

APA

Australia's energy
infrastructure partner

Pilbara Deed Poll Annual Internal Review Report

Internal Review Report

March 2025



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Acknowledgement of Country

We acknowledge the Traditional Owners and Custodians of the land on which our assets are operated and maintained.

We acknowledge their connections to land, sea and community.

We pay our respects to their Elders past and present. We commit to ensuring the Pilbara Pipeline System, Goldfields Gas Pipeline and Northern Goldfields Interconnect operate in a fair and ethical manner that respects First Nations peoples' rights and interests.



1. Overview

In the process of acquiring Alinta Energy Pilbara in late 2023, APA offered a 15 year ‘undertaking’ to its existing and future gas transmission customers in the Pilbara in the form of the Pilbara Pipeline System, Goldfields Gas Pipeline and Northern Goldfields Interconnect Deed Poll (**Deed Poll**).

The Deed Poll relates to the gas transmission assets set out in Table 1 below.

Table 1 Pilbara Gas Transmission Assets

| Asset | Legal Entity |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pilbara Pipeline System (PPS) <ul style="list-style-type: none"> Burrup Extension Pipeline; Pilbara Energy Pipeline; Karratha Lateral; HBI Lateral; and Boodarie Gas Lateral | APA (Pilbara Pipeline) Pty Ltd (APA PPS) (ACN 081 971 173) |
| Goldfields Gas Pipeline (GGP) | Southern Cross Pipelines Australia Pty Ltd (SCPA) (ACN 084 521 997) Southern Cross Pipelines (NPL) Australia Pty Ltd (SCPNPL) (ACN 085 991 948) APA GGT Pty Ltd (APA GGT) (ACN 167 710 590) |
| Northern Goldfields Interconnect (NGI) | APA Northern Goldfields Interconnect Pty Ltd (APA NGI) (ACN 646 298 142) |

APA Infrastructure Limited is the ultimate holding company of each of APA PPS, SCPA, SCPNPL, APA NGI and APA GGT. APA Infrastructure Limited is also the operator of these assets.

This document reports on APA’s compliance with sections 3 and 4 of the Deed Poll for the period commencing from date of acquisition to 31 December 2024 (**Internal Review Report**).

While the Deed Poll only requires APA to publish a short Review Report that confirms the Internal Review has been undertaken and publishes key conclusions, APA has chosen to publish a more comprehensive report that explains how APA is meeting all its obligations under the Deed Poll. This report also includes the statement of work agreed with the independent person, KPMG.

Any questions about this Internal Review Report can be directed to ringfencing@apa.com.au.

1.1. Deed Poll requirements

A Deed Poll is a legally binding agreement given by one party, where the beneficiaries of the agreement do not have to enter into the agreement to obtain the benefit offered under the agreement.

The Deed Poll is published on the [APA website](#).

As part of its commitments, APA has undertaken each year to:

- Conduct an annual review of its compliance with its commitments under the Deed Poll; and
- Prepare and publish a report that outlines the findings of the review.

The following is a summary of Section 3 Ring-fencing Commitment and Section 4 Contracting Commitment of the Deed Poll:

APA's undertaking to customers of the PPS, GGP and NGI

- comply with ring-fencing procedures that ensure its gas pipeline business is ring-fenced from its power generation business in the Pilbara; and
- prevent the disclosure of any confidential information about its pipeline customers to the power generation business in the Pilbara without customer consent. This will include IT measures that prevent inadvertent access.

Additional undertaking to customers of the Pilbara Energy Pipeline

- provide some flexibility on delivery points (detailed in the Deed Poll section 4(a)(i)) if requested by the customer in any new contract for firm transportation on the PPS, or in respect of a new firm transport service under an existing contract on the PPS. 'New' means post 1 November 2023 (see Deed Poll section 4(b) for exemptions); and
- offer 'postage stamp' pricing for a firm transport service (see Deed poll section 4(a)(ii) for details and exemptions).

1.2. Independent Review requirements

Section 5 of the Deed Poll outlines the process of an annual independent review, as extracted below:

5 Independent review

- (a) APA undertakes to:
- conduct an annual review of its compliance with clauses 3 and 4 over the previous 12-month period (Internal Review);
 - prepare a report in respect of each Internal Review (Review Report), and publish the following on APA's website:
 - a confirmation that the latest Internal Review has been conducted and
 - an outline the key conclusions of the latest Internal Review; and
 - appoint an Independent person, which has appropriate skills and expertise, to:
 - agree the methodology for the Internal Review with APA and endorse the agreed methodology;
 - report its findings against the scope of appointment;
 - report on APA's progress in implementing any actions recommended by the Independent person in the previous Independent review; and
 - endorse:
 - its scope of appointment; and
 - the Review Report (including the finding as to whether APA has complied with clauses 3 and 4 over the previous 12-month period).
- (b) APA undertakes to publish on APA's website:
- the scope of appointment of the last Independent person to be appointed under clause 5(a)(iii); and
 - the endorsement referred to in clause 5(a)(iii)(D) in respect of the latest Internal Review.
- (c) The scope of appointment for the Independent person referred to in clause 5(a)(iii) will be agreed between APA and the Independent person from time to time, and must require the Independent person to:
- act impartially; and
 - maintain in strict confidence all information received by the Independent person on terms acceptable to APA (acting reasonably), including providing a written undertaking to APA in relation to same.
- (d) Nothing in this clause 5(a)(ii) or 5(b) requires APA to publish any information on APA's website that is confidential or commercially sensitive.

