



APA Group

Pilbara Deed Poll Annual Review Report
March 2025



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Acknowledgement of Country

KPMG acknowledges Aboriginal and Torres Strait Islander peoples as the First Peoples of Australia. We pay our respects to Elders past, present, and future as the Traditional Custodians of the land, water and skies of where we work.





1 Overview

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

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.

This report sets out APA's Pilbara Deed Poll Annual Review Report for the period 1 November 2023 – 31 December 2024 (**Review Report**).

This report sets out:

- **Part 3** - The scope and approach of this annual review conducted by KPMG, including testing activities undertaken to;
 - Identify and test key internal controls¹ implemented by APA to ensure compliance with the Deed Poll.
 - Conduct sample testing of key elements of compliance with the Deed Poll across the reporting period.
- **Part 4** - The outcome of the annual review is that testing activities conducted did not identify any breaches of the Deed Poll during the reporting period.
- **Part 5** – One process improvement opportunity identified in relation to the manual process of identifying employees who are required to complete the annual ring-fencing training during the reporting period.
- **Part 6** – Summary of results of testing activities relating to the internal controls implemented by APA to ensure compliance with their obligations.

In line with Section 5(a) of the Deed Poll, APA is required to conduct an annual review of its compliance with clauses 3 and 4 of the Deed Poll. For the first review, APA appointed KPMG as the independent party to conduct the Internal Review, covering the period from 1 November 2023 to 31 December 2024 (14 months). This extended review period was agreed upon given the commencement date of the Pilbara Deed Poll on 1 November 2023. Going forward, an annual internal review of APA's compliance with clauses 3 and 4 over the previous 12-month period will be conducted (e.g. 1 January 2025 – 31 December 2025).

2 APA's operating environment

APA is a leading Australian energy infrastructure business, managing and operating a diverse portfolio of assets valued at \$26 billion. This includes assets across gas, electricity and renewable assets such as solar, and wind energy. Aligned with its mission to secure Australia's energy future, APA transports approximately half of Australia's gas supply and plays a critical role in connecting businesses and households across the country to the energy they need.

A recent milestone for APA was the acquisition of the Pilbara Energy System in November 2023. The Pilbara Energy System includes a portfolio of operational assets, such as gas and solar power generation, gas transmission and battery energy storage systems (BESS)

¹ An internal control is a process implemented by an organisation to mitigate risk and achieve business objectives such as adherence to regulatory obligations.

and electricity transmission. Additionally, it includes a development pipeline comprising of wind, solar, gas reciprocating engines, BESS and associated electricity transmission projects located in Western Australia's Pilbara region.

The Pilbara Deed Poll sets out the ring-fencing and contracting arrangements between APA and any current or future Shipper acquiring gas pipeline services on APA's Pilbara Pipeline System (PPS), the Goldfields Gas Pipeline (GGP) and the Northern Goldfields Interconnect (NGI).

3 Scope and Approach

In order to assess APA's compliance with sections 3 and 4 of the Pilbara Deed Poll, the following testing activities were performed;

- Reviewed processes and controls to deliver compliance with the Pilbara Deed Poll through document review (e.g. ring-fencing policy, standard and procedure) and stakeholder interviews. Further understood the status of actions taken to address risks to compliance identified during the reporting period.
- Developed and executed a risk-based testing program to assess controls supporting compliance and investigated whether there had been any non-identified compliance breaches during the period. Performed additional procedures, including document review and interviews, to identify any potential compliance breaches that had not been previously detected or reported.
- Reviewed outcomes from the testing activities to determine whether APA meets the specific requirements under the Pilbara Deed Poll, or if any non-compliances were identified with respect to those requirements.

4 Breaches of the Deed Poll

From the testing activities conducted, no breaches of sections 3 and 4 of the Deed Poll were identified during the Reporting Period.

5 Process Improvement Opportunity

Acknowledging no breaches of sections 3 and 4 of the Deed Poll were identified during the Reporting Period, one improvement opportunity was identified in relation to the manual process of identifying employees who are required to complete the annual ring-fencing training. These employees were identified through email communications with their respective departmental General Managers (GMs). The responsibility for identifying these employees was delegated to the departmental GMs. While testing activities performed did not indicate an inappropriate delegation of training responsibilities, the process was manual and ad hoc which increased the risk of human error.

As part of the ongoing maturation of the control environment, APA has implemented an upgraded learning management module into its Enterprise Resource Planning System (Workday) that will enhance awareness of ring-fencing training obligations. This system provides automated reminders to existing employees and new starters who need to complete ring-fencing training, broadening the scope of training completion across the organisation. The automated Workday reminders address the process improvement opportunity moving forward and support APA's commitment to maintaining robust controls and compliance with the Pilbara Deed Poll.

