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ANNUAL COMPLIANCE REPORT FOR 2008/09

29 October 2009

ANNUAL COMPLIANCE REPORT

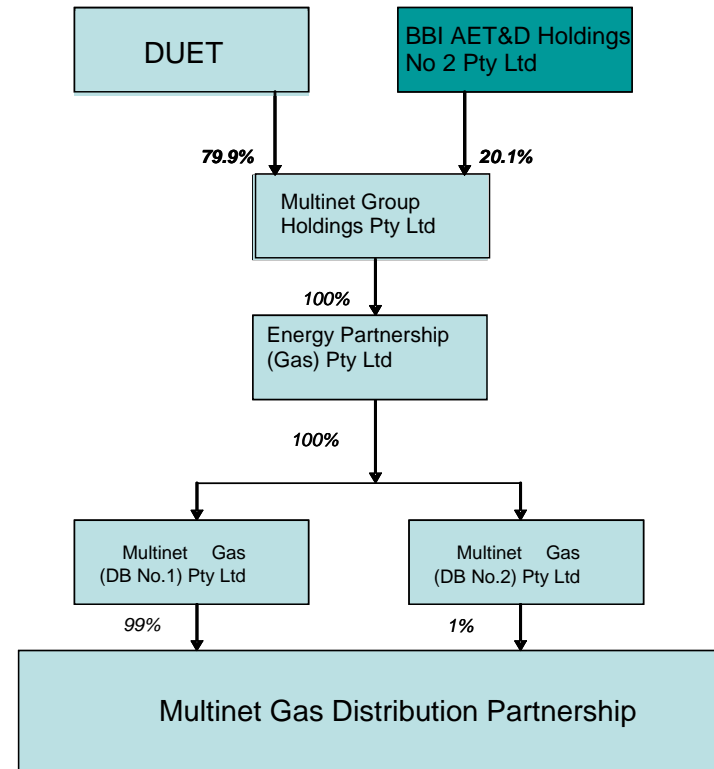
The following constitutes the Annual Compliance Report for the compliance period 2008/9 for the covered gas distribution networks owned by Multinet Gas Holdings Pty Ltd (MGH), for which the respective service providers are Multinet Gas (DB No.1) Pty Ltd and Multinet Gas (DB No. 2) Pty Ltd, together trading as the Multinet Gas Distribution Partnership (hereinafter referred to as “**Multinet**”).

Set out below is each compliance requirement followed by the relevant response.

1. General duties for the provision of pipeline services of covered pipeline services by a service provider	
1.1 Legal Entity	
a) <i>Nominate the type of legal entity the service provider is according to the specified kinds of legal entity in section 131 of the NGL.</i>	The entities trading as Multinet Gas Distribution Partnership, Multinet Gas (DB No.1) Pty Ltd and Multinet Gas (DB No. 2) Pty Ltd, are legal entities registered under the Corporations Act 2001 (Cth).
b) <i>What is the registered business name and ABN of the service provider legal entity providing the covered pipeline service?</i>	Multinet Gas (DB No.1) Pty Ltd and Multinet Gas (DB No. 2) Pty Ltd trading as Multinet Gas Distribution Partnership ABN 53 634 214 009
c) <i>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</i>	

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.

The diagram below shows the key parties in the Multinet ownership structure



The diagram above does not include all companies in the MGH group. The parties identified in the diagram above are described below:

- Multinet Gas (DB No. 1) Pty Ltd and Multinet Gas (DB No. 2) Pty Ltd are the partners of the Multinet Gas Distribution Partnership. The gas distribution licence is held by Multinet Gas (DB No. 1) Pty Ltd and Multinet Gas (DB No. 2) Pty Ltd trading as the Multinet Gas Distribution Partnership. Multinet carries out the gas distribution function in accordance with all legal and regulatory requirements.

