

Attachment 2.1

# Australian Gas Infrastructure Group Annual Review 2018

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January 2020



**Dampier Bunbury  
Pipeline**





**Australian Gas  
Infrastructure Group**

# Delivering for Australians

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2018 Annual Review



**Dampier Bunbury  
Pipeline**



**Multinet  
Gas Networks**



**Australian  
Gas Networks**



# We are Australian Gas Infrastructure Group (AGIG)

One of Australia’s  
largest gas  
infrastructure  
businesses.

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**Our vision is to be the leading gas infrastructure business in Australia. We will achieve this by delivering for our customers, being a good employer and being sustainably cost efficient.**

We own and operate infrastructure that delivers gas to Australian homes, businesses, and communities. In 2018 we surpassed two million customers on our distribution networks—more than any other gas distributor in the country.

We also deliver and store gas that supports the Australian economy—for power generators, mines and manufacturers.

Our portfolio of companies delivers for customers across Australia.

**Dampier Bunbury Pipeline Group (DBP)**  
Operates in Western Australia and the Northern Territory.

**Multinet Gas Networks (MGN)**  
Operates in Victoria.

**Australian Gas Networks (AGN)**  
Operates in Victoria, South Australia, Queensland, New South Wales and the Northern Territory.

**AGIG builds and operates new pipelines across the country.**



## Message from the Chairmen

In 2018 we continued to deliver on our vision to be the leading gas infrastructure business in Australia.

We have made significant progress in delivering a low carbon future for the gas sector and Australia's energy needs more generally.



As the Chairmen of the companies that make up AGIG – DBP, MGN and AGN – we are proud of the achievements of AGIG in working towards this vision.

Customers remain at the heart of all AGIG activities, and the improvements shown in 2018 are a demonstration of this. AGIG connected over 31,000 net new customers across its distribution networks, taking the total number of customers to over two million across Australia.

As an inaugural signatory to the Energy Charter, AGIG has demonstrated its continuing commitment to put customers' interests first.

AGIG also delivered significant new projects for customers. The Tanami Gas Pipeline in the Northern Territory and a new compressor station for Woodside connecting to the Dampier Bunbury Natural Gas Pipeline (DBNGP) deliver improved energy security and reliability for major Australian businesses, and for Australian energy consumers.

AGIG's vision puts our employees at the centre of the businesses. In particular, the safety of the AGIG workforce and those of our partners is our number one priority as Chairmen and Board members. Safety performance improved in 2018, with reduced total injury numbers and reduced injuries per work hour. We were particularly pleased with the result at DBP where there were no recordable injuries on the DBNGP mainline throughout 2018—showing that zero harm is more than an aspiration. The Boards of AGN, DBP and MGN will continue to focus on improving safety performance in 2019 and beyond.

AGIG's employee engagement survey results also improved in the second survey conducted since coming together as a group. The result is testament to the hard work of all AGIG employees in working and behaving as one team.

Finally, underpinning AGIG's vision is the need to be sustainably cost efficient. On this front, 2018 has seen AGIG lower and stabilise operating costs, while also delivering capital expenditure on growth projects.

In 2018 AGIG made significant progress in delivering a low carbon future for the gas sector and Australia's energy needs more generally. Through AGIG's leadership hydrogen has taken its rightful place at the centre of Australia's energy debate with more progress expected in 2019. Meanwhile, at Hydrogen Park South Australia (HyP SA), AGIG is turning those efforts into a practical reality.

In 2019 AGIG promises to further deliver on its vision. Delivering for customers while maintaining and improving safety performance will remain a focus for the AGN, DBP and MGN Boards. Across our business we will also deliver a number of new projects as outlined in the Annual Review.

AGIG has had a momentous year and this Annual Review provides an overview of the key achievements. We look forward to further progress when we report again for 2019.



**John Langoulant AO**  
Chairman, Dampier Bunbury Pipeline



**Peter Tulloch**  
Chairman, Australian Gas Networks



**Peter Lowe**  
Chairman, Multinet Gas Networks



## Message from the CEO

In 2018 we established firmly our role as one of the most important energy infrastructure businesses in Australia.

To deliver for Australians, it is important that we deliver on our vision to be the leading gas infrastructure business in Australia.

We aim to outperform our peers in the way we deliver for customers, be a good employer and remain sustainably cost efficient. During the year we reached some important milestones in each of these areas.

### Delivering for Customers

In 2018 we surpassed two million customers on our distribution networks, more than any other gas distributor in the country. We connected over 31,000 new customers (net), the highest number of new connections ever achieved.

As the reach of our network expands, we must maintain reliability and deliver valued services for all our customers. The reliability of our networks remains exemplary, on average only 0.3% of our distribution customers experience an unplanned outage every year, whilst our largest transmission pipeline has operated without interruption for over 11 years.

To ensure we act and operate in the best interests of our customers we recognise the need to work together with customers and stakeholders in the energy supply chain. In 2018 we worked closely with Energy Consumers Australia and other energy companies to design and develop the Energy Charter. In early 2019 we were proud to become a founding member.

Natural gas is a fuel of choice. If our customers are not satisfied, our business will not thrive. To this end, in 2018 we were able to sustain our customer satisfaction scores, and improve them at AGN to 7.9 (from 7.7 in 2017). Our focus for 2019 will be on improving communications with our customers and we will reflect on these efforts in our first report under the Energy Charter later in the year. The Energy Charter is our promise to every Australian that customers are at the heart of our business. We will continue always to focus on customer satisfaction, customer service and the customer experience by improving day-to-day, week-to-week, and year-to-year.