2. Scope of appointment

In accordance with the independent review (outlined in section 1.2 of this report), APA has appointed KPMG as the Independent person to:

- agree the methodology for the Internal Review with APA
- report its findings against the scope of appointment
- report on APA's progress in implementing any actions recommended by the independent person in the previous independent review

The scope of KPMG's engagement is to conduct a review of APA's compliance with section 3 and 4 of the Deed Poll and provide a report that outlines the findings of the review that can be published on APA's website.

In doing so, KPMG is required under the Deed Poll to act impartially and maintain in strict confidence all information received.

2.1. Methodology

KPMG has undertaken the following actions to monitor APA's compliance with section 3 and 4 of the Deed Poll:

- Opening meetings with relevant stakeholders to understand the current year process for implementing processes and control to delivery compliance with the Deed Poll, including an overview of the compliance framework, core business activities and compliance systems.
- Understand the status of actions taken to address risks to compliance and/or breaches identified during the period.
- Obtain and review relevant policies, procedures and data for a desktop assessment of practices and controls in place to support compliance.
- Develop and execute testing procedures to assess controls supporting compliance and investigate whether there have been any non-identified compliance breaches during the period.
- Where relevant, investigate and test a sample of compliance breaches identified and communicated during the period.
- Discuss indicative draft findings and recommendations with key stakeholders to validate factual accuracy and appropriateness.
- Prepare a report for publishing on the APA Website.

3. How APA ensures compliance with section 3 and 4 of the Deed Poll

APA has undertaken a wide range of activities to ensure compliance with the Deed Poll. These activities form part of APA's wider Compliance and Risk Management framework.

3.1. Updating the ring-fencing policy, standard and procedure

APA has ring fencing obligations for its gas assets in Western Australia as set out in the *National Gas Access (WA) Act 2009* (a modified version of the National Gas Law). These ring fencing obligations are not new to APA. It has complied with ring fencing obligations under the National Gas Law and National Electricity Law for many years given its portfolio of regulated gas pipelines and electricity transmission assets.

APA has an existing suite of ring fencing policies and procedures that all APA staff must abide by. These documents include:

- **Ring fencing policy** – sets out APA's approach to ring fencing including the principles, roles and responsibilities of individuals within the business
- **Ring fencing standard** – sets out what behaviours and processes are required to comply with ring fencing obligations
- **Ring fencing procedure** – contains the detailed processes and procedures that support ring fencing compliance

These documents were updated in 2024 following the acquisition of Alinta Energy Pilbara.

3.2. Internal communication, and training

APA has in place various systems and processes to ensure compliance. These include:

- Regular ring fencing updates to the Executive Policy Committee, Monthly Policy Forum and Monthly Ring Fencing Steering Committee
- A staff intranet page with a clear process for the reporting of any suspected breaches
- Annual ring-fencing training (conducted either in person or online)
- Within APA's existing compliance framework, new controls have been identified and allocated to the appropriate person within APA (see section 3.4).

3.3. IT systems

APA has appropriate security measures and controls to maintain customers' confidential information in the form of a dedicated Customer Contract Management (**CCM**) and Customer Relationships Management (**CRM**). These security measures include:

- Security Roles are assigned to a user to implement required data ringfencing
- Weekly automated testing is in place for CRM which covers ring fencing between Transmission and Power Team plus CCM functionalities
- GM level approves request for access and conducts monthly user access reviews.

3.4. New ring-fencing controls

Leveraging its existing compliance management system, APA has conducted a detailed process to identify, implement and assign new ring fencing controls to individuals.

Assigning ring fencing controls to individuals across the organisation drives a culture of compliance and ensures that all ring fencing obligations have a clear and single owner.

The controls in question have been implemented within APA's internal compliance system, Vigilant. The controls have also been assigned to individuals who are responsible for ensuring compliance and attesting on an annual basis that the controls are effective, and the obligations are complied with.

The list of obligations and controls are outlined in Table 2.