6 How APA ensures compliance with the Deed Poll

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

6.1 Updating the ring-fencing policy, standard and procedure

As part of its operations in Australia's energy sector, APA is subject to ring-fencing obligations under various regulatory frameworks, particularly in relation to its role in the gas and electricity transmission and distribution sectors. These obligations are closely aligned with the commitments outlined in the Deed Poll. APA has established a suite of ring-fencing policies and procedures which all relevant staff are required to follow, with the objective of establishing a consistent approach to meeting all ring-fencing obligations. 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 November 2023 following the commencement of the Deed Poll. In order to incorporate reference to APA's compliance obligations under the Deed Poll, the documents were updated again in September 2024.

6.2 Mapping Deed Poll obligations to controls

APA utilises the compliance management system Vigilant to map out relevant regulation sections from the National Gas Access (WA) Act 2009 alongside the obligations outlined in the Deed Poll (Section 3 – Ring-fencing commitment and Section 4 – Contracting commitment). Vigilant supports the identification and linkage of specific obligations to the appropriate controls and control owners within the organisation. Individuals assigned as control owners are responsible for ensuring compliance with these obligations, including the execution of necessary actions. These actions involve control execution to ensure the controls are effectively applied, or control improvement, where the controls are refined to enhance their effectiveness. This structured and system driven approach supports APA to maintain compliance with all Deed Poll obligations.



Table 1: APA Deed Poll Compliance Controls

Obligation Category	APA controls	Relevant Obligation Reference	Testing Performed & Outcome
Compliance with ring-fencing requirements	This obligation relates to Section 3(a) of the Deed Poll which refers to compliance with all ring-fencing requirements under WA Gas Law and the separation of APA's Power Generation Business as a related business. As a result, this obligation relates to all controls and testing performed below.	3(a)(i) Deed Poll 3(a)(iii) Deed Poll	Refer below. Outcome: No exceptions noted from testing performed.
Minimum ring-fencing requirements	<p>Control NGA139.1: Legal separation of related businesses.</p> <ul style="list-style-type: none"> - Legal separation of related businesses e.g. produce, blend, buy or sell gas as relevant to Pilbara. <p>Control 3bi.1: Ring-fencing policy and procedures kept up to date by APA Legal and available to appropriate staff.</p> <ul style="list-style-type: none"> - Policy sets out APA Group's principles, roles and responsibilities to ensure that APA manages ring-fencing appropriately and is consistent with legal requirements and regulator's advice. Updates are distributed internally. <p>Control 3bi.2: Ring-fencing training.</p> <ul style="list-style-type: none"> - Annual training (PowerPoint presentation) to an audience selected based on their day-to-day role (includes all of Safety & Compliance (S&C) team and other affected parties). <p>Control 3bi3: Structural separation.</p> <ul style="list-style-type: none"> - Gas pipeline marketing teams are structurally separated from the power development Pilbara team to protect sensitive commercial information. This is achieved through management lines of reporting that implement structural separation. <p>Control NGA141.1: Separation of cost centres.</p> <ul style="list-style-type: none"> - Separate cost centres are established and maintained to ensure the extent and nature of transactions between the 	<p>3(a)(i) Deed Poll</p> <p>s. 139 Division 2 National Gas Access (WA) Act 2009</p> <p>s. 140 Division 2 National Gas Access (WA) Act 2009</p> <p>s. 141 Division 2 National Gas Access (WA) Act 2009</p>	<ul style="list-style-type: none"> - Performed a search on Australian Business Register website using ABNs of Pilbara Gas Transmission Assets to validate legal entity separation. Inspected organisational legal entity structure and compared to results of ABN search. - Inspected the Ring-fencing standard, policy and procedure and noted this was updated to incorporate reference to APA's compliance obligations under the Deed Poll, WA Gas law, AER's Ring-fencing Guideline (Electricity Transmission) and Ring-fencing obligations in National Gas Rules). - Inspected the Ring-fencing training materials to determine whether the content accurately reflected APA's obligation to comply with the Ring-fencing requirements in the Deed Poll. - Inspected the training attendance and completion records for the year ended 31 December 2024 for ring-fencing training since the acquisition date of Alinta's Pilbara assets (1 November 2023). - Sighted structural separation between managing gas pipeline and related businesses in organisational chart. - Inspected the separate regulatory accounts for Pilbara and Power Generation Business, which were submitted to the AER for the regulatory period ending 30 June 2024.