In 2018 we also delivered on several significant customer driven projects. We completed the majority of pipeline construction works on the Tanami Gas Pipeline. This project, commissioned in early 2019, provides reliable and secure energy for Newmont's mining operations in the Northern Territory.

We also completed the construction of a new compressor station on the DBNGP for Woodside enabling Pluto gas to reach the domestic market in Western Australia.

In Melbourne, we completed initial works on the MGN network to help the Melbourne Metro Rail Project progress. These projects ensure that we can continue to deliver the energy needs of our customers and Australians.

### A Good Employer

The safety and health of our workforce remains our highest priority. Our safety performance improved in 2018 with total recordable injuries continuing to decline across AGIG. On the DBNGP, we have had no recordable injuries for more than 12 months, demonstrating that zero harm can be a reality.

Across AGIG, we finished 2018 with 7.8 recordable injuries per million hours worked, down from 8.4 in 2017. We continued our journey towards zero harm, releasing new Zero Harm Principles across our business in 2018, and more support for staff to meet these expectations.

The MGN Safety Case was also fully accepted by Energy Safe Victoria in July 2018. This demonstrates the confidence the regulator has in the safe management and operation of our assets for the public and our workforce. Acceptance of the Safety Case represents a significant achievement at MGN, and a benchmark for our operations moving forward.

An engaged workforce is critical to achieving our vision—engaged employees prioritise customer service and safe work practices. 2018 is the second year we have surveyed AGIG employees and our results show that we are becoming more engaged. Engagement in 2018 improved on the 2017 result, with 70% of our staff actively engaged; up from 65% in 2017. Improving engagement and developing the skills of our workforce will continue to be a focus in 2019 and beyond.

### Sustainably Cost Efficient

This year hydrogen and renewable gas took centre stage in Australia's energy policy debate. The gas industry must play a role in meeting Australia's commitment under the Paris Climate Change Agreement to reduce emissions by between 26% and 28% on 2005 levels by 2030. Achieving significant emissions reductions beyond 2030 will require equally significant change in our industry. Our work on the Hydrogen Strategy Group chaired by Australia's Chief Scientist Dr Alan Finkel helped provide a catalyst for the Energy Council of the Council of Australian Governments to agree to develop a national hydrogen strategy in 2019.

In 2018 we got on with the practical work of creating a zero emissions future for our business. In early 2018, we secured funding from the South Australian Government to develop our Hydrogen Park South Australia (HyP SA) project. This leading project, which will be the first of its kind and scale in Australia, is on track to begin hydrogen production in 2020 following the completion of Front End Engineering and Design (FEED) and the purchase of an electrolyser in 2018.

While achieving so much in 2018, we were also able to maintain our performance in managing our costs and delivering savings for customers and shareholders. A relatively mild winter in 2018 saw gas volumes decrease across our business, but at the same time we have continued to lower and stabilise operating costs. Capital costs increased across AGIG, primarily as a result of an increase of \$89 million at DBP to \$175 million, driven by our investment in the Tanami Gas Pipeline. Capital costs were lower at AGN.

### Looking Forward to 2019

As we have established AGIG we have continued to deliver for Australians. In 2018, we continued to improve services to our customers, to be a good employer, and to lead a financially and environmentally sustainable transition in the gas sector. The future promises to be equally exciting with a range of projects providing AGIG an opportunity to work towards our vision in 2019.

In late 2018 we received approval from the Australian Energy Regulator (AER) to develop the proposed Mount Barker Natural Gas Extension in South Australia. The approval, for \$33 million in capital expenditure, will facilitate the construction of a 40km transmission pipeline from Murray Bridge to Mount Barker expanding access to natural gas in an important growth area. In 2019, we will undertake further work before presenting the proposal to the AGN Board for a Final Investment Decision.

We also received approval from the DBP Board to expand the Tubridgi Gas Storage Facility. The expansion follows the \$74 million redevelopment and commissioning of the Tubridgi Gas Storage facility in 2017. This new investment will see the completion of a seismic survey and expansion of the injection and withdrawal capacity at Tubridgi to 90 terajoules per day and 60 terajoules per day respectively. The project represents an important investment in the energy security of Western Australia.

In early 2019 the Tanami Pipeline began operations—delivering gas to Newmont's mining operations providing a more secure energy supply.

Finally, 2019 will see significant progress at HyP SA as we target first hydrogen production by mid-2020. This is an important milestone in delivering a more sustainable energy system for Australians.

Our achievements in 2018 place AGIG in a strong position to continue delivering for Australians in the coming year and well into the future.

**Ben Wilson**  
Chief Executive Officer





Our transmission pipeline is the most critical piece of domestic energy infrastructure in Western Australia and the backbone of the state's economy.

# Delivering for Western Australia



## Highlights

A snapshot of our achievements in 2018.

