



**APPLICATION FORM FOR  
THE ISSUE OF A GAS  
DISTRIBUTION LICENCE  
BY THE  
ESSENTIAL SERVICES  
COMMISSION OF SA  
UNDER THE *GAS ACT*  
*1997***

**August 2011**





## TABLE OF CONTENTS

---

<b>Information for Applicants before filling out this form</b>	<b>iii</b>
Purpose of this form	iii
Basis for this form	iii
Use of this form and Applicant's Responsibilities	iii
Prior reading	iii
Licence conditions	iv
Further information	iv
Consultation and Confidentiality	iv
How to lodge an application	iv
Application fees and annual licence fees application	iv
<b>1. The Applicant</b>	<b>1</b>
1.1 Identity of Applicant	1
1.2 Legal Identity of Applicant	1
1.3 Address and Contact Details of Applicant	1
1.4 Contact Person on behalf of Applicant	2
1.5 Contact Person for Licence Fees	2
1.6 Diagram of Corporate or other Structure	2
<b>2 The Licence</b>	<b>3</b>
2.1 Date from which Licence is sought	3
2.2 Nature and scope of operations for which Licence is sought	3
<b>3 Suitability of Applicant to Hold a Licence</b>	<b>4</b>
3.1 Standard of honesty and integrity shown by Applicant	4
3.2 Standard of honesty and integrity shown by Officers and major shareholders of Applicant	5
3.3 Names and addresses of the Officers of Applicant	5
3.4 Names and addresses of major shareholders of Applicant	6
3.5 Details of the group members	7
3.6 Additional information	7
3.7 Financial resources available to the Applicant	8



3.8	Additional Details of Structure of Applicant	8
3.9	Human resources available to the Applicant	9
3.10	Technical resources available to the Applicant	9
3.11	Safety of Network	10
3.12	Risk Management	10
3.13	Development Act Approval	10
3.14	Registration with AEMO	11
3.15	Licences held by the Applicant in other Australian jurisdictions.	11
3.16	Previous unsuccessful licence applications in other Australian jurisdictions	11
3.17	Licences held by Associates of the Applicant	12
3.18	Compliance Plans	12
3.19	Additional Information	12
<b>4</b>	<b>Factors specified in the Essential Services Commission Act 2002</b>	<b>13</b>
<b>5</b>	<b>Application Fees</b>	<b>13</b>
<b>6</b>	<b>Declaration</b>	<b>14</b>

## **INFORMATION FOR APPLICANTS BEFORE FILLING OUT THIS FORM**

---

### **Purpose of this form**

This form is to be completed by persons making application to the Essential Services Commission of South Australia (the Commission) for the issue of a licence to authorise gas distribution operations in the gas supply industry in South Australia.

The Commission can also consider joint applications from two or more persons who wish to hold a licence jointly. Persons making joint applications must ensure that each of the applicants completes a separate application form together with a covering letter explaining that the application is for a licence to be jointly held.

### **Basis for this form**

Section 20(1)(a) of the *Gas Act 1997* (the Act) provides that an application for the issue of a licence must be made to ESCOSA in a form approved by the Commission. This is the form approved by the Commission.

### **Use of this form and Applicant's Responsibilities**

An application for a licence may be made by any legal person including, without limitation, individuals, partnerships, incorporated associations, unit and other forms of trusts and corporations. Entities that are not a legal person (for example, an unincorporated joint venture) cannot apply for a licence.

For the purpose of this application form, reference to the term "Officer" include the applicant's directors and secretary, and other persons who make or participate in making decisions that affect a substantial part of the business of the applicant (e.g. Chief Executive Officer, Chief Financial Officer, General Manager etc.).

Applicants should list the information requested in the spaces provided in this form and enclose additional information when required. Applicants must take all reasonable steps to ensure the information provided in the application form is complete, true and correct and are required to make a declaration to that effect in the application form. Failure to disclose information or misrepresent any matter relevant to such information may result in a licence not being issued or in the suspension or cancellation of a licence at a later time.

