



Australian Gas Networks Limited (ACN 078 551 685)

ANNUAL REPORT

PIPELINE LICENCE 6

LICENCE YEAR 2014

1 January 2014 – 31 December 2014

May 2015

Prepared on behalf of Australian Gas Networks Limited

by

APT O&M Services Pty Ltd

CONTENTS

1.	INTRODUCTION	3
2.	REGULATED ACTIVITIES.....	3
2.1	Patrolling Activities*	3
2.2	Operational and Maintenance Activities	4
2.3	Surveys	5
2.4	Pipeline Location and Referral Services	5
2.5	Permit to Work System	5
2.6	Emergency Response Exercises	5
3.	COMPLIANCE ISSUES.....	5
3.1	Licence and Regulatory Compliance	5
3.2	Compliance with Statement of Environmental Objectives	5
3.3	Rectification of Non-Compliances	6
3.4	Management Systems Audit.....	6
3.5	Report and Data Submissions	7
3.6	Incidents.....	7
3.7	Threat Prevention.....	7
3.8	Safety Management Study	8
3.9	Pipeline Integrity Management Plan (PIMP)	8
3.10	Future Work Program	8
3.11	Additional Information	8
4.	EXPENDITURE STATEMENT	8
	APPENDIX 1 - ANNUAL ASSESSMENT OF COMPLIANCE AGAINST SEO OBJECTIVES.....	9
	APPENDIX 2 - EXPENDITURE STATEMENT	13

1. INTRODUCTION

Pipeline Licence 6 was granted on 27 January 1994 and was renewed again in early 2015. The licence authorises the construction and operation of the Angaston to Berri and Sedan to Murray Bridge Natural Gas Transmission Pipeline System commonly referred to as the "Riverland Pipeline," located in South Australia. This report details the work conducted during Licence Year 2014 of the licence (1 January 2014 to 31 December 2014 inclusive) in accordance with Regulation 33 of the *Petroleum and Geothermal Energy Act 2000* (SA) ("the Act").

2. REGULATED ACTIVITIES

The following regulated activities were carried out under the licence during Licence Year 2014.

2.1 Patrolling Activities*

2.1.1 *Weekly Patrols (patrol route covering Angaston, Swan Reach and Murray Bridge)*

SCOPE:

- Inspection of Right of Way;
- Site Checks - visual check of compounds and equipment

2.1.2 *Monthly Patrols*

SCOPE:

- Inspections to ensure that the pipeline and associated sites are in a clean and presentable state and that the following items are specifically checked for and repaired if necessary:
 - gas leakage check on all connection fittings, flanges, stems and seals;
 - weed management;
 - soil management;
 - fencing; and
 - fence signage.

2.1.3 *Monthly Aerial Patrols*

SCOPE:

- Inspecting the condition of:
 - signage;
 - easement encroachments;
 - washaways and loss of cover;
 - right of way and access roads; and
 - the general condition of above ground facilities along the pipeline.

2.2 Operational and Maintenance Activities

ROUTINE

2.2.1 *Quarterly and Annual Inspections and Maintenance on Mechanical Equipment*

SCOPE:

Station Inspections

- gas leakage checks;
- weed management;
- soil management;
- fencing inspection/repair;
- station shed check;
- compound fence signage; and
- fire extinguisher checks.

Meter Inspections

- meter checks

Equipment Inspections

- bypass pressure checks;
- regulator lock up checks;
- valve position check and testing;
- station isolation valve; and
- Testing and servicing Pressure Relief Valve testing and servicing.

Residual Current Device

- operational checks

NON-ROUTINE

- IPSCO flange repairs at MLV1 on the Murray Bridge lateral and at MLV2 and MLV5 on the Angaston to Berri lateral;
- Dig ups on the Riverland Pipeline commenced in 2014 and scheduled to be completed in 2015
- Replacement of fencing around all compounds completed
- Painting of the Berri Gate Station, township regulators and meter stations in Murray Bridge;
- Program of replacement of anodes along various sections of the pipeline, including zinc anodes commenced in 2014 and continuing in 2015
- New installation of a water bath heater at the Berri Gate Station and upgrade of fencing around the facility
- Construction began on a new compressor at the existing Angaston Compressor Station, which will increase the delivery capacity at Mildura from 3 TJ/day to approximately 4.4 TJ/day.