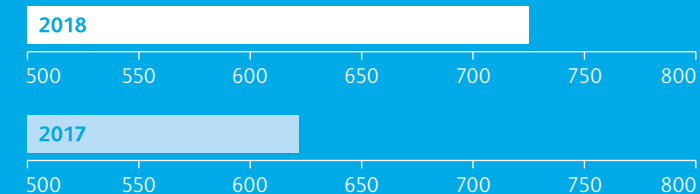
## Delivering For Customers



0.3% of customers experienced unplanned outages

## Sustainably Cost Efficient

### EARNINGS



\$729 million Earnings Before Interest and Tax, up from \$631 million in 2017

## A Good Employer



More than 12 months without a recordable injury on the DBNGP

0

Curtailments on the DBP

0

Tier 1 and 2 safety events on the DBP

98%



Of leaks at AGN responded to within the two hour period, compared to our target of 97%

31,000+  
new customers



Record net customer growth

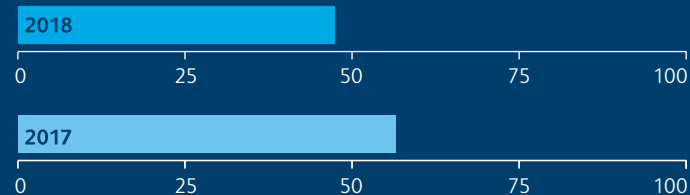
8.4 7.8

2017

2018

Decrease in Total Recordable Injuries per million hours across AGIG

### OUTAGES



47 outages impacting 5 or more customers, down from 55 in 2017



Tanami Pipeline (NT) and facilities completed to time and budget

Green light for developing the largest renewable gas project in Australia (Hydrogen Park South Australia)



ZERO

No reportable environmental incidents on our assets

Multinet Gas Networks Safety Case Approved

4,000+

Days without an outage on the DBP mainline

Founding member of the Energy Charter



A promise that customers are at the heart of what we do

70%



Employee Engagement, up from 65% in 2017

# About AGIG

AGIG has over two million customers across every Australian mainland state and the Northern Territory, 34,000km of distribution networks, over 4,000km of gas transmission pipelines and 42 petajoules of gas storage capacity.

+2 million

## Distribution customers as at 31 December 2018

VIC (MGN)	705,047
VIC (AGN)	682,170
SA	451,718
QLD	104,098
NSW	59,087
NT	1,138



## Regulated Asset Base of \$8.3bn

WA	41%
VIC (AGN)	19%
VIC (MGN)	15%
SA	19%
QLD	6%
NSW	0.5%

In 2018 we continued the growth of our business adding more than 31,000 new customers (net) to our distribution networks, constructing the Tanami Gas Pipeline and adding new capabilities for bringing gas to market at the Pluto Domestic Gas Plant.

We are now delivering for more Australians than ever before. In 2018 we also commenced development of the first physical presence for our renewable gas plans, at HyP SA in Adelaide's Tonsley Innovation District.

Note: Penetration rate is an estimate of the percentage of homes connected to the gas in areas served by our networks

## Queensland

- 104,098 customers
- 8GJ per annum average residential consumption
- 30%+ penetration
- Distribution 3,022km
- Transmission 313km

## South Australia

- 451,718 customers
- 17GJ per annum average residential consumption
- 90%+ penetration
- Distribution 8,108km
- Transmission 484km

## New South Wales

- 59,087 customers
- 36GJ per annum average residential consumption
- 90%+ penetration
- Distribution 1,979km
- Transmission 84km

## Northern Territory

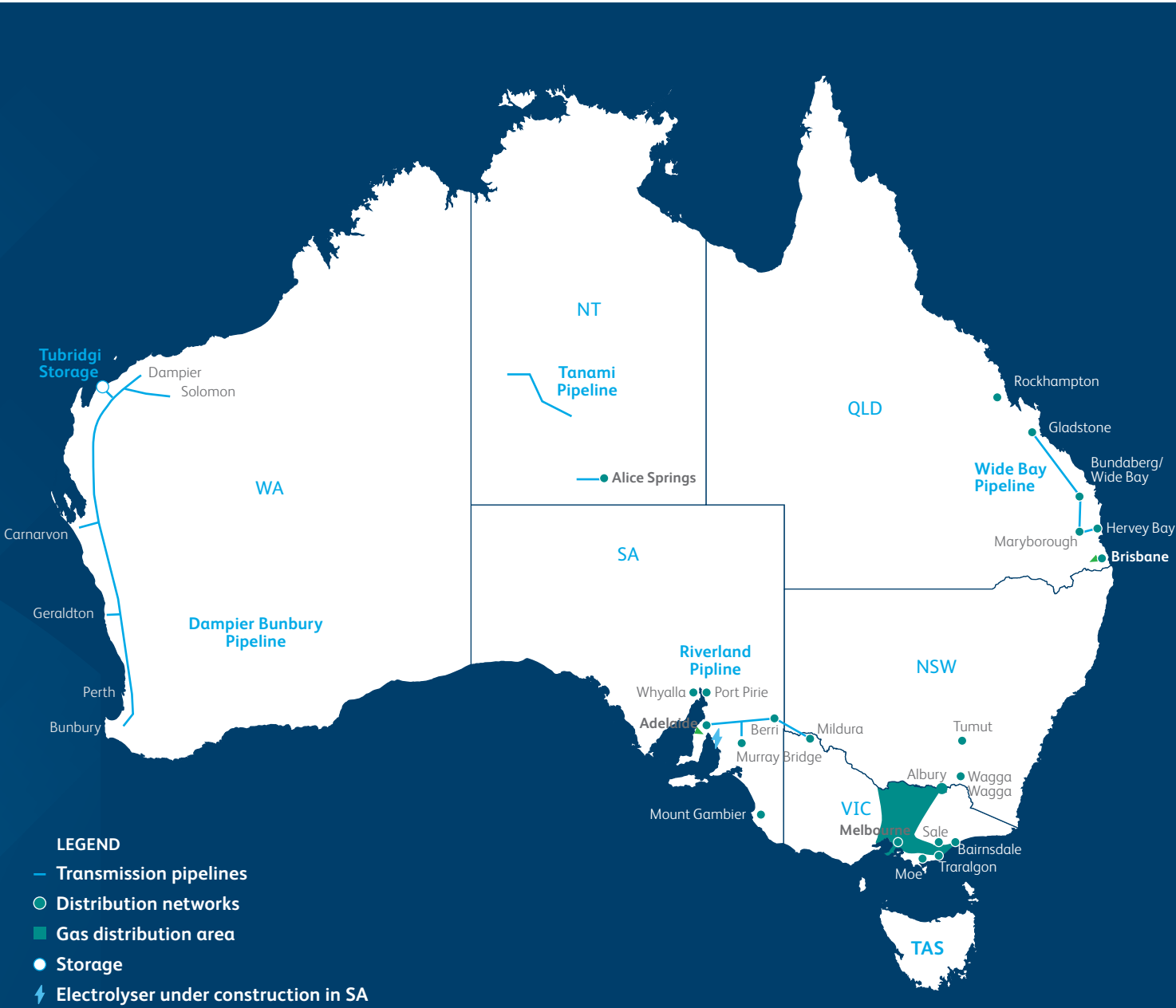
- 1,138 customers
- Distribution 38km
- Transmission 601km