	<ul style="list-style-type: none"> • These entities are beneficially owned by Diversified Utility Energy Trust No 1 and Diversified Utility Energy Trust No 2 (DUET) (79.9 per cent) and BBI AET&D Holdings No 2 Pty Ltd (in turn owned by Babcock and Brown Infrastructure Ltd) (20.1 per cent). DUET and BBI AET&D Holdings No 2 Pty Ltd are independent entities with no cross shareholdings. • DUET owns 79.9 per cent of Multinet via the same level of shareholding in Multinet Group Holdings Pty Ltd (MGH). The two stapled DUET entities (i.e. Diversified Utility Energy Trust No 1 and Diversified Utility Energy Trust No 2) are managed jointly by AMP Capital Holdings Ltd and Macquarie Capital Group Ltd. • BBI AET&D Holdings No 2 Pty Ltd (a subsidiary of Babcock and Brown Infrastructure Ltd which is a listed energy company) owns 20.1 per cent of MGH. It is a provider of energy-related products and infrastructure solutions. • The company structure has remained virtually unchanged since mid 2003. The only significant change in the structure is Babcock and Brown Infrastructure Ltd's shareholding was previously owned by Alinta Ltd. In 2003 the current structure was created through what was called the Shearwater transaction, when Alinta Ltd first became involved in this arrangement with Multinet and DUET. Alinta Ltd sold its interest to Babcock and Brown Infrastructure Ltd. • MGH is the ultimate holding company of Multinet and the vehicle for holding of the equity interest. As the ultimate holding company, MGH is the focal point for management of the companies within the MGH group, including Multinet.
1.2 Preventing or hindering access	
<p>a) <i>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?</i></p>	<p>Multinet is not 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.</p>
1.3 Supply and haulage of natural gas	

<i>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?</i>	Multinet is not aware of any producer supplying natural gas through its pipeline.
1.4 Queuing requirements	
<i>a) Has the service provider complied with the queuing requirements of the applicable access arrangement during the year?</i>	Multinet does not have queuing requirements in its access arrangement.
1.5 Service provider providing light regulation services must not price discriminate	
<i>a) Does the service provider provide light regulation services?</i>	No, Multinet does not provide light regulation services.
<i>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.</i>	Not applicable.
2. Structural and Operational Separation Requirements (Ring Fencing)	
2.1 Carrying on of a related business	

<p>a) <i>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.</i></p>	<p>None of Multinet's associates take part in a related business.</p>
<p>b) <i>Provide a list of associates that are service providers and / or provide pipeline services.</i></p>	<p>Multinet's beneficial shareholder, DUET, holds the following:</p> <ul style="list-style-type: none"> • a 60% economic and voting interest in the Dampier Bunbury Pipeline, trading under the name DBP Transmission. This is a natural gas pipeline connecting the natural gas reserves of the Carnavon and Browse basin on Western Australia's North West Shelf with customers in Perth and the surrounding regions; and • a 25.9% interest in WA Network Holdings Pty Ltd (ACN 104 788 123). WA Network Holdings Pty Ltd is the owner of WA Gas Networks Pty Ltd who owns the majority of the reticulated gas infrastructure in Western Australia. Its gas reticulation networks serve Geraldton, Kalgoorlie, Albany, Bunbury, Busselton, Harvey, Pinjarra, Brunswick Junction, Capel and the Perth Greater Metropolitan Area including Mandurah. These combined networks constitute approximately 12,000km of gas mains and associated infrastructure.
<p>2.2 Marketing staff and the taking part in related businesses</p>	
<p>a) <i>Provide a list of associates of the service provider that are directly involved in the sale, marketing or advertising of pipeline services.</i></p>	<p>None of Multinet's associates are directly involved in the sale, marketing or advertising of pipeline services.</p>
<p>b) <i>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.</i></p>	<p>Multinet does not directly employ any marketing staff.</p> <p>Multinet's subcontractor, Jemena Asset Management (6) Pty Ltd, may employ marketing staff. Jemena Asset Management (6) Pty Ltd is not an associate of Multinet.</p> <p>Regardless, none of Multinet's associates take part in a related business.</p>
<p>c) <i>Provide a statement as to whether or not any</i></p>	<p>As noted above, Multinet does not have any associates that take part in a related business.</p>