2.3 Surveys

2.3.1 Annual Leakage Survey

The annual Leakage Survey on all T1 locations was completed in March 2014 and no leaks were identified.

2.3.2 Cathodic Protection Surveys

The annual CP survey was re-scheduled for completion in April 2015. Two CP surveys will be completed in 2015 with the second survey to be completed in November 2015.

2.3.3 Special Zone Surveys

Periodic surveys are carried out at particular points on the pipeline which are designated as "Special Crossings," the purpose of which is to inspect nominated road, river and other crossings of the pipeline for loss of cover or other changes which may pose a potential threat to the integrity of the pipeline. A special zone survey was carried out in February/March 2014 and no issues identified.

2.4 Pipeline Location and Referral Services

During the licence year there were 120 Dial Before You Dig ("DBYD") enquiries received from the national referral service in relation to the Riverland Pipeline.

2.5 Permit to Work System

All third party activity within the pipeline easement and all works carried out on the pipeline easement were conducted under a "Permit to Work" System. The works are supervised to ensure the safety and integrity of the pipeline system and personnel.

2.6 Emergency Response Exercises

No emergency exercise was completed in 2014 on the Riverland Pipeline, as the requirement is for a bi-annual exercise. The last exercise on this pipeline was conducted on 6 June 2013.

3. COMPLIANCE ISSUES

3.1 Licence and Regulatory Compliance

Australian Gas Networks ("AGN") complied with the terms and conditions under Pipeline Licence 6, the legislative requirements in the *Petroleum and Geothermal Energy Act 2000* (SA) and *Petroleum and Geothermal Energy Regulations 2013* (SA) and its Statement of Environmental Objectives during Licence Year 2014.

3.2 Compliance with Statement of Environmental Objectives

Refer to **Appendix 1** for AGN's Annual Assessment of Compliance against its SEO Objectives.

3.3 Rectification of Non-Compliances

AGN has no outstanding actions to rectify non-compliances with obligations imposed by the *Petroleum and Geothermal Energy Act 2013* (SA) and *Petroleum and Geothermal Energy Regulations 2013* (SA) or Pipeline Licence 6.

3.4 Management Systems Audit

There were a number of audits on Management Systems completed during Licence Year 2014. Details as follows:

During March 2014, Global Corporate Compliance (GCC) were engaged to audit APA's regulatory and technical compliance program for the third consecutive year. The scope of the 2014 compliance audit was to examine conformance of APA Group's Regulatory and Compliance Program against AS 3806. The principals audited were all conforming to AS 3806.

An audit was carried out on 4 of August 2014 to assess compliance with the Safeguard Health, Safety and Environment Management System (HSEMS). The audit comprised of an assessment of 137 individual criteria. The overall results demonstrated a sound compliance to the Safeguard system with a score of 96%. Opportunities for improvement were made to foster APA's continual improvement mindset.

An audit was conducted on 20 October 2014 to assess conformance with the Approvals Matrix with regard to AS 2885. The audit comprised a desk-top review of a sample of approved documents and interviews with a sample of designated persons. Overall no non-conformances were identified.

An Environmental Audit was carried out along the Riverland Pipeline on 21 and 22 October 2014. The environmental audit program comprised of a ground inspection of the Riverland pipeline and review of operational systems and programs. Recommendations for improvement in environmental performance of pipeline activities and environmental conditions were identified during the course of the audit, these relate to a number of observations regarding the general condition of the pipeline corridor, particularly in relation to pipeline markers, management of overgrown vegetation affecting line of sight along the corridor, fauna activity, possible subsidence and the handling of hazardous substances.

In accordance with Regulation 16 of the *Petroleum and Geothermal Energy Regulations 2013* licensees are required to implement and manage effective Health, Safety and Environment Management Systems (HSEMS) and furthermore demonstrate the effectiveness of these systems at regular intervals. APA Group submitted the Biennial Self-Assessment on 24 December 2014. Overall the assessment confirmed the effectiveness of APA Group's HSEMS.