## Victoria

- 1,387,217 customers
- 51GJ per annum average residential consumption
- 90%+ penetration
- Distribution 21,246km
- Transmission 504km

## Western Australia

- 36 shippers
- Transmission 2,431km
- 42PJ gas storage





Significant pipeline investment to connect the local mining industry to reliable, lower emission natural gas.

# Delivering for the Northern Territory



# Our Values

They drive our culture:  
how we behave and how  
we make decisions.



## Perform

We are accountable to our customers and stakeholders, we are transparent on our performance and we deliver results. We continuously improve by bringing fresh ideas and constructive challenge.



## Trust

We act with integrity, we do the right thing, we are safe guardians of essential Australian infrastructure. We act in a safe and professional manner.



## Respect

We treat our customers and our colleagues the way we would want to be treated, and we embrace and respect diversity.

# Our Vision

Our vision is to be the leading gas infrastructure business in Australia.

We achieve top quartile performance on our targets.



## Delivering for customers

- Public safety
- Reliability
- Customer service



## A good employer

- Health and safety
- Employee engagement
- Skills development



## Sustainably cost efficient

- Working within industry benchmarks
- Delivering profitable growth
- Environmentally and socially responsible



## One Team

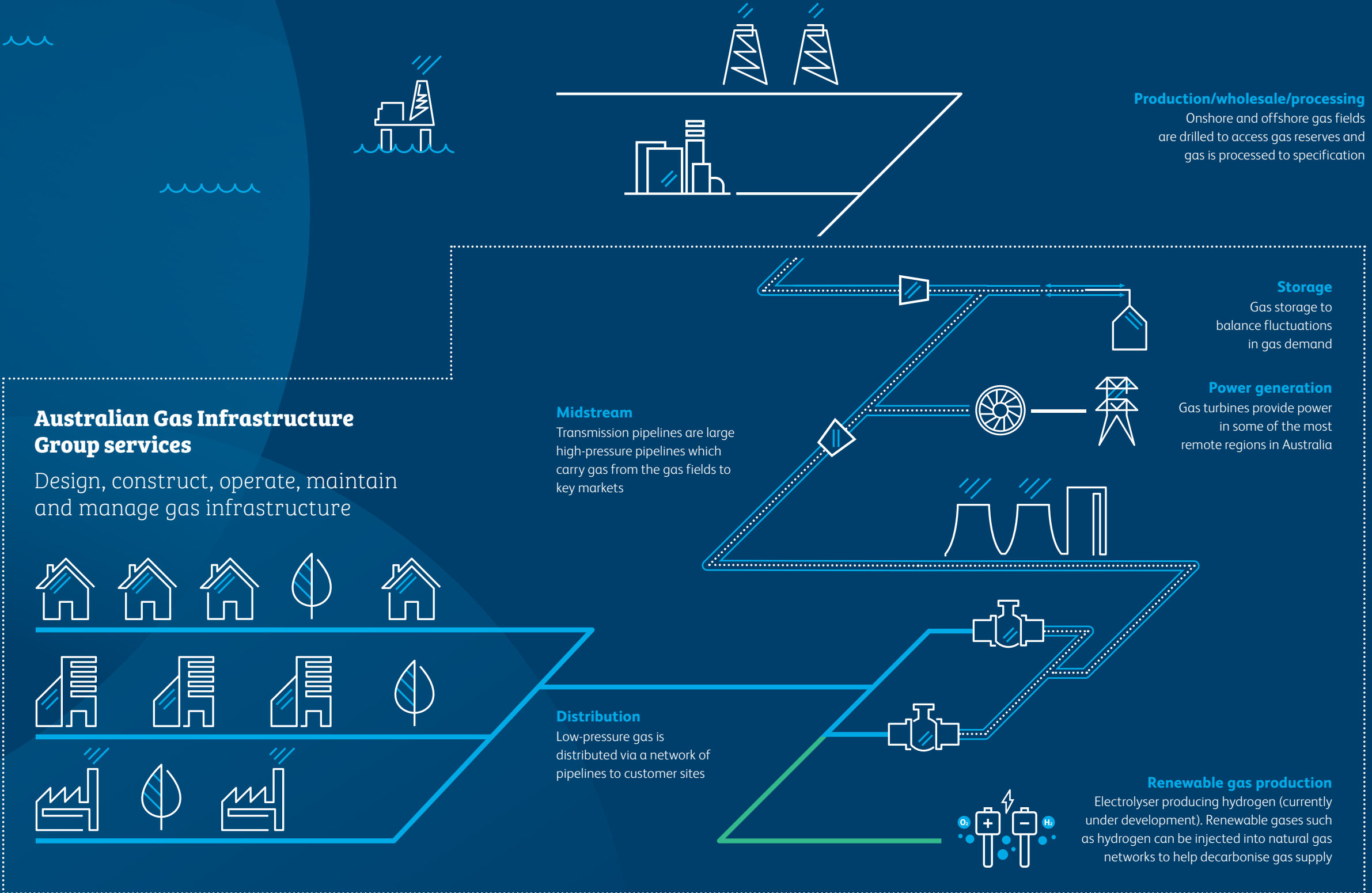
We communicate well and support each other, and we are united behind our shared vision.





