



# **Overview of the Annual Compliance Process for Gas Transmission and Distribution Pipelines 2011–2012**

February 2013

© Commonwealth of Australia 2013

This work is copyright. Apart from any use permitted by the Copyright Act 1968, no part may be reproduced without permission of the Australian Competition and Consumer Commission. Requests and inquiries concerning reproduction and rights should be addressed to the Director Publishing, Australian Competition and Consumer Commission, GPO Box 3131, Canberra ACT 2601.

Inquiries about these guidelines should be addressed to:

Australian Energy Regulator  
GPO Box 520  
Melbourne Vic 3001  
Tel: (03) 9290 1444  
Fax: (03) 9290 1457  
Email: [AERInquiry@aer.gov.au](mailto:AERInquiry@aer.gov.au)

AER reference: [43268/D13/2593]

# Contents

<b>Contents</b> .....	<b>3</b>
<b>1 Background</b> .....	<b>4</b>
<b>2 Overview of the 2011–12 annual compliance process</b> .....	<b>5</b>
<b>3 Obligations</b> .....	<b>6</b>
<b>4 Service Providers and Related Entities</b> .....	<b>7</b>

# 1 Background

Under the National Gas Law (NGL), the Australian Energy Regulator (AER) has the power to make general regulatory information orders which require service providers to provide information to the AER, and/or maintain information records as specified by the AER.<sup>1</sup> The Annual Compliance Order (Order) is a general regulatory information order first issued in November 2008. The Order applies to service providers of covered gas transmission and distribution pipelines and establishes the annual compliance process for service providers.

The annual compliance process is a continuation of the regulatory function previously undertaken by the Australian Competition and Consumer Commission (ACCC) (for transmission) and the state and territory regulators (for distribution) to assess service providers' ring fencing compliance. These former processes were carried out under the former National Third Party Access Code for Natural Gas Pipeline System (the Code).

The Order seeks to better monitor the compliance of service providers with their obligations under the National Gas Law (NGL) and the National Gas Rules (NGR). These obligations include:

- the general duties of a service provider (such as not hindering access)
- structural and operational separation arrangements (including minimum ring fencing requirements)
- not disclosing confidential information
- compliance with access determinations.

The AER published an Annual Compliance Guideline to assist service providers in meeting the requirements of the Order.

The 2011–12 overview report provides a general outline of the compliance of service providers with their obligations for the 2011–12 reporting period. Additionally, the report summarises the obligations of service providers under the NGL, and provides a list of the nominated service providers and related entities.

---

<sup>1</sup> s.48(1) National Gas Law.

## 2 Overview of the 2011–12 annual compliance process

We reviewed the compliance of service providers of covered gas transmission and distribution pipelines with their obligations under the NGL. This is the fourth AER compliance review of this sector under the NGL.

We received annual compliance reports (reports) from 23 nominated service providers for 8 transmission and 11 distribution pipelines for 2011–12. (Some pipelines have more than one nominated service provider). We found that all of the reports were compliant with the Order. Copies of the service providers' reports for 2011–12 are located on the AER's website at:

<http://www.aer.gov.au/node/19307>

The review highlighted a number of compliance issues. The two main issues are summarised below:

1. Generally, the AER found there to be some issues in the availability of access arrangements on some service provider's websites. For example, not all service providers either maintained a copy of the applicable access arrangement on their website or maintained a working link to the appropriate location on the AER's website.
2. The compliance report submitted by Jemena Gas Networks (NSW) Limited (JGN) brought to attention activities which do not appear to be compliant with the confidentiality requirements under r.137 of the NGR.

JGN's report indicated that confidential consumption data for two customers was made available to a previous retailer on 1 February 2012 for a period of one day. JGN reported that the non-compliance occurred due to system weaknesses. We are currently working with JGN to find out more details about the disclosure of confidential information.

### 3 Obligations

A service provider of a covered pipeline is required to comply with:

1. The general duties of a service provider as set out in Chapter 4 Part 1 of the NGL. These duties relate to:
  - being a legal entity (s.131 of the NGL)
  - not engaging in conduct that prevents or hinders access (s.133 of the NGL)
  - the supply and haulage of natural gas. Where there is a difference in the tariff stated for the supply of gas then the producer must include in the terms offered a statement of reasons for the difference (s.134 of the NGL)<sup>2</sup>
  - complying with the queuing requirements of the applicable access arrangement (s.135 of the NGL)
  - if the service provider is providing light regulation services, not price discriminating (s.136 of the NGL)
2. The structural and operational separation requirements (including minimum ring fencing requirements) as set out in Chapter 4 Part 2 of the NGL. These requirements relate to:
  - not carrying on a related business (s.139 of the NGL)
  - ensuring that a service provider's employees, consultants, contractors or agents are not marketing staff of an associate that takes part in a related business (s.140 of the NGL)
  - preparing, maintaining and keeping separate and consolidated accounts (s.141 of the NGL)
  - additional ring fencing requirements or exemptions (ss. 143 & 146 of the NGL)
  - associate contracts (ss.147 & 148 of the NGL)
3. Other requirements of a service provider are set out in Parts 5 and 7 of the NGR (publishing requirements), Chapter 6 Part 5 of the NGL (compliance with access determinations) and Parts 11 and 16 of the NGR (confidentiality requirements and prohibition of bundling of services). These requirements relate to:
  - making the access arrangement or terms and conditions of access available to prospective users (r. 27(4), r.36, r.37 and r.107(1) of the NGR)
  - complying with access determinations (s.195 of the NGL)
  - not disclosing confidential information (r.137 of the NGR)
  - the prohibition of bundling of services (r.109 of the NGR)

---

<sup>2</sup> On review of the responses to the annual compliance reports, the AER has come to the view that the requirements set out under section 134 of the NGL do not apply to the service providers of covered pipelines. As an interim measure, the AER has amended its Annual Compliance Guideline to provide further explanation about the applicability of this obligation for service providers under the NGL.