Applicants are responsible for providing the Commission with current, accurate and relevant documentation. This will ensure that the application is processed promptly and without delay. All applications are assessed on a case-by-case basis. If insufficient information is provided with an application, the Commission will request additional information to be submitted before the application is considered further.

### **Prior reading**

It is essential that licence applicants read the Commission's Advisory Bulletin No 4 – "*Licensing Arrangements for the Electricity and Gas Supply Industries*" before they fill out this form. This Bulletin is available on the Commission website [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au) under gas/licensing.



### **Licence conditions**

Part 3 of the Act requires the Commission to place certain conditions in licences. The Commission strongly recommends that applicants review these mandatory conditions. Applicants must be familiar with the relevant conditions and be confident that they can comply with the conditions.

### **Further information**

Applicants should note that the Commission may ask applicants who have submitted a completed application form to provide further information to the Commission, or to clarify the information that they have already provided.

### **Consultation and Confidentiality**

The Commission will consult with relevant government, industry and consumer groups in the conduct of its licensing functions through a public consultation process. Consequently, applications and/or supporting information will be made available on the Commission's website and in hard copy from the Commission's office for this purpose.

If applicants believe that they are providing confidential information when completing this form they should write "this information is confidential" after any such information. It is the applicant's responsibility to ensure this is clearly highlighted on the form. Applicants should also provide a 'non-confidential' version of the form capable of publication on the Commission's website.

The Commission will use information supplied in applications and in support of applications in accordance with the requirements of Part 5 of the *Essential Services Commission Act 2002*. Applicants claiming confidentiality are encouraged to familiarise themselves with Part 5. Applicants should note that the Commission may disclose confidential information in some circumstances.

### **How to lodge an application**

Applicants should send their completed application form in writing and electronically.

- ▲ In writing to: Essential Services Commission of SA  
GPO Box 2605  
Adelaide SA 5001
- ▲ Electronically to: [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au)

### **Application fees and annual licence fees application**

Applicants should also enclose the application fee (presently set by the Minister for Energy at \$1,000 per licence) with their application.

Holding a licence incurs annual licence fees. The licence fees determined by the Minister for Energy are administered by the Commission. At annual intervals, the Commission, on behalf of the Minister, will send to each licensee, depending on the category within the sector, an invoice for the licence fee. Licence fees are to be paid on receipt of an invoice via one of the payment options set out in the invoice.

The initial licence will not be issued until the first annual licence fee (or approved licence fee instalment) has been paid.







## LICENCE APPLICATION FORM

### 1. THE APPLICANT

---

*Applicants must answer all questions in this section.*

#### 1.1 Identity of Applicant

State the full name of the applicant. The applicant is the person who will be undertaking the gas distribution operations that will be the subject of the licence. Joint applicants should each complete an application form, and submit their application forms at the same time, with a covering letter explaining that a joint application is being made.

Name: Australian Gas Networks Limited (AGN)

#### 1.2 Legal Identity of Applicant

Provide information about the applicant, (i.e. whether the applicant is a natural person, private limited company or partnership, etc). If the applicant is a body corporate, please also state the jurisdiction in which the applicant is registered, and the applicant's ABN/ACN.

Response:

AGN has a Australian Business Number (ABN) 19 078 551 685 and is a legal entity registered under the *Corporation Act 2011* of the Commonwealth.

#### 1.3 Address and Contact Details of Applicant

Business Address: Level 6, 400 King William Street, Adelaide

State: South Australia

Post Code: 5000

Postal Address (if different to Business Address): Not applicable

Telephone: +61 8227 1500

E-mail: agnl@agnl.com.au



#### **1.4 Contact Person on behalf of Applicant**

The full name, title and contact details of a person to whom the Commission can direct enquiries and correspondence about the application.