3.5 Report and Data Submissions

The following reports and data relevant to the operation of the Act were generated during Licence Year 2014:

Description of Report/Data	Date Due	Date Submitted	Compliant Non-Compliant
Annual Report for Pipeline Licence 6 for Licence Year 2013	31 March 2014	31 March 2014	Compliant
Quarterly Incident Reports	30 April 2014 31 July 2014 31 October 2014 31 January 2015	2 April 2014 4 July 2014 15 October 2014 15 January 2015	Compliant
Quarterly Assessments against the Statement of Environmental Objectives	30 April 2014 31 July 2014 31 October 2014 31 January 2015	2 April 2014 4 July 2014 15 October 2014 15 January 2015	Compliant
Fitness For Purpose Report and additional information as requested by DMITRE	30 June 2013	5 July 2013 ¹	Under assessment
HSEMS Self-Assessment Report	December 2014	24 December 2014	Compliant
Activity Notification for Angaston Compressor Construction	N/A	16 October 2014	Compliant

The following plans relevant to compliance with AS 2885 were generated during Licence Year 2014:

Description of Report/Data	Date Submitted
AS 2885.0 Approvals Audit Report	6 November 2014

3.6 Incidents

No serious or reportable incidents occurred during Licence Year 2014 as affirmed each quarter to the Department of State Development ("DSD") when AGN submitted its Quarterly Assessments against the Statement of Environmental Objectives.

3.7 Threat Prevention

AGN confirms that at the current time there are no reasonably foreseeable threats which have not been reported on previously, or which AGN believe reasonably present, or may present, a hazard to facilities or activities under the licence.

AGN continues however to manage external interferences to the pipeline including third party, contractor and pipeline operator threats, by monitoring the mitigation controls in place and implementing new controls as necessary.

¹ The Fitness For Purpose Report for PL 6 was submitted in July 2013 and additional information to substantiate the submission was provided throughout 2014.

Some of the controls currently in place include conducting monthly aerial patrols of the pipeline together with monthly ground inspections; managing pipeline markers and erecting new signage where required; registering and maintaining information about the pipeline's assets with the DBYD Service; monitoring land-ownership and land use changes; participating in land development proposals and communicating with relevant stakeholders.

3.8 Safety Management Study

A Safety Management Study (SMS) Workshop was held on 30 September 2014. The review took into account the upgrade of the Angaston Compressor Station as well as the usual requirements of the 5 yearly SMS. The Riverland Pipeline Safety Management Study report was submitted to the Department of State Development on 30 January 2015.

3.9 Pipeline Integrity Management Plan (PIMP)

APA has adopted the AS 2885.3-2012 standard as the requirement for maintaining the integrity of all buried transmission pipeline assets and to accord with the standard has developed a PIMP. The PIMP is a component of APA's Pipeline Management System (PMS) developed alongside nationally maintained documentation which details the asset management requirements and techniques used generically on pipeline assets. This document is specific to the Riverland Pipeline and reviews the current integrity of specific assets and the maintenance requirements determined to ensure safe and reliable operations. The Riverland Pipeline Integrity Management Plan was submitted to the Department of State Development on 14 January 2015.

3.10 Future Work Program

The operational activities proposed for the Riverland Pipeline during Licence Year 2015 include:

- Completing all scheduled routine maintenance activities and corrective maintenance as identified.
- Program of replacement of anodes along various sections of the pipeline, including zinc anodes commenced in 2014 and continuing in 2015.
- Dig ups on the Riverland Pipeline commenced in 2014 and scheduled to be completed in 2015.
- Complete construction of Angaston Compressor Station and commission.

3.11 Additional Information

The approximate volume of natural gas transported through the Riverland Pipeline during Licence Year 2014 was 483 TJ.

4. EXPENDITURE STATEMENT



In accordance with Regulation 33(4) a statement of expenditure on regulated activities conducted under Pipeline Licence 6 for Licence Year 2014 accompanies this Annual Report at **Appendix 2**, however per Regulation 33(9) public disclosure of this statement is not required. As such the statement is "Commercial in Confidence" and is provided under a separate cover.