# Our Role in the Gas Industry

We deliver for customers across the gas supply chain serving the needs of producers, major energy users, and residential and business users.





Meeting the  
gas needs of  
Queensland's  
growing  
population.

# Delivering for Queensland



# Our Project Capabilities and Credentials



## Expertise

We are the experts

With over 30 years of experience operating transmission and distribution gas pipelines, gas infrastructure and gas fired power generation, the AGIG team can deliver a portfolio of operating services to existing and new customers.



## Customer Solutions

We deliver leading outcomes for our customers

Flexible commercial terms focusing on long-term strategic relationships with customers.



## Leaders in Construction and Operation

We construct and operate world-class infrastructure

Innovative and tailored customer solutions supported by experienced in-house project management capabilities. Significant gas pipeline and gas plant infrastructure engineering and construction experience through successful project delivery.

We bring expertise, leadership and customer focus to every project we complete.

## Customer Solutions

We work in partnership with our customers to develop innovative and tailored solutions. Our focus is on listening to and understanding our customer needs, ensuring we add value for our customers.

We have successfully achieved positive outcomes for customers by delivering projects on time and within budget. Our flexibility in taking a long-term view of assets makes it easier for our customers to deliver sustainable and profitable businesses.

Partnering with our customers is an important part of what we do. We continuously review our construction, operational and maintenance practices to ensure that what we deliver is optimised and lowers the lifecycle costs of energy for our customers.

The close relationships we have developed with key partners and suppliers results in fit for purpose solutions for our customers.



## Expertise

We have a long history of gas infrastructure ownership and operations with about 34,000km of natural gas distribution networks and over 4,000km of transmission pipelines across Victoria, South Australia, Queensland, New South Wales, Western Australia and the Northern Territory.

We own and operate a 42 petajoule gas storage facility in Western Australia. We own and remotely operate about 220MW of gas fired turbines used for gas compression, together with gas reciprocating engines providing remote power to compressor stations.

Gas fired power generation works together with renewable energy to optimise the cost of electricity for remote mine operations. We are reviewing multiple projects where the addition of renewables with batteries deliver

better financial and operational outcomes for our customers.

We are also developing Hydrogen Park SA, otherwise known as HyP SA, which is an Australian-first hydrogen production and distribution facility to be built at Tonsley Innovation District. Utilising a 1.25MW Siemens electrolyser to convert water to hydrogen gas using renewable electricity resources, HyP SA will blend the renewable hydrogen into the natural gas network in South Australia.

We are experts in the design, construction and operation of gas pipelines, gas distribution networks, gas storage facilities, gas fired turbines (for compression) and reciprocating gas engines (for power). This, combined with our state of the art Control Room, provides us with the capability

to build and operate any gas infrastructure in Australia.

We have in-depth knowledge of legislation and regulatory requirements across Australia that applies to both the construction and operation of domestic gas pipelines. This includes the safety management and environmental planning that underpins safe and socially responsible operational requirements. We also have significant experience and developed relationships with landowners and Aboriginal and Torres Strait Islander communities to assist with development and land tenure approvals.



We can design, build and operate, from the wellhead to the customer meter, in midstream, transmission, distribution and power generation.

## Leaders in Construction and Operation

To achieve this, we rely on our in-house engineering expertise and project management systems and capabilities, bringing together and managing suppliers and partners from around the globe.

Our successful record in construction includes:



### Newmont Mining

#### Project

Build, own and operate a 440km, 8-inch pipeline located in the Northern Territory connecting the Amadeus Gas Pipeline to the Granites and Dead Bullock Soak power stations.

#### Execution

We completed the FEED and detailed design, secured the best price and managed Quality Assurance/Quality Control of the line pipe procurement, achieved record pace approvals resulting in the delivery of the pipeline in less than one year to our customer, ahead of schedule, under budget and with no lost time injuries. Project commissioned in February 2019.