**Full Name:** Craig de Laine

**Title:** General Manager - Regulation, Australian Gas Networks

**Business Address:** Level 6, 400 King William Street, Adelaide

**State:** South Australia

**Post Code:** 5000

**Postal Address (if different to Business Address):** Not applicable

**Telephone:** +61 8418 1129

**E-mail:** craig.delaine@agnl.com.au

#### **1.5 Contact Person for Licence Fees**

The full name and/or title of the person to whom the Commission can direct enquiries and correspondence about licence fees.

**Full Name:** Craig de Laine

**Title:** General Manager - Regulation, Australian Gas Networks

**Business Address:** Level 6, 400 King William Street, Adelaide

**State:** South Australia

**Post Code:** 5000

**Postal Address (if different to Business Address):** Not applicable

**Telephone:** +61 8418 1129

**E-mail:** craig.delaine@agnl.com

#### **1.6 Diagram of Corporate or other Structure**

Please attach with this application form details of the corporate or other structure, including details of any related companies within the meaning of the Corporations Act 2001; and a diagram of the organisational chart, including composition of the board, management and other key personnel responsible for the key functions of the business.

**Response:**

Please see Attachment 1 - Corporate Information

## 2 THE LICENCE

---

*Applicants must answer all questions in this section.*

### **2.1 Date from which Licence is sought**

If the applicant seeks to have the licence issued by a certain date, provide this date. Please note that the Commission does not undertake to issue the licence by this date. Applicants should usually allow the Commission a minimum of eight weeks to consider an application, as a public consultation period of several weeks forms part of the Commission's consideration of licence applications.

**Response:**

1 January 2017

### **2.2 Nature and scope of operations for which Licence is sought**

Applicants for a gas distribution licence must state the location of the distribution system, the expected capacity of the distribution system, the type of distribution system and some details about how the distribution system is to supply the retail network. Applicants should attach a map showing the proposed route for the network.

**Response:**

AGN is seeking a Liquefied Petroleum Gas (LPG) distribution licence for the Mount Barker, Littlehampton and Nairne area, which is approximately 30 kilometres south east of Adelaide. A map of the proposed location is provided in Attachment 2 - Operational Details.

Discussions with developers and other parties regarding the reticulated supply of LPG to retail consumers is an ongoing process. Further detail on the expected capacity of the distribution system, type of distribution system and details of supply are provided in Attachment 2 - Operational Details.



### 3 SUITABILITY OF APPLICANT TO HOLD A LICENCE

---

*Applicants must answer all questions in this section:*

#### **3.1 Standard of honesty and integrity shown by Applicant**

In deciding whether the applicant is a suitable person to hold a licence, the Commission may:

- ▲ consider the applicant's previous commercial and other dealings, and
- ▲ the standard of honesty and integrity shown in those dealings.

Please provide information that will assist the Commission in its consideration of this matter. If the applicant:

- ▲ has been found guilty of any criminal offence,
- ▲ has been successfully prosecuted under any Territory, State or Commonwealth legislation (such as the Australian Securities and Investments Commission Act 2001 or the Competition and Consumer Act 2010) or
- ▲ has been the subject of disciplinary action,
- ▲ has been the subject of any past or present administrative or legal actions in relation to an authorisation, authority, or licence in any industry,

details of such matters must be disclosed. Failure to disclose such information or misrepresent any matter relevant to such information may result in the cancellation of a licence.

The Commission may use the service of an external expert to assist with the assessment of the applicant's standard of honesty and integrity.

#### **Response:**

AGN is one of Australia's largest natural gas distribution companies, serving around 1.2 million customers across most Australian states and territories. In South Australia, we are the sole licenced distributor of natural gas, servicing more than 420,000 customers through around 7,950 kilometres of distribution and transmission mains.

Our Vision, as outlined in Attachment 1 - Corporate Information, is to be the leading natural gas distributor in Australia. Our definition of leading is to achieve top quartile performance compared with other Australian natural gas distributors across the following three key objectives: delivering for customers, a good employer and sustainable cost efficient.