APPENDIX 1 - Annual Assessment of Compliance against SEO Objectives



Objective	Goal(s)	Guide to How Objectives Can Be Achieved	Assessment Outcome	Comments
1. To maintain soil stability and integrity on the easement.	1.1 To minimise the potential for soil erosion or subsidence along the pipeline easement. 1.2 To manage soil rehabilitation areas in an appropriate manner.	<ul style="list-style-type: none"> Inspections undertaken as part of regular patrols. Preventative measures implemented and monitored in susceptible areas. 	Achieved	<ul style="list-style-type: none"> Monthly patrol inspections have been carried out in accordance with the maintenance schedule during the licence year. APA Group are continuing to monitor potential erosion of a creek bed along the Murray Bridge lateral following washout from heavy rains. Mitigation strategies will be implemented as necessary. No evidence of subsidence, potential or active soil erosion identified.
2. To minimise and manage impacts to water resources.	2.1 To ensure that operation and maintenance activities do not give rise to pollution of watercourses. 2.2 To maintain current surface drainage patterns	<ul style="list-style-type: none"> Regular patrols undertaken to look for evidence of erosion, windrow development or any changes to the easement that could alter surface hydrology conditions. To promote and maintain water drainage patterns 	Achieved	<ul style="list-style-type: none"> No pollution of solid or liquid wastes into rivers, streams, watercourses, dams or lakes whilst carrying out pipeline activities during the licence year. Bank stability unchanged and no alteration to drainage patterns.
3. To avoid land or water contamination.	3.1 To prevent spills and if they occur minimise their impact. 3.2 To ensure that rubbish and waste material are disposed of in an appropriate manner. 3.3 To prevent the spread of contamination where the easement intersects known contaminated sites.	<ul style="list-style-type: none"> To ensure that all wastes are removed from the site and appropriately disposed. To conduct all activities associated with pipeline operation in a manner that reduces the production of waste. Spills/contamination remediated in consultation with regulatory bodies and agencies. Ensure appropriate spill response equipment is available and personnel are trained in spill Response Procedures. 	Achieved	<ul style="list-style-type: none"> No evidence of waste or occurrence of spills/contamination as a result of pipeline activities during the licence year.

Objective	Goal(s)	Guide to How Objectives Can Be Achieved	Assessment Outcome	Comments
4. To promote and maintain native vegetation cover on the right-of-way.	4.1 To promote and maintain regrowth on the easement to be consistent with surrounding areas. 4.2 To minimise additional clearing of native vegetation as part of operational activities. 4.3 To manage vegetation on the easement so that it does not interfere with the integrity of the pipeline. 4.4 To ensure maintenance activities are planned and carried-out in a manner that minimises impacts to native fauna.	<ul style="list-style-type: none"> • Encourage regrowth of native grasses and shrubs along the right-of-way, within 3m of the pipeline centreline, where appropriate (i.e. – not in farmland used for cropping or pasture). • Prompt reinstatement of easement. • Maintain vegetation in accordance with pre-existing conditions and ensure environmental weeds and pathogens along the right-of-way are managed in a manner consistent with adjoining land. • To deter regrowth of native trees along the right-of-way (minimum separation of 3m from pipeline centreline). 	Achieved	<ul style="list-style-type: none"> • Environmental weeds along the right-of-way, in particular the various gate stations and main line valves, were identified and managed appropriately during the year. • General vegetation including native and non-native trees and shrubs found growing within some sections of the right-of-way and in some instances restricting the line of sight between pipeline marker signs were identified and cleared during the year. • On the 21st March 2014 APA received a call from a farmer along the Riverland Pipeline who has some concerns over weeds which have recently germinated along the Stott Highway and which he attributes to the original construction of the pipeline some years ago. APA met up with the farmer on site the following day to assess the weeds, identified as caltrop and onion weed. APA cannot unequivocally conclude that the weeds are due to pipeline activity, let alone its original construction, however APA liaised with the farmer to establish an eradication program. • Wombat activity noted during the biennial Environmental Audit carried out in October. Action to check the pipeline location relative to the warren activity to ensure pipeline integrity, due 28 February 2015.
5. To adequately protect heritage sites and values.	5.1 To ensure that identified heritage sites are undisturbed and appropriately managed during pipeline operations and maintenance activities.	<ul style="list-style-type: none"> • To implement an effective communication strategy with relevant heritage groups. • To manage identified Aboriginal and European heritage sites in accordance with prescribed procedures. • To appropriately manage any newly identified heritage sites in accordance with prescribed procedures. 	Achieved	<ul style="list-style-type: none"> • Heritage sites were undisturbed and appropriately managed during the licence year and all relevant work instructions complied with.