<p><i>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.</i></p>							
<p>2.3 Separate accounts must be prepared, maintained and kept</p>							
<p><i>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</i></p>	<p>Multinet has prepared, maintained and kept a separate set of accounts in respect of the covered pipeline owned by Multinet.</p>						
<p><i>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?</i></p>	<table border="1" data-bbox="826 805 2045 914"> <thead> <tr> <th data-bbox="826 805 1234 855">Registered Business Name</th> <th data-bbox="1234 805 1447 855">ABN</th> <th data-bbox="1447 805 2045 855">Covered Pipeline</th> </tr> </thead> <tbody> <tr> <td data-bbox="826 855 1234 914">Multinet Gas Distribution Partnership</td> <td data-bbox="1234 855 1447 914">53 634 214 009</td> <td data-bbox="1447 855 2045 914">Multinet Gas Distribution Network</td> </tr> </tbody> </table>	Registered Business Name	ABN	Covered Pipeline	Multinet Gas Distribution Partnership	53 634 214 009	Multinet Gas Distribution Network
Registered Business Name	ABN	Covered Pipeline					
Multinet Gas Distribution Partnership	53 634 214 009	Multinet Gas Distribution Network					
<p><i>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.</i></p>	<p>Multinet has prepared, maintained and kept a consolidated set of accounts in respect of the whole of the business of the service provider.</p>						
<p><i>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?</i></p>	<p>Multinet Gas (DB No.1) Pty Ltd and Multinet Gas (DB No. 2) Pty Ltd, trading as Multinet Gas Distribution Partnership.</p>						

<p>e) <i>Provide a copy of the most recently lodged annual financial reports with the Australia 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.</i></p>	<p>Multinet's audited regulatory and statutory accounts for 2008 were submitted to the AER on 31 August 2009. It is noted that these accounts are not lodged with the Australia Securities and Investments Commission.</p> <p>If you require further assistance please contact Verity Watson on 03 8540-7819.</p>
<p>2.4 Additional ring fencing requirements or exemptions</p>	
<p>a) <i>Does the service provider have any additional ring fencing requirements?</i></p>	<p>No, Multinet has no additional ring fencing requirements.</p>
<p>b) <i>What are these requirements?</i></p>	<p>Not applicable.</p>
<p>c) <i>Provide a statement that these additional ring fencing requirements have or have not been met.</i></p>	<p>Not applicable.</p>
<p>d) <i>Does the service provider have any</i></p>	<p>No, Multinet has no exemptions for the minimum ring fencing requirements.</p>

<i>exemptions for the minimum ring fencing requirements?</i>	
e) <i>What are these exemptions?</i>	Not applicable.
f) <i>By what jurisdictional regulator and when where these exemptions granted?</i>	Not applicable.
2.5 Associate contracts	
a) <i>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?</i>	No, Multinet has not entered into or given effect to any new associate contractors, or varied the terms and conditions of an existing associate contract.
b) <i>For each new or varied associate contract, please indicate the date the new or varied associate contract was entered into or given effect?</i>	Not applicable.
c) <i>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?</i>	Not applicable.
d) <i>If the associate contract was not approved by the AER, please indicate what date the new or varied associate contract was provided to</i>	Not applicable.