Obligation Category	APA controls	Relevant Obligation Reference	Testing Performed & Outcome
	<p>pipeline services and its affiliated entities to ring-fence different assets and business units.</p> <p>Control NGA141.2: Independent audit of consolidated financial statement.</p> <ul style="list-style-type: none"> - Consolidated financial statement is prepared in accordance with Australian accounting principles. Deloitte, as their current appointed auditor, undertakes an independent audit of the annual consolidated financial accounts. 		<ul style="list-style-type: none"> - Performed a desktop review of the independent audit report of APA's consolidated financial statement conducted by Deloitte. <p>Outcome: No exceptions noted from testing performed.</p>
Additional ring-fencing requirements and AER ring-fencing exemptions	<p>Control NGA143.1: Internal tracking of customer complaints.</p> <ul style="list-style-type: none"> - Complaints screened for validity and then escalated up to board level. <p><i>Note: APA confirmed there were no exemption applications and no additional ring-fencing determinations.</i></p>	<p><i>3(a)(i) Deed Poll</i></p> <p><i>ss. 142 - 145 Division 3 National Gas Access (WA) Act 2009</i></p> <p><i>s. 146 Division 4 National Gas Access (WA) Act 2009</i></p>	<ul style="list-style-type: none"> - Checked the AER website to assess whether there were any APA Pilbara Gas transmission exemptions or additional ring-fencing determinations. - Inspected 'Manage Customer Complaints and Feedback Process' document. <p>Outcome: No exceptions noted from testing performed.</p>
Associate contracts	<p>NGA147.1: Legally approved contract templates.</p> <ul style="list-style-type: none"> - Any new or varied agreement between a Transmission Network Service Provider (TNSP) and a service provider requires that the service provider complies with the non-discrimination, staff sharing and information access obligations as if the service provider was the TNSP. Ring-fencing related clauses are included in legally approved templates used for procurement. <p>NGA147.2: Document execution form process.</p> <ul style="list-style-type: none"> - Document execution and sign-off process whereby a deal cannot be executed until it has undergone thorough 	<p><i>3(a)(i) Deed Poll</i></p> <p><i>ss. 147-148 Division 5 National Gas Access (WA) Act 2009</i></p> <p><i>ss. 32-33 Part 6 Western Australian National Gas</i></p>	<ul style="list-style-type: none"> - Sighted ring-fencing related clauses included in legally approved contract templates used for procurement. - Sighted document execution form sign-off process and inclusion of approval by relevant stakeholders. - Sighted CGP tariffs documented on the APA website. - Sighted the flag reminder included in the contract execution checklist that notifies the team that an associate contract has been signed and must be provided to the regulator within 5 business days. - Sighted one sample of a document execution form which



Obligation Category	APA controls	Relevant Obligation Reference	Testing Performed & Outcome
	<p>review and approval by relevant stakeholders such as the Regulatory team and senior leaders ensuring that all deals have passed the necessary governance checks.</p> <p>NGA148.1: Tariffs published on APA website.</p> <ul style="list-style-type: none"> - GGP tariffs are documented on the APA website allowing them to demonstrate compliance with the competitive parity rule. <p>NGR33.1: Alert for associate contract notification deadline.</p> <ul style="list-style-type: none"> - Once an associate contract is signed, a flag is sent to everyone in the team notifying that it must be provided to the regulator within 5 business days. <p>NGR33.2: Document execution form notes to identify associate contracts.</p> <ul style="list-style-type: none"> - Notes are left at the bottom of the document execution authorisation form identifying associate contracts and advising that the regulator must be notified within 5 days. 	<p><i>Rules</i></p>	<p>included a note to identify an associate contract and advise that the regulator must be notified within 5 business days.</p> <p>Outcome: No exceptions noted from testing performed.</p>
<p>Prevent disclosure of customer confidential information</p>	<p>Control 3bi.1: Ring-fencing policy and procedures kept up to date by APA Legal and available to appropriate staff.</p> <ul style="list-style-type: none"> - Policy sets out APA Group's principles, roles and responsibilities to ensure that APA manages ring-fencing appropriately and is consistent with legal requirements and regulator's advice. Updates are distributed internally. <p>Control 3bi.2: Ring-fencing training.</p> <ul style="list-style-type: none"> - 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). <p>Control 3bi3: Structural separation.</p>	<p><i>3(b)(i) Deed Poll</i></p>	<ul style="list-style-type: none"> - Inspected the Ring-fencing standard, policy and procedure and noted this was updated to incorporate reference to APA's compliance obligations under the Deed Poll, WA Gas law, AER's Ring-fencing Guideline (Electricity Transmission) and Ring-fencing obligations in National Gas Rules). - Inspected the Ring-fencing training materials to determine whether the content accurately reflected APA's obligation to comply with the Ring-fencing Requirements in the Deed Poll. - Inspected the training attendance and completion records for the year ended 31 December 2024 for ring-fencing training since the acquisition date of Alinta's Pilbara