Table 2 APA Pilbara Deed Poll ring fencing compliance controls

| Obligation | APA Controls |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| OBL_001471 - [Deed Poll] In respect of the PPS, the GGP and the NGL, APA must have in place reasonable information technology system and security measures to safeguard confidential customer information. | CTRL_012651 - A User Access Review pack has been developed to ensure access to ring fenced information for the PPS, the GGP and the NGL is monitored and restricted as per Ring Fencing requirements. The list of users and storage locations is reviewed regularly by the General Manager. CTRL_012650 -Testing automation relating to Pilbara Assets implemented into CRM / CCM and test data run on a weekly basis to check for ring fencing requirements. Failed results are checked to determine reason for failure. |
| OBL_001472 - [Deed Poll] APA must comply with its ring-fencing policies and procedures that apply in respect of the PPS, GGP and NGL. | CTRL_005770 - Ring-fencing policy and procedures kept up to date by APA Legal. CTRL_000747 - Ring-fencing training - Annual training (PowerPoint presentation) to an audience selected based on their day-to-day role (includes all of S&C team and other affected parties). |
| OBL_001473 - [Deed Poll] APA must comply with contracting commitments relating to: - Shipper request for existing Delivery Point access and transfer - postage stamp pricing | CTRL_012644 - The document execution process takes into account offer for existing Delivery Point access and transfer if requested by a Shipper and includes applicable written notification where APA is not able to give effect to a request. CTRL_012645 - With respect to the PEP, opportunity screening process in place (standard price is postage stamp price). |
| OBL_000790 - Separation of accounts: a Covered Pipeline service provider must prepare, maintain and keep separate accounts in respect of every covered pipeline, and a consolidated set out accounts for the whole business of the covered pipeline provider - applies to both December and June Year end reporting. | CTRL_000762 - Preparation of separate accounts for Covered Pipeline service providers - applies to both December and June year end |
| OBL_000788 - Separation of APA People and Entities: - APA Covered Pipeline service provider entities must not carry on a Related Business. - Personnel engaged in marketing Covered Pipeline services cannot market services or act as agent for a Related Business and vice versa. | CTRL_005770 - Ring-fencing policy and procedures kept up to date by APA Legal CTRL_000747 - Ring-fencing training - Annual training (PowerPoint presentation) to an audience selected based on their day-to-day role (includes all S&C team and other affected parties). CTRL_000754 - The new corporate entity registration process takes ring-fencing compliance into account, including the appropriate appointment of directors. CTRL_000756 - Restriction of attendance at internal and external meetings, calls and on emails is reinforced in annual training and the ring fencing manual. Responsibility also lies with Exec and GMs to enforce the culture. CTRL_000757 - Deal-specific Protocols developed by Legal and signed by relevant personnel: Under the APA document execution process, all agreements for the sale or acquisition of gas (including natural and processable gas and LNG) require approval by APA Legal. This provides an additional check to ensure the contracting entity and corporate structure being used for such transactions is appropriate and in compliance with the NGL, Ring-fencing Policy, Ring-fencing Standard and this Procedure. CTRL_000770 - The document execution process takes ring-fencing compliance into account by requiring Regulatory and Legal sign-off for deals that would involve ring-fencing |

| Obligation | APA Controls |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| OBL_000791 - Associate contracts must not be anti-competitive: A Covered Pipeline service provider must not enter, vary or implement an associate contract that has an anti-competitive purpose, effect or likely effect in a natural gas market (unless approved by the AER). | CTRL_000770 - The document execution process takes ring-fencing compliance into account by requiring Regulatory and Legal sign-off for deals that would involve ring-fencing. |
| OBL_000792 - Associate contracts must comply with the Pricing Parity Rule: A Covered Pipeline service provider must ensure that any pipeline services on a Covered Pipeline are provided to associates as if they were unrelated entities (unless approved by the AER). | CTRL_000747 - Ring-fencing training - Annual training (PowerPoint presentation) to an audience selected based on their day-to-day role (includes all S&C team and other affected parties). CTRL_000770 - The document execution process takes ring-fencing compliance into account by requiring Regulatory and Legal sign-off for deals that would involve ring-fencing. |
| OBL_000793 - Notify AER or ERA of Associate contracts: AER must be notified of any Associate Contracts entered into or varied within 5 Business Days (whether the AER approved the contract or not). | CTRL_000774 - APA Regulatory team advised upon execution and notify AER or ERA within 5 Business Days. CTRL_001596 - Customer & Commercial notifies regulatory of all new associate contracts within 24 hours of execution. |
| OBL_001470 - [Deed Poll] APA must comply with requirements relating to: - Annual compliance review - appointment of independent reviewer - publish key conclusions of annual review | CTRL_012646 - The Economic Reg & Ext Pol Team is responsible for the preparation of a report on the key findings of that review of compliance with clauses 3 and 4 over the previous 12 month period CTRL_012647 - The Economic Reg & Ext Pol Team is responsible for engaging an independent person to endorse the scope of appointment and the Review Report on an annual basis CTRL_012648 - The Economic Reg & Ext Pol Team is responsible for maintaining updates to APA's website of relevant information relating to the appointment of independent person, key findings of the review and confirmation of the review and the key findings from the annual internal review. |