## 4 Service Providers and Related Entities

The service provider<sup>3</sup> nominated by the pipeline owner which provided a 2011–12 report is identified in bold in Table 1.1.

The AER has also identified from the information provided in the 2011–12 reports either related entities that are the Australian parents<sup>4</sup> or related entities performing material services for the covered pipelines.

**Table 1.1 Summary of service providers and related entities of covered transmission pipelines and distribution networks at 30 June 2012**

Pipeline	Jurisdiction	Service Provider under NGL as nominated by pipeline owner	Related Entities	
			Australian parent	Entities performing material services for the pipeline
<b>Transmission Pipelines</b>				
Moomba to Sydney	NSW	<b>East Australian Pipeline Pty Limited</b>	APA Group	APT Management Services Pty Ltd
Central West (Marsden to Dubbo)	NSW	<b>APT Pipelines (NSW) Pty Ltd</b>	APA Group	APT Management Services Pty Ltd
Central Ranges (Dubbo to Tamworth)	NSW	<b>Central Ranges Pipeline Pty Ltd</b>	APA Group	APT Management Services Pty Ltd
Victorian Transmission System (GasNet System)	VIC	<b>APA GasNet Australia (Operations) Pty Limited</b>	APA Group	VENCorp Pty Ltd
Roma (Wallumbilla) to Brisbane	QLD	<b>APT Petroleum Pipelines Pty Limited</b>	APA Group	APT Management Services Pty Ltd
Carpentaria Pipeline (Ballera to Mount Isa)	QLD	<b>CGP Joint Venture comprised of APT Pipelines (Qld) Pty Ltd (30%) and Roverton Pty Ltd (70%)</b>	APA Group	APT Management Services Pty Ltd

<sup>3</sup> 'Service provider' is defined in section 8 of the NGL to mean the owner, controller or operator of a pipeline or any part of a pipeline.

<sup>4</sup> The term 'Australian parent' is used to mean the immediate and/or ultimate Australian parent to the service provider.

Pipeline	Jurisdiction	Service Provider under NGL as nominated by pipeline owner	Related Entities	
			Australian parent	Entities performing material services for the pipeline
Dawson Valley Pipeline	QLD	<b>The Meridian SeamGas Joint Venture comprised of Westside CSG A Pty Ltd and WestSide CSG D Pty Ltd (51%) and Mitsui E&amp;P Australia Pty Ltd (49%).</b>	WestSide Corporation Limited (51%) and Mitsui E&P Australia Pty Limited (49%).	WestSide Corporation Limited
Amadeus Gas Pipeline	NT	<b>APT Pipeline (NT) Pty Limited</b>	APA Group	APT Pipeline (NT) Pty Limited from 17 June 2011
<b>Distribution pipelines</b>				
Jemena NSW Gas Networks	NSW	<b>Jemena Gas Networks (NSW) Ltd</b>	Singapore Power International	Jemena Asset Management Pty Ltd
Wagga Wagga Gas Distribution System	NSW	<b>Envestra (NSW) Pty Ltd</b>	Envestra Limited 5	APA Group
Central Ranges Pipeline Gas Network (Tamworth natural gas distribution network)	NSW	<b>Central Ranges Pipeline Pty Ltd</b>	APA Group	APT Management Services Pty Ltd
ActewAGL Gas Distribution System	ACT/NSW	<b>ActewAGL Distribution partnership which is made up of ACTEW Distribution Limited and Jemena Networks (ACT) Pty Ltd. Each with an equal share in the partnership.</b>	ActewAGL Distribution partnership	ActewAGL Distribution partnership and Jemena Asset Management Pty Ltd
Envestra Victorian Distribution System	VIC	<b>Vic Gas Distribution Pty Ltd</b>	Envestra Limited	APA Group

<sup>5</sup> Envestra Limited is owned by APA Group (30.6% share), Cheung Kong Infrastructure Holdings Ltd (17.3% share) and public investors (52.1% share).



Pipeline	Jurisdiction	Service Provider under NGL as nominated by pipeline owner	Related Entities	
			Australian parent	Entities performing material services for the pipeline
Albury Distribution System	VIC	<b>The Albury Gas Company Ltd</b>	Envestra Limited	APA Group
Multinet Distribution System	VIC	<b>Multinet Gas (DB No. 1) Pty Ltd and Multinet Gas (DB No. 2) Pty Ltd trading as Multinet Gas Distribution Partnership.</b>	Multinet Group Holdings Pty Ltd <sup>6</sup>	Jemena Asset Management Pty Ltd
SP AusNet Distribution System	VIC	<b>SPI Networks (Gas) Pty Ltd</b>	SP Australia Networks (Distribution) Pty Ltd <sup>7</sup>	SPI Management Services Pty Ltd and Data and Measurement Solutions Pty Ltd
Envestra South Australian Gas Distribution System	SA	<b>Envestra Limited</b>	Envestra Limited	APA Group
Allgas Network	QLD	<b>APT Allgas Energy Pty Limited</b>	GDI (EII) Pty Limited which is owned by Marubeni (40%), RREEF (40%) and APA Group (20%).	APA AM (Allgas) Pty Limited
Envestra Queensland Gas Distribution	QLD	<b>Envestra Limited</b>	Envestra Limited	APA Group

<sup>6</sup> Multinet Group Holdings Pty Ltd is owned by DUET (79.9 % share) and Babcock and Brown Infrastructure Ltd (20.1% share).

<sup>7</sup> SP Australia Networks (Distribution) Pty Ltd is owned by Singapore Power Limited (51% share) and public investors (49% share).