths

4th August 2017



Advisian

WorleyParsons Group

"THIS PAGE LEFT INTENTIONALLY BLANK"



Table of Contents

Executive Summary	3
1 Background	4
2 Information Received From Multinet Gas	4
3 Length of Mains Completed (30 Jun 2017)	4
4 Proposed Additional Completions (to 31 Dec 2017)	5
5 Conclusion	5



Advisian

WorleyParsons Group

"THIS PAGE LEFT INTENTIONALLY BLANK"



Executive Summary

Multinet Gas engaged Advisian to independently validate pipework replacement lengths undertaken between 1 January 2013 and 30 June 2017, and to further assess forecast replacements to the end of the 2017 calendar year.

Following discussion meetings with Multinet staff and having reviewed information received, Advisian confirm the 30 June 2017 completion length indicated in Table 1 below to be an accurate assessment of actual works completed to date.

Advisian also consider, that based on current market production rates and the strategies adopted by Multinet Gas going forward, the forecast length of completions from 1 July 2017 to December 31 2017 will most likely be met.

Table 1: Project Completion Lengths

Year	Length (kms)
1 Jan 2013 – 31 Dec 2016	364.3*
1 Jan 2017 -30 Jun 2017	<u>62.4</u>
Total Completed Works	426.7
1 Jul 2017 - 31 Dec 2017 forecast	100.0**
Total Works for the 2013 to 2017 period	526.7

*Figure is the summation of the 2013-2016 MG annual Regulatory Information Notices (RIN)

**Multinet Gas has issued 110kms of mains replacement to its service providers for delivery by 31 December 2017, with the expectation 100kms will be achieved by the target date.



1 Background

Multinet Gas engaged Advisian to independently review the replacement completions program to 30 June 2017 and also assess the likelihood of meeting the 527Kms completions target by the end of this year.

Multinet Gas is currently undertaking mains replacement works in line with its long term replacement strategy. The AER has approved 255kms of main replacement for the 2013 to 2017 period. However, Multinet Gas accelerated its replacement program with the intention of increasing the replacement completions to 527kms for the 5 year period (2013 to 2017).

Advisian has undertaken a desktop study to assess the likelihood of meeting this target.

The independent verification of current replacement program to 30 June 2017 included:

- Review of each initiated project and verification of completed construction length.

An assessment of forecast completions from July 1 2017 to December 31 2017 including a:

- Review of current OMSA Works in Progress;
- Review of Closed Tender contracts awarded but not yet started.

2 Information Received From Multinet Gas

The following information, received from Multinet Gas forms the basis of the assessment:

- Pipeworks Program (Jan 2013- December 2017);
- Monthly Project monitoring reports; and
- Forecast monitoring information including a review of contract documents.

Program documents reviewed are included in Appendix A.

3 Length of Mains Completed (30 Jun 2017)

The completed main replacements were tracked by regularly recording completed lengths achieved by the two (2) Service Providers, Comdain and ZNX.

Information reviewed from the monthly and summary reports from 1st January 2013 confirm the completed replacement length (to the 30 June 2017) is 426.7Kms.



4 Proposed Additional Completions (to 31 Dec 2017)

Multinet Gas aims to deliver a further 100kms of mains by the 31st December 2017. To achieve this, MG has issued 110kms of replacement to its service providers with the expectation 100kms will be completed by the target date. This includes:

- Comdain to complete approx. 66Kms of remaining works under current OMSA requirements;
- Approximately 44Kms being awarded under a Closed Tender market arrangement.

The 66Kms of OMSA works comprise nine (9) projects. Projects have been issued and most are currently underway by Comdain. The last of these 9 projects is scheduled for completion on the 16th December 2017.

The work offered to market comprises five (5) projects and contracts have been awarded to Ventia and ZNX to undertake these works. At the time of writing this report, all contracts had been signed with the last of the contracts scheduled for Practical Completion on the 29th December 2017.

5 Conclusion

Advisian have independently examined the information received and confirm the actual length of mains completion in the 2013-2017 replacement program (up until the 30th June 2017) is 426.7Kms.

Advisian further advise that the management processes and strategies adopted by Multinet Gas should enable an additional 100kms of mains to be delivered between 1 July 2017 and the 31 December 2017, thereby achieving the Multinet Gas target of 527Kms proposed in the earlier Pass Through Submission to the AER.

Advisian Pty Ltd

A handwritten signature in blue ink that reads "John Connell".

4 August 2017

John Connell
Senior Associate