<i>the AER?</i>	
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) <i>Has the service provider published the approved access arrangement on its website?</i>	Yes, the approved access arrangement is on Multinet's website.
b) <i>Please provide the website address where this Access Arrangement can be accessed and the date that this access arrangement was provided on the website.</i>	The access arrangements for Multinet for the Distribution System are on the website - http://www.multinetgas.com.au/ The documents were uploaded on 26 August 2008.
c) <i>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.</i>	Multinet has not received any such requests.
d) <i>Please provide details of when and how this request was met.</i>	Not applicable.
(ii) Publishing approved competitive tender process access arrangement	

<p>a) <i>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?</i></p>	<p>Not applicable. There is no approved competitive tender process access arrangement in place for Multinet's covered pipeline.</p>
<p>b) <i>Please provide the website address where this access arrangement can be accessed and the date that this access arrangement was provided on the website.</i></p>	<p>Not applicable.</p>
<p>(iii) Publishing terms and conditions of access to light regulation services.</p>	
<p>a) <i>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?</i></p>	<p>Not applicable. Please refer to question 1.5.</p>
<p>b) <i>Please provide the website address where this information can be accessed and the date that this information was first made available on the website.</i></p>	<p>Not applicable.</p>
<p>c) <i>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</i></p>	<p>Not applicable.</p>

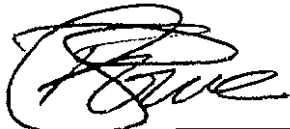
<p><i>the service, the pipeline service requested, and the outcome of the access negotiations.</i></p>	
<p>3.2 Access determinations</p>	
<p>a) <i>Has the service provider been party to an access determination?</i></p>	<p>Multinet has not been party to an access determination.</p>
<p>b) <i>When did the access determination become operative?</i></p>	<p>Not applicable.</p>
<p>c) <i>For what period is the access determination in place?</i></p>	<p>Not applicable.</p>
<p>3.3 Confidentiality</p>	
<p>a) <i>Provide a statement that the confidentiality requirements under rule 137 of the National Gas Rules have or have not been met.</i></p>	<p>Multinet is not aware of any breach of section 137 during the year to 30 June 2009.</p> <p>Multinet's subcontractor, Jemena Asset Management (6) Pty Ltd, has also confirmed that, to the extent that Jemena Asset Management (6) Pty Ltd holds and is responsible for managing relevant confidential information that pertains to Multinet, Jemena Asset Management (6) Pty Ltd is not aware of any breach of section 137 of the National Gas Rules during the year to 30 June 2009.</p>
<p>b) <i>Has the service provider established an internal protocol or policy guideline or procedure manual for the handling of confidential information?</i></p>	<p>Multinet contracts the operation and maintenance of its distribution network to Jemena Asset Management (6) Pty Ltd. Under the services agreement with Jemena Asset Management (6) Pty Ltd, Jemena Asset Management (6) Pty Ltd has express obligations to keep certain information confidential and also to comply with all relevant laws and policy relating to the distribution network (which would include rule 137 of the National Gas Rules).</p>

<p><i>If so please provide the AER with the relevant policy document</i></p>	<p>Jemena Ltd has implemented a ring-fencing training program for all of its subsidiaries, including Jemena Asset Management (6) Pty Ltd, 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 nearly 850 personnel (employees and contractors) during the reporting period. In addition, face to face training on relevant provisions of the NGL was delivered to key personnel during the reporting period.</p> <p>In addition, each employee working on Multinet matters is subject to confidentiality arrangements under their respective employment arrangements.</p>
<p>3.4 Bundling</p>	
<p><i>a) Has the service provider bundled any of its services when providing access or negotiating access with a prospective user?</i></p>	<p>Yes, Multinet has bundled its DUOS and metering services in accordance with Multinet's access arrangements for tariff V customers.</p>
<p><i>b) If so, provide a description of the bundled services and related conditions of access.</i></p>	<p>Multinet has bundled distribution use of system services, meter provision and meter data provision services in its approved access arrangements for tariff V customers.</p>

Statement of Compliance

I verify that the information and documentation provided is:

- (a) accurate and can be relied on to provide a true and fair representation of the service provider'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 National Gas Law or National Gas Rules;
- (b) accurately represented;
- (c) not false and misleading;
- (d) in accordance with the Compliance Order and is complete.



Peter Lowe, Director

30 October 2009

Date