Objective	Goal(s)	Guide to How Objectives Can Be Achieved	Assessment Outcome	Comments
6. To minimise noise due to operations.	6.1 To ensure operations comply with noise standards	<ul style="list-style-type: none"> To ensure that operations comply with noise standards and where possible ensure that landowners are not disturbed. Monitoring results and incident reports. Design any facilities to meet the noise requirements under the <i>Environment Protection Act 1993</i>. 	Achieved	<ul style="list-style-type: none"> Noise standards were complied with during the licence year and there were no corresponding complaints from landowners, occupiers or third parties.
7. To minimise atmospheric emissions	7.1 To minimise controlled and uncontrolled atmospheric emissions. 7.2 To minimise the generation of dust.	<ul style="list-style-type: none"> To ensure that uncontrolled atmospheric emissions that affect an area, not designed to contain such an escape, are managed to accord with the requirements of the Petroleum and Geothermal Energy Act 2000. To minimise dust generation by management of vehicle operations along the easement. 	Achieved	<ul style="list-style-type: none"> No atmospheric emissions for the licence year and the generation of dust along the pipeline was minimised.
8. To avoid unnecessary disturbance to third party infrastructure, landholders or land use.	8.1 To minimise disturbance or damage to infrastructure/land use and remediate where disturbance cannot be avoided. 8.2 To maintain appropriate consultation with all relevant landowners.	<ul style="list-style-type: none"> To minimise disturbance to land use and damage to infrastructure. To develop site-specific land management strategies in consultation with landholders, for likely impacts arising from temporary land use disturbance. To inform landholders of likely land use disturbance as a direct result of operations. Measures undertaken to minimise third party use of right-of-way. 	Achieved	<ul style="list-style-type: none"> Disturbance to infrastructure and land was minimised and appropriate consultation with landowners maintained. No complaints from landowners in relation to land use or infrastructure damage. No disturbances to third party infrastructure, landholders or land users for the period.
9. To minimise the risks to public and third party health and safety.	9.1 To ensure that adequate measures are in place to protect public and third party safety during operations. 9.2 To minimise the risk of fire during routine operations. 9.3 To prevent unauthorised activity on the easement that may adversely impact on the integrity of the pipeline.	<ul style="list-style-type: none"> To prevent unauthorised activities along the pipeline which have the potential to result in a risk to the safety of the public and third parties. Job Safety Analysis (JSAs) carried out to identify potential hazards and implement controls. Inspection/patrol reports and records. Clear identification of the pipeline to accord with AS2885. Reports of unauthorised activity on the ROW prepared to adhere with the <i>guidelines for Reportable and Serious Incidents</i>. 	Achieved	<ul style="list-style-type: none"> No incidents or accidents involving the public or a third party when undertaking pipeline activities during the licence year. Adherence to AS 2885. No fire outbreaks arising from pipeline activities. Pipeline marker signs at various sites are damaged or faded. These will be replaced when carrying out patrols, inspections and routine maintenance as part of an overall replacement program for marker signs along the pipeline route.

	ANNUAL REPORT FOR PIPELINE LICENCE 6 LICENCE YEAR 2014	
---	---	---

Objective	Goal(s)	Guide to How Objectives Can Be Achieved	Assessment Outcome	Comments
10. To ensure that security of natural gas supplies are maintained to gas consumers.	10.1 To minimise the potential for significant disruption of gas supply to customers in line with contractual agreements.	<ul style="list-style-type: none"> Emergency Response Exercises carried out to determine prompt and effective response. In the event of an emergency where gas supplies are disrupted, ensure that the pipeline system is returned efficiently to a safe, operational state with minimum customer and environmental impact. Mapped processes of responding to breakdown and emergencies. 	Achieved	<ul style="list-style-type: none"> No emergency exercise was completed in 2014 on the Riverland Pipeline, as the requirement is for a bi-annual exercise. The last exercise on this pipeline was conducted on 6 June 2013. Security of supply maintained to gas consumers during the licence year with no interruptions.

	<p>ANNUAL REPORT FOR PIPELINE LICENCE 6</p> <p>LICENCE YEAR 2014</p>	
---	--	---

APPENDIX 2 - Expenditure Statement

"COMMERCIAL IN CONFIDENCE"