### Woodside Energy

#### Project

Build, own and operate the Pluto domestic gas inlet station located on the Burrup Peninsula, including a compressor installation with a capacity of 25 terajoules per day.

#### Execution

We completed FEED, detailed design, procurement of materials and provided construction management from fabrication to punch-listing. Project commissioned in December 2018.

### Citic Pacific Mining

#### Project

Build, own and operate a 42PJ gas storage facility located 30km south west of Onslow. Comprises five injection and production wells, drilled by our rig. Installation of new flowlines connecting the wells to the processing facility. Capable of 90 terajoules per day injection and 60 terajoules per day withdrawal via two Waukesha 2.7MW compressors. The gas processing facility is capable of nitrogen and mercury removal, filtration, water extraction via dryers and a slugcatcher.

#### Execution

We used in-house engineering to manage the project from feasibility studies, well design, drilling and completions, surface construction, procurement from an international supply chain and all land access approvals. The project was delivered ahead of schedule, allowing Citic to benefit from an early injection period and total capital expenditure that was on budget. Project was commissioned in September 2017.

### FMG

#### Project

Build, own and operate a 270km, 16-inch pipeline connecting our DBNGP to the Solomon Mine's 125MW power station.

#### Execution

We completed FEED, detailed design, and procurement to provide the lowest cost to FMG. The project was delivered on budget and was commissioned in March 2015.

### Chevron Australia

#### Project

Build, own and operate a 110km, 16-inch export pipeline connecting the Wheatstone gas plant to the DBNGP.

#### Execution

We completed all engineering, procurement, approvals and construction management to deliver the project on-time and on budget. Project was commissioned in December 2014.



Supporting  
growth and  
development  
in regional  
communities.

# Delivering for New South Wales





## Delivering for Customers

Customers are at the heart of our business.

We deliver for customers by focusing on customer service, public safety and reliability.

### Public Safety and Reliability

The core elements of what we deliver are safe and reliable energy services.

#### Distribution

For our distribution networks, we maintain public safety by responding to and repairing leaks within our targets. We ensure the reliability of our networks by minimising unplanned interruptions and minimising the number of interruptions experienced by individual customers.

In 2018, the percentage of public leak reports we responded to within two hours was 98% across Victoria (AGN), South Australia, Queensland and New South Wales. This reflects strong performance, above target for all our networks. The MGN network targeted a one-hour leak response and responded to over 95% of leaks within this timeframe.

We repaired all priority gas leaks (Class 1 and Class 2 leaks) within our target time of two days 99% of the time for AGIG as a whole (99% for AGN and 97% for MGN). We completed all our leak surveys to monitor for leaks within our targets.

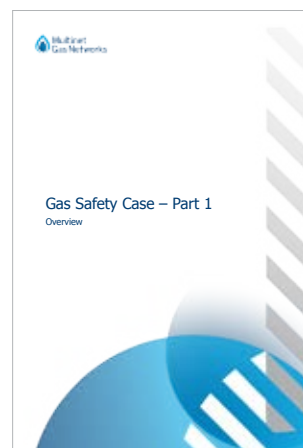
The number of unplanned interruptions affecting five or more customers was 47 across AGIG in 2018, down from 55 in 2017. During 2018, we focussed on customers experiencing multiple interruptions in a year by amending our targets to monitoring customers experiencing three or more interruptions instead of five or more interruptions. Across our distribution networks 56 customers experienced three or more outages, compared to 35 customers experiencing five or more interruptions in 2017.

On average across our networks only 3 in every 1,000 customers experienced an unplanned outage in a 12 month period.

### MGN Safety Case

In Victoria our networks undergo a rigorous safety review process with the state-based technical regulator, Energy Safe Victoria, every five years. This is an external evaluation to ensure our assets, systems and work practices maintain high levels of safety for the public and our workforce.

In July 2018, MGN achieved Full Acceptance of its Safety Case from Energy Safe Victoria following a five-yearly review.



# 100%

### System Availability

#### Transmission

On our transmission assets, the safety of the pipeline is focused on preventing safety events that might cause a fatality or serious injury. The reliability of our assets is maintained by ensuring pipelines have the capacity and compression available to meet the needs of our customers.

For our transmission pipelines in Western Australia, there were no curtailments of contracted capacity in 2018 and system availability was 100%. We met the expectations of our customers, delivering a safe, reliable and secure source of energy. This is key for the DBP given its important role in linking critical industries throughout the state with gas suppliers in the north-west. Over 90% of gas transported is delivered to large customers along the pipeline. Natural gas fuels approximately 50% of the state's electricity generation – keeping the lights on in Perth.

The Dampier Bunbury Pipeline has run without interruption for more than 11 years—the last unplanned outage was in February 2007.

### DBP Piggig

In 2018, as required by our Asset Management Plan (and the DBNGP Safety Case), we commenced “In-Line Inspection” of the DBNGP using Pipeline Internal Gauging Tools otherwise known as “pigs”.

Selected Gauging tools, including intelligent pigs, are launched into the gas stream of the pipeline to identify and measure any irregularities and anomalies, without interrupting gas supplies. We currently undertake in line inspections of the DBNGP every 8 to 10 years. The In Line Inspection program which commenced in 2018 will include the mainline, looplines and all laterals. The program is expected to be completed during 2019.