Our Vision is communicated and reported on publicly. Importantly, we have a strong track record on performing well against the key targets set out in our Vision, including operating our networks safely and in accordance with our regulatory requirements. Our recent performance is summarised in Attachment 3 - 2015 Annual Review.

Our company values of respect, one team, perform and trust, also drive a culture of honesty and integrity. Our values are also outlined in Attachment 1 - Corporate Information.

In response to the Commission's specific question, we are not aware of any criminal offence, prosecution, disciplinary action, or administrative or legal action that needs to be reported as part of this application.

### **3.2 Standard of honesty and integrity shown by Officers and major shareholders of Applicant**

Applicants should address responses to this question in the same manner as 3.1 above except here it relates to officers and major shareholders of the applicant.

Please also supply details of any policies and procedures addressing the probity and competence of officers and other key management staff.

**Response:**

As a provider of an essential service, we play a critical role in the community and must act in a responsible manner. To this extent we have adopted a set of values which drive our culture and future actions. These values (Respect, One Team, Perform and Trust) are described in further detail in Attachment 1 - Corporate Information.

Additionally, we maintain and adhere to a series of policies and procedures addressing the probity and competence of officers and other key management staff. These documents are available on our website (<http://www.australiangasnetworks.com.au/about-us/corporate-governance/code-of-conduct-and-ethics/>) and are also provided at Attachment 4.

Finally, to the extent of our knowledge, no officers have been found guilty of any criminal offence or prosecuted, however we have not made any independent enquiries of such. Likewise, to the extent of our knowledge, none of our major shareholders have been found guilty of any criminal offence or prosecuted.

### **3.3 Names and addresses of the Officers of Applicant**

State the names and addresses of the officers of the applicant. "Officers" of the applicant include the applicant's directors and secretary, and other persons who make or participate in making decisions that affect a substantial part of the business of the applicant.

**Full Name:** Peter Tulloch

**Date of Birth:** 01 March 1944

**Office Held:** Chairman

**Address:** Level 6, 400 King William Street, Adelaide

**State:** South Australia

**Post Code:** 5000

**Full Name:** Hing Lam Kam

**Date of Birth:** 19 October 1946

**Office Held:** Director

**Address:** Level 6, 400 King William Street, Adelaide

**State:** South Australia

**Post Code:** 5000

**Full Name:** Andrew Hunter

**Date of Birth:** 22 October 1958

**Office Held:** Director

**Address:** Level 6, 400 King William Street, Adelaide

**State:** South Australia

**Post Code:** 5000



<b><u>Full Name:</u></b> Dominic Chan	<b><u>Office Held:</u></b> Director
<b><u>Date of Birth:</u></b> 03 August 1962	<b><u>Address:</u></b> Level 6, 400 King William Street, Adelaide
	<b><u>State:</u></b> South Australia
	<b><u>Post Code:</u></b> 5000
<b><u>Full Name:</u></b> Ben Wilson	<b><u>Office Held:</u></b> Chief Executive Officer
<b><u>Date of Birth:</u></b> 10 August 1974	<b><u>Address:</u></b> Level 6, 400 King William Street, Adelaide
	<b><u>State:</u></b> South Australia
	<b><u>Post Code:</u></b> 5000
<b><u>Full Name:</u></b> Paul May	<b><u>Office Held:</u></b> Chief Financial Officer
<b><u>Date of Birth:</u></b> 14 July 1972	<b><u>Address:</u></b> Level 6, 400 King William Street, Adelaide
	<b><u>State:</u></b> South Australia
	<b><u>Post Code:</u></b> 5000
<b><u>Full Name:</u></b> Andrew Staniford	<b><u>Office Held:</u></b> Chief Operating Officer
<b><u>Date of Birth:</u></b> 21 January 1962	<b><u>Address:</u></b> Level 6, 400 King William Street, Adelaide
	<b><u>State:</u></b> South Australia
	<b><u>Post Code:</u></b> 5000
<b><u>Full Name:</u></b> Craig de Laine	<b><u>Office Held:</u></b> General Manager - Regulation
<b><u>Date of Birth:</u></b> 31 October 1974	<b><u>Address:</u></b> Level 6, 400 King William Street, Adelaide
	<b><u>State:</u></b> South Australia
	<b><u>Post Code:</u></b> 5000
<b><u>Full Name:</u></b> Geoff Barton	<b><u>Office Held:</u></b> Company Secretary
<b><u>Date of Birth:</u></b> 11 October 1962	<b><u>Address:</u></b> Level 6, 400 King William Street, Adelaide
	<b><u>State:</u></b> South Australia
	<b><u>Post Code:</u></b> 5000

