



Overview of the Annual Compliance Process for Gas Transmission and Distribution Pipelines 2012–2013

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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.¹ 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 2012–13 overview report provides a general outline of the compliance of service providers with their obligations for the 2012–13 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.

¹ s.48(1) National Gas Law.

2 Overview of the 2012–13 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 fifth 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 2012–13. (Some pipelines have more than one nominated service provider).

Our review process involved assessing each response to the Order provided in the 2012–13 reports against the relevant NGL and NGR obligations. We found that none of the reports raised any major compliance issues. Copies of the service providers' reports for 2012–13 are located on the AER's website at:

<http://www.aer.gov.au/node/484?date%5Bvalue%5D%5Byear%5D=§or=5&category=311>

Two of the reports raised minor compliance issues, which are summarised below.

1. The AER found there to be some issues in the availability of access arrangements on Westside Corporation's website. The service provider has maintained a working link to the appropriate location on the AER's website, but has not maintained a copy of the applicable access arrangement on their website and provided an out-dated URL in their compliance report.
2. The AER did not receive APT Allgas' compliance report before the required date of October 31. This issue was believed to be caused by a technical problem, and has since been resolved.

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)²
 - 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)

² 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 provider³ nominated by the pipeline owner which provided a 2012–13 report is identified in bold in Table 1.1.

The AER has also identified from the information provided in the 2012–13 reports either related entities that are the Australian parents⁴ 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 2013

Pipeline	Jurisdiction	Service Provider under NGL as nominated by pipeline owner	Related Entities	
			Australian parent	Entities performing material services for the pipeline
Transmission Pipelines				
Moomba to Sydney	NSW	East Australian Pipeline Pty Limited	APA Group	APT Management Services Pty Ltd
Central West (Marsden to Dubbo)	NSW	APT Pipelines (NSW) Pty Ltd	APA Group	APT Management Services Pty Ltd
Central Ranges (Dubbo to Tamworth)	NSW	Central Ranges Pipeline Pty Ltd	APA Group	APT Management Services Pty Ltd
Victorian Transmission System (GasNet System)	VIC	APA GasNet Australia (Operations) Pty Limited	APA Group	VENCorp Pty Ltd
Roma (Wallumbilla) to Brisbane	QLD	APT Petroleum Pipelines Pty Limited	APA Group	APT Management Services Pty Ltd
Carpentaria Pipeline (Ballera to Mount Isa)	QLD	CGP Joint Venture comprised of APT Pipelines (Qld) Pty Ltd (30%) and Roverton Pty Ltd (70%)	APA Group	APT Management Services Pty Ltd
Dawson Valley Pipeline	QLD	The Meridian SeamGas Joint Venture comprised of Westside CSG A Pty Ltd and WestSide CSG D Pty Ltd (51%) and Mitsui E&P Australia Pty Ltd (49%).	WestSide Corporation Limited (51%) and Mitsui E&P Australia Pty Limited (49%).	WestSide Corporation Limited

³ '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.

⁴ 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
Amadeus Gas Pipeline	NT	APT Pipeline (NT) Pty Limited	APA Group	APT Pipeline (NT) Pty Limited from 17 June 2011
Distribution pipelines				
Jemena NSW Gas Networks	NSW	Jemena Gas Networks (NSW) Ltd	Singapore Power International	Jemena Asset Management Pty Ltd
Wagga Wagga Gas Distribution System	NSW	Envestra (NSW) Pty Ltd	Envestra Limited ⁵	APA Group
Central Ranges Pipeline Gas Network (Tamworth natural gas distribution network)	NSW	Central Ranges Pipeline Pty Ltd	APA Group	APT Management Services Pty Ltd
ActewAGL Gas Distribution System	ACT/NSW	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.	ActewAGL Distribution partnership	ActewAGL Distribution partnership and Jemena Asset Management Pty Ltd
Envestra Victorian Distribution System	VIC	Vic Gas Distribution Pty Ltd	Envestra Limited	APA Group
Albury Distribution System	VIC	The Albury Gas Company Ltd	Envestra Limited	APA Group
Multinet Distribution System	VIC	Multinet Gas (DB No. 1) Pty Ltd and Multinet Gas (DB No. 2) Pty Ltd trading as Multinet Gas Distribution Partnership.	Multinet Group Holdings Pty Ltd ⁶	Jemena Asset Management Pty Ltd
SP AusNet Distribution System	VIC	SPI Networks (Gas) Pty Ltd	SP Australia Networks (Distribution) Pty Ltd ⁷	SPI Management Services Pty Ltd and Data and Measurement Solutions Pty Ltd

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

⁶ Multinet Group Holdings Pty Ltd is owned by DUET (79.9 % share) and DIHL (20.1% share).

Pipeline	Jurisdiction	Service Provider under NGL as nominated by pipeline owner	Related Entities	
			Australian parent	Entities performing material services for the pipeline
Envestra South Australian Gas Distribution System	SA	Envestra Limited	Envestra Limited	APA Group
Allgas Network	QLD	Allgas Energy Pty Limited	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	Envestra Limited	Envestra Limited	APA Group

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