## Delivering Improved Energy Security to Australia's Mining Sector

Natural gas continues to be a cost effective and sustainable energy choice for many of Australia's most important businesses. We are working to deliver natural gas to Newmont Australia's operations deep in the Tanami Desert of the Northern Territory.

The Tanami Gas Pipeline, 440km in length and located approximately 140km from Alice Springs, will support Newmont's operations by providing a more secure and reliable source of energy, compared to the existing reliance on diesel trucked to site. In developing and delivering the Tanami Gas Pipeline, we have worked closely with traditional owner groups in the Central Desert region through the Central Land Council. In April 2018, AGIG and the traditional owners agreed to a Heritage Agreement and Benefits and Impact Agreement providing for traditional owners' participation and guidance as part of the construction program. This traditional and local knowledge was invaluable in selecting the final pipeline route and minimising the pipeline's impact on the cultural environment.

During construction, the project achieved an Indigenous Workforce participation rate of 14%. The project benefited from the ease, enthusiasm, skill and knowledge that Indigenous workers brought. We look forward to continuing to work with the traditional owners to build on the respectful and mutually beneficial relationship developed during construction of the Tanami Gas Pipeline.

The pipeline construction was completed by December 2018 and the above ground facilities were completed in January 2019. AGIG lodged its application for the commissioning and operation of the pipeline and conditional consent was given by the Northern Territory government on 4 February 2019. Practical completion of the Tanami Gas Pipeline was achieved on 15 February 2019, marking the start of commercial operations. This was ahead of schedule, under budget and achieved free of lost time injuries.

## Customer Service

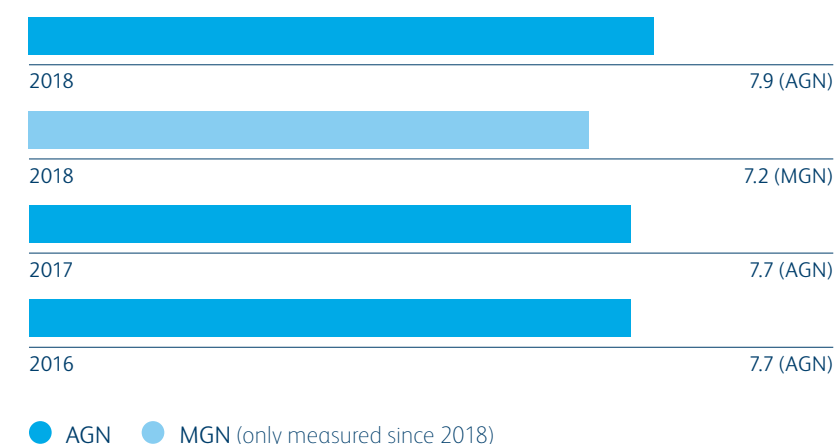
In addition to maintaining safe and reliable services, we also deliver for our customers by providing services like connections and meter repairs within appropriate timeframes and responding to customer calls.

In 2018 we responded to 91% (AGN) and 81% (MGN) of all emergency calls within 10 seconds. This represents a small decline from our performance in 2017 for AGN, but is still in line with our target performance of 90% (MGN 2017 performance against this metric is not available). However, for non-emergency customer service calls we responded to 86% (AGN) and 76% (MGN) of calls within 30 seconds. For MGN this is a significant improvement, up from 66% in 2017 (AGN remained relatively stable).

We improved our performance in providing new connections. AGN maintained strong performance with 99% of connections undertaken within 20 working days or one day of the requested date, while MGN improved significantly to 92% in 2018, from 77% in 2017. We maintained a strong performance for meter repairs, with 99% and 97% completed within two working days or one day of the requested date for AGN and MGN respectively.

A key pillar of AGIG's Vision is to deliver for customers, which includes providing excellent customer service. We track customer service performance through monthly surveys which measure customers' experience and level of satisfaction. Over the last year, we have increased the level of customer satisfaction at AGN and measured it for the first time at MGN. A key focus for 2019 and beyond relates to improving our communications with customers and stakeholders. We are also working towards a benchmarking program with other industry players, focusing on working together and sharing knowledge to drive customer centricity throughout the sector.

### Customer satisfaction (Rate out of 10)



## Voice of the Customer

During 2018 we commenced our 'Voice of the Customer' research program.

The program has two core aims:

### 01

To improve our understanding of what our stakeholders and the community consider the most important issues for how we deliver natural gas; and

### 02

Measure how attitudes and perceptions towards natural gas service are changing over time.

Each month we consult with a mix of customers, gasfitters, appliance retailers and advocacy groups on their views towards natural gas and also on any topical issues.

This has already given us an excellent understanding of what different groups consider the most important issues and how we can better respond to those issues.

Voice of the Customer will continue into 2019 and be an important part of stakeholder engagement programs and how we improve our communications to customers and the community.





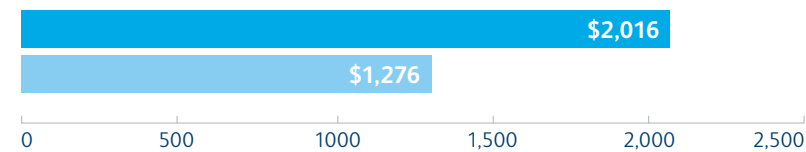
## Price and Emissions

We know price is important to our customers, and we continuously focus on providing affordable energy solutions.