*Names and addresses of further Directors of AGN are provided in Attachment 1 - Corporate Information.*

### **3.4 Names and addresses of major shareholders of Applicant**

State the full names and addresses of the major shareholders of the applicant

**Response:**

AGN is owned by a consortium comprising Cheung Kong (Holdings) Ltd (CKH), Cheung Kong Infrastructure Holdings Ltd (CKI) and Power Assets Holdings Ltd (PAH). The relevant address is:

Cheung Kong Center  
2 Queen's Road Central  
Hong Kong

### **3.5 Details of the group members**

This is information about entities controlled by the applicant, or by the ultimate parent entity of the applicant (if applicable).

**Response:**

AGN has a range of operating subsidiaries which are outlined in further detail in Attachment 1 - Corporate Information.

### **3.6 Additional information**

Please answer the following questions and, where the answer to any question is "no", provide further detail.

- ▲ Is the applicant a resident of, or does it have permanent establishment in, Australia?

**Response:**

Yes

- ▲ Is the applicant under external administration (as defined in the Corporations Act 2001) or under a similar form of administration under any laws applicable to it in any jurisdiction?

**Response:**

No

- ▲ Is the applicant immune from suit in respect of the obligations under the Gas Act 1997?

**Response:**

No

- ▲ Is the applicant capable of being sued in its own name in a court of Australia?

**Response:**

Yes

*(attach additional pages if necessary)*



### **3.7 Financial resources available to the Applicant**

Provide information about the financial resources available to the applicant. If the applicant is a company, please also enclose:

- ▲ copies of all audited profit and loss statements and balance sheets for the last three financial years (including all notes), and
- ▲ director's declaration that the financial statements comply with accounting standards, give a true and fair view, have been made in accordance with the Corporations Act and that there are reasonable grounds to believe the company/entity will be able to pay its debts as and when they fall due; and
- ▲ the director's report and the audit opinion.

If the applicant is a subsidiary company, please also provide:

- ▲ copies of all audited profit and loss statements and balance sheets of the applicant's parent company for up to the last three financial years.

The applicant should also submit copies of:

- ▲ its business plans including at least strategic direction and objectives, identified opportunities in the market place and forecast results; and
- ▲ evidence of capital and liquidity support in place, including any bank or cross guarantees, to support the business and evidence of negotiations with the network service provider concerning credit support arrangements.

#### **Response:**

As at 31 December 2015 AGN's Total Assets were \$4.1 billion and Net Assets were \$1.4 billion. As at 30 September 2016 AGN held undrawn committed bank facilities of circa \$0.5 billion. AGN has investment grade credit ratings from Standard & Poor's (BBB+ / stable) and Moody's (Baa1 / stable). Further information on AGN's business plans, financial position including copies of relevant financial statements are provided at Attachment 5.

### **3.8 Additional Details of Structure of Applicant**

If the applicant is part of a group of related companies, and/or party to a partnership, joint venture or alliance agreement with another company, please provide:

- ▲ contractual arrangements (e.g. alliance contracts, associate contracts, establishment contracts) that define relationships within the group – including shared resources, guarantees, revenue flows, obligations and or responsibilities.