Obligation Category	APA controls	Relevant Obligation Reference	Testing Performed & Outcome
	<ul style="list-style-type: none"> - Gas pipeline marketing teams are structurally separated from the power development Pilbara team to protect sensitive commercial information. This is achieved through management lines of reporting that implement structural separation. 		<p>assets (1 November 2023).</p> <ul style="list-style-type: none"> - Sighted structural separation between managing gas pipeline and related businesses in organisational chart. <p>Outcome: No exceptions noted from testing performed.</p>
<p>Implementation of information technology system security measures</p>	<p>Control 3bii.1: Role-based access permissions.</p> <ul style="list-style-type: none"> - Information related to opportunities, deals and contracts is managed in IT systems like Customer Relationship Management (CRM) and Customer Contract Management (CCM) whereby access to confidential customer information is strictly controlled through role-based security i.e. only authorised users (based on roles) are granted access to sensitive information. <p>Control 3bii.2: Quarterly review of user access permissions.</p> <ul style="list-style-type: none"> - Quarterly reviews of user access permissions to CRM and CCM systems are conducted to ensure only authorised users have access to confidential customer information. 	<p><i>3(b)(ii) Deed Poll</i></p>	<ul style="list-style-type: none"> - Inspected CRM and CCM Ring-Fencing Security Model Overview and sighted role-based user access segregations. - Performed sample testing to evidence completion of quarterly user access reviews. <p>Outcome: No exceptions noted from testing performed.</p>



Obligation Category	APA controls	Relevant Obligation Reference	Testing Performed & Outcome
<p>Compliance with APA's ring-fencing policies and procedures</p>	<p>Control 3bi.1: Ring-fencing policy and procedures kept up to date by APA Legal and available to appropriate staff.</p> <ul style="list-style-type: none"> - Policy sets out APA Group's principles, roles and responsibilities to ensure that APA manages ring-fencing appropriately and is consistent with legal requirements and regulator's advice. Updates are distributed internally. <p>Control 3bi.2: Ring-fencing training.</p> <ul style="list-style-type: none"> - 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). 	<p>3(c) Deed Poll</p>	<ul style="list-style-type: none"> - Inspected the Ring-fencing standard, policy and procedure and noted this was effective from 11 September 2024 (to incorporate reference to APA's compliance obligations under the Deed Poll, WA Gas law, AER's Ring-fencing Guideline (Electricity Transmission) and Pilbara Code/Ring-fencing Rules following the completion of its acquisition of Alinta's Pilbara assets). - Inspected the Ring-fencing training materials to determine whether the content accurately reflected APA's obligation to comply with the Ring-fencing Requirements in the Deed Poll. - Inspected the training attendance and completion records for the year ended 31 December 2024 for ring-fencing training since the acquisition date of Alinta's Pilbara assets (1 November 2023). <p>Outcome: No exceptions noted from testing performed.</p>
<p>Delivery point access</p>	<p>Control DP4ai.1: Contractual obligation to provide additional delivery points if feasible.</p> <ul style="list-style-type: none"> - Mechanism in gas transport agreements where customer can ask for an additional delivery point and APA must provide if feasible i.e. APA is contractually obligated. <p><i>Note: APA confirmed there were no instances of inability to deliver gas at a requested delivery point and subsequently no written notices to be provided to the requesting Shipper.</i></p>	<p>4(a)(i) Deed Poll</p>	<ul style="list-style-type: none"> - Reviewed gas transport agreement to identify clause 17 referencing the contractual obligation to provide customers with additional delivery points if feasible to do so. <p>Outcome: No exceptions noted from testing performed.</p>



Obligation Category	APA controls	Relevant Obligation Reference	Testing Performed & Outcome
Postage stamp pricing	Control DP4aii.1: Postage stamp pricing available on APA website. <ul style="list-style-type: none"> - All customers on Pilbara Energy Pipeline (PEP) are postage stamp price which is available on the APA website. 	<i>4(a)(ii) Deed Poll</i>	<ul style="list-style-type: none"> - Sighted postage stamp pricing on APA website. Outcome: No exceptions noted from testing performed.



7 Appendix One: Stakeholder Consultations

The table below outlines the APA stakeholders who were involved in discussions on how APA ensures compliance with the Deed Poll detailed in this report.

APA Stakeholder Consultations
John Skinner – Senior Manager Policy - Eco Regulatory & External Policy
Julie Dixon – Regulatory Compliance Manager - Eco Regulatory & External Policy
Hamish Wagner – Manager Commercial Contracting - Customer & Commercial
Maggie Xie – Manager Finance Operations – Finance Operations & Transformation
Lisa Payne – Commercial Governance Manager - Customer & Commercial
Silvana Alessandro – Regulatory Reporting Manager – Integrated Business Planning & Reporting
Gavin Neale – Group Counsel, Major Projects & Commercial – General Counsel Legal & Governance
Larina Taylor – Senior Legal Counsel – General Counsel Legal & Governance
Lex Lanyon – Senior Legal Counsel – General Counsel Legal & Governance
Scott Young – Senior Regulatory Manager - Eco Regulatory & External Policy
Anitha John – CRM/CCM Systems Lead - Technology

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