#### **Response:**

AGN assets are operated by APA Asset Management (APA) under a long term Operating and Management Agreement (OMA) (see Attachment 1).

The services provided under the OMA include:

- operating and maintaining each network;
- planning, designing and constructing network extensions;
- preparing and settling with AGN the budget for each calendar year;
- providing AGN with regular information on financial and other management issues; and
- reading meters and billing retailers.



### **3.9 Human resources available to the Applicant**

Provide information about the human resources available to the applicant. This includes:

- ▲ the experience and qualifications of those employees outlined in the organisational chart (see point 1.6);
- ▲ if the applicant will employ contractor/s to assist with the licensed operations, the name of that contractor/s, details about the experience of the contractor/s in such operations and details of the processes in place to ensure the contractor/s complies with the regulatory obligations imposed by the licence; and

**Response:**

The experience and qualifications of key AGN management is provided in Attachment 1 - Corporate Information.

As outlined in Section 3.8, AGN assets are operated by APA under a long term OMA. This arrangement will also apply to the LPG networks for which we are seeking a licence. APA currently has around 1,600 employees and sub-contractors working on the AGN networks. Importantly, as detailed in Attachment 1, APA have experience in the management and operation of both natural gas and LPG networks.

### **3.10 Technical resources available to the Applicant**

Applicants for a generation licence are asked to provide details about the availability of technical resources to be used in carrying out the operations for which a licence is sought. The information should include details about the technically qualified staff available to the applicant and (if relevant) details of experience gained in similar operations.

Where applicants are relying on a third party to provide staff and resources to meet the technical requirements of the distribution licence, please provide:

- ▲ a list of all functions and activities being proposed to outsource;
- ▲ details of any formal agreement/s to provide services, including confirmation that the third party possess relevant technical competencies to conduct the proposed activities;
- ▲ a summary of the third party's technical capacity to meet relevant obligations, including relevant accreditations; and
- ▲ a summary of the third party's experience and knowledge in the relevant area.

**Response:**

As outlined in Section 3.8, AGN assets are operated by APA under a long term OMA. This arrangement will also apply to the LPG networks for which we are seeking a licence. More specifically, APA will provide the following services for the LPG network:

1. operating and maintaining the network;
2. planning designing and constructing the network; and
3. reading meters and billing retailers.

APA has extensive experience and are currently contract operator for Origin Energy's 64 LPG networks across central and eastern Australia. Further detail on APA's LPG experience is provided in Attachment 1 - Corporate Information.



### **3.11 Safety of Network**

The Commission may not issue a distribution licence unless it is satisfied that the distribution network (or the proposed network) will have the necessary capacity for distributing gas safely. Applicants are therefore asked to verify that the network has been (or will be) developed in accordance with relevant Australian Industry Codes and Australian Standards.

**Response:**

Safety is the key driver of business performance. Consistent with this, and as outlined in Section 3.1, delivering public and employee safety is a key component of our Vision. We have consistently delivered on the safety standards set out in our Vision and in the relevant legislative framework more generally, as reported to both the Commission and the Office of the Technical Regulator of South Australia.

AGN can verify that the proposed LPG distribution network would be developed in accordance with the relevant Australian Industry Codes and Australian Standards. We already have a Safety, Reliability, Maintenance and Technical Management Plan (SRMTMP) approved by the Essential Service Commission of South Australia for our South Australian natural gas distribution network.

Additionally, we have extensive experience in complying with various Federal and State legislative and regulatory requirements, including all relevant Australian Standards, Codes of Practice, and Acts to ensure the safe and reliable supply of gas to our customers.

### **3.12 Risk Management**

Provide confirmation and reasonable evidence that the applicant's management has identified the risks associated with gas operations and has established, utilises and relies upon risk management systems and processes which are adequate, accurate and current to address those risks. A copy of the applicant's risk management strategy should be submitted.

**Response:**

As described in Section 3.1, AGN is the sole distributor on natural gas in South Australia. As part of these (and other) operations, we have identified and managed the risk associated with gas operations over a long period of time. Key documents that outline our risk management systems and processes are:

- our Risk Management Policy, provided at Attachment 4 and published on our website (<http://www.australiangasnetworks.com.au/about-us/corporate-governance/risk-management-policy?>; and
- our SRMTMP (confidential document approved by the Commission) also details the controls in place to ensure the safety and reliability of the network and to manage risks and the qualitative risk assessment process.

### **3.13 Development Act Approval**

Please advise if the applicant has or is applying for approval under the *Development Act 1993* (SA). If so, provide details, including the date on which approval was or will be granted.

**Response:** No

### **3.14 Registration with AEMO**

Please advise if the applicant will apply to register with AEMO. If so, provide details. **Response:**

AGN is currently registered with AEMO.

### **3.15 Licences held by the Applicant in other Australian jurisdictions.**

If the applicant holds, or has previously held, electricity or gas licences in other Australian jurisdictions please provide details. If a licence previously held has been suspended or cancelled, please provide details.

**Response:**

AGN currently holds the following licences:

- a gas distribution licence in South Australia;
- two gas distribution licences in Victoria;
- a Distribution Authority in Queensland; and
- a Reticulator's Authorisation in New South Wales.

AGN has not been denied a gas licence in any Australian jurisdiction.

### **3.16 Previous unsuccessful licence applications in other Australian jurisdictions**

Please state whether the applicant has applied for an electricity or gas licence in another Australian jurisdiction and not been issued with a licence, and provide details if relevant.

**Response:**

Not applicable.



### **3.17 Licences held by Associates of the Applicant**

If an associate of the applicant (within the meaning of the Corporations Act) holds an electricity or gas licence in South Australia or in other Australian jurisdictions, please provide details.

**Response:**

Not applicable.

### **3.18 Compliance Plans**

Applicants are required to submit a copy of their Compliance Plan which demonstrates how the compliance systems the applicant has (or will have) in place will ensure compliance with all of the applicable regulatory obligations imposed by the relevant licence.

**Response:**

AGN is committed to embedding compliance risk management (Compliance Management) practices within its broader Risk Management and governance frameworks, and integrating it into business processes and operations (including those activities outsourced to APA).

AGN has established a Board approved Compliance Policy which details the objectives of the compliance management system and the responsibilities for compliance within AGN from the Board to Executive Management to all personnel. AGN has demonstrated a high level of compliance with our regulatory obligations in operating our South Australian national gas distribution network over a long period of time.

The AGN Compliance Policy (provided in Attachment 4 and available on AGN's website

<http://www.australiangasnetworks.com.au/about-us/corporate-governance/compliance-policy/>) and our internal Regulatory Compliance Guideline (available on request) transparently sets out our compliance principles and processes.

Any new business activity, such as the reticulation of LPG consistent with this licence application will fall under this existing Compliance Policy and would be added to our Regulatory Compliance Guideline and associated activities.

### **3.19 Additional Information**

The Commission encourages applicants to provide any additional information they consider would be of assistance in supporting the application. Please provide below.

**Response:**

AGN is committed to operating our businesses in a manner that is consistent with the long-term interests of consumers. In line with this, we are focussed on continuing to grow our networks by making gas available to an increasing customer base.

Further information relating to this proposed LPG network and its relationship to future natural gas distribution networks, including customer benefits is provided in Attachment 2 - Operational Details and Attachment 6.

## 4 FACTORS SPECIFIED IN THE ESSENTIAL SERVICES COMMISSION ACT 2002

---

In considering a licence application, the Commission must have as its primary objective protection of the long term interests of consumers with respect to the price, quality and reliability of electricity supply, and must also have regard to the need to:

- (a) promote competitive and fair market conduct;
- (b) prevent misuse of monopoly or market power;
- (c) facilitate entry into relevant markets;
- (d) promote economic efficiency;
- (e) ensure consumers benefit from competition and efficiency;
- (f) facilitate maintenance of the financial viability of regulated industries and the incentive for long term investment;
- (g) promote consistency in regulation with other jurisdictions.

If the applicant believes that information about their application would assist the Commission in its consideration of these factors, the applicant should provide such information below.

### **Response:**

The proposed reticulation of LPG by AGN in Mount Barker, Nairne and Littlehampton region (the District) will benefit customers by providing them with access to a reliable source of energy which has lower emissions compared to coal-fired electricity. Importantly, it will also increase energy competition in the District, which we consider is consistent with the Essential Services Commission Act which states that the Commission must have regard to *ensuring consumers benefit from competition and efficiency* ".

Whilst this development is a growth opportunity in its own right, it also supports the long-term natural gas network expansion to the District, by building load ahead of significant investment in infrastructure by AGN. To this extent, AGN is currently in the front end engineering and design phase of the proposed extension of its natural gas distribution network to the District.

Such investment is consistent with the National Gas Law, and National Gas Objective which requires AGN to:

*"Promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply."*

Efficient natural gas distribution network extensions result in lower prices for all customers as AGN's largely fixed cost base is spread over a larger number of customers.

Further information is provided in Attachment 2 and Attachment 6.

## 5 APPLICATION FEES

---

Applicants for a licence must pay the Commission an application fee fixed by the Minister for Energy from time to time. This fee is presently set at \$1000 per licence. Please enclose this fee with the application. An application cannot be considered until this fee has been received.



## 6 DECLARATION

---

All information in this application for the issue of a licence to authorise gas distribution operations in the gas supply industry in South Australia must be verified by a Statutory Declaration of the applicant, in accordance with the provisions of the *Oaths Act 1936* (SA), stating that the information contained in the application is true and correct to the best of the applicant’s knowledge, information and belief.

Where the applicant is a body corporate, evidence of the relevant authority of the declarant to sign on behalf of the body corporate must also be provided to the Commission.

### **Statutory Declaration**

I .....

of.....

do solemnly and sincerely declare that the information contained in this Application for the issue of a licence to authorise gas distribution operations in the gas supply industry in South Australia is true and correct to the best of my knowledge information and belief.

And I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the *Oaths Act 1936*.

Date .....

Signature .....

(Where the applicant is a body corporate, the declaration must be made by a person authorised by body corporate to sign on its behalf)

Declared at: .....this ..... day of .....20....

Before me:.....

(Signature of Justice of the Peace or other person authorised under the *Oaths Act 1936*)



## 6 DECLARATION

---

All information in this application for the issue of a licence to authorise gas distribution operations in the gas supply industry in South Australia must be verified by a Statutory Declaration of the applicant, in accordance with the provisions of the *Oaths Act 1936* (SA), stating that the information contained in the application is true and correct to the best of the applicant's knowledge, information and belief.

Where the applicant is a body corporate, evidence of the relevant authority of the declarant to sign on behalf of the body corporate must also be provided to the Commission.

### Statutory Declaration

I BEN WILSON  
of AUSTRALIAN GAS NETWORKS

do solemnly and sincerely declare that the information contained in this Application for the issue of a licence to authorise gas distribution operations in the gas supply industry in South Australia is true and correct to the best of my knowledge information and belief.

And I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the *Oaths Act 1936*.

Date 3/11/16

Signature Ben Wilson

(Where the applicant is a body corporate, the declaration must be made by a person authorised by body corporate to sign on its behalf)

Declared at: Adelaide this 3rd day of November 2016

Before me: [Signature]

(Signature of Justice of the Peace or other person authorised under the *Oaths Act 1936*)

**WILLIAM CROMWELL CHIVELL**  
A Commissioner for taking affidavits  
in the Supreme Court of South Australia