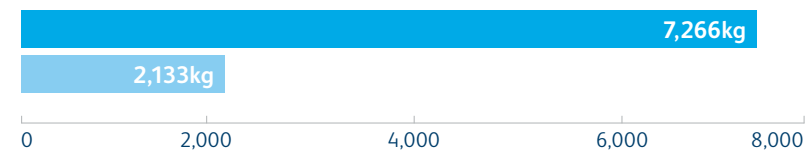
Gas continues to be the lower cost and lower carbon choice for our customers.

### Victoria

\$ per customer  
Cost

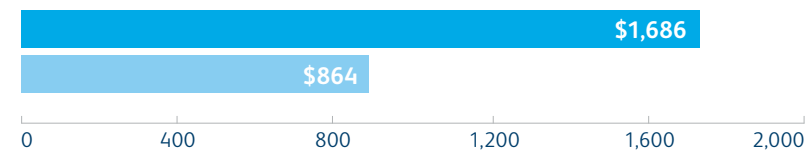


kg CO<sub>2</sub> (carbon dioxide) per customer  
Emissions

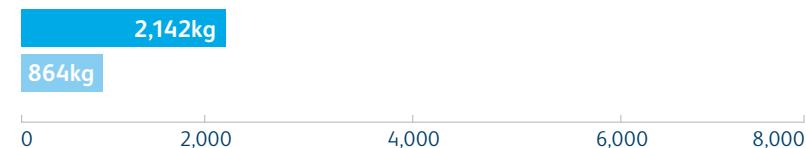


### South Australia

\$ per customer  
Cost



kg CO<sub>2</sub> (carbon dioxide) per customer  
Emissions

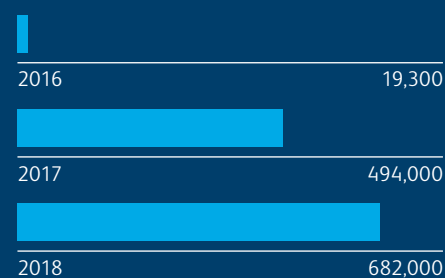


● Electric ● Natural Gas

**Note:** Comparison of annual running costs for natural gas and electric appliances are based on average household consumption in Melbourne or Adelaide, using Origin Energy standard tariffs as at 1 January 2019. Emission comparisons are calculated using the Department of the Environment and Energy, National Greenhouse Accounts Factors Report July 2018.

We know price is important to our customers, to support our customers we are focusing on providing affordable energy solutions.

### AGN website visitors



## Customer and Stakeholder Engagement

Engaging with customers and stakeholders is an integral part of our business. In addition to formal engagement programs aligned to our future planning, we also run regular engagement activities across our national operations.

The future of gas is an important topic for our stakeholders. In March 2018 we held a Future of Hydrogen Forum which was attended by 140 delegates nation-wide, representing industries including science and technology, automotive, technical regulation and Government. Our consumer representative stakeholders also attended and took advantage of the opportunity to see Toyota's hydrogen fuelled vehicles in action.

We hold regular stakeholder reference group meetings in South Australia and Victoria to seek feedback and input on key issues including hydrogen, gas policy innovation, regulation and broader issues impacting the energy sector. In 2018 we engaged with key consumer representative (residential and business) groups on the development of the Energy Charter and our proposed pipeline extension to Mount Barker in South Australia.



AGIG staff enjoyed a hydrogen powered barbecue with Australia's Chief Scientist Dr Alan Finkel

### Future Planning in Western Australia

We understand that the safe, reliable and secure energy delivered by the DBNGP is critical for our customers, and to support economic prosperity in Western Australia.

With this in mind we undertook a significant customer and stakeholder engagement program starting in July to help shape our plans for the DBNGP. We are committed to delivering a plan that contains no surprises and is capable of being accepted by stakeholders. Our Final Plan—formally known as a review of the DBNGP Access Arrangement—is required to be submitted to the Economic Regulation Authority (ERA) in December 2019.

During July and August we consulted widely on our proposed engagement approach, which included 17 one-on-one meetings with stakeholders including major customers, the ERA, ATCO Gas and relevant Government agencies. In October we started a series of Shipper Roundtables to provide our customers with the opportunity to guide what will ultimately form our Final Plan. In 2018 we held two Shipper Roundtables, with these and other engagement activities continuing in 2019.

“ATCO supports the engagement approach adopted by DBP... striving to balance consumer and stakeholder expectations with commercial priorities and regulatory obligations.”

ATCO, submission to the DBP Stakeholder Engagement Plan.





## Improving the Customer Experience

As part of our review of future plans for the DBNGP, we worked with our customers in Western Australia to develop customer experience aspirations, which outline ideals for our customer engagements.

Our customer experience aspirations are:



We are trusted



We provide highly reliable services at a sustainable cost



We are quick to respond



We are open for business 24/7



We are professional in our commercial negotiations



We work together in partnership with businesses



We are innovative and drive a future focus in our offerings

In 2019 and future years we will look to test and adopt similar ambitions across all of our customers.



## The Energy Charter

In 2018, AGIG joined a group of 15 businesses from across the Australian energy supply chain to develop the Energy Charter. The focus of the Energy Charter is for industry participants to work together to deliver energy for a better Australia. The Energy Charter places customers at the centre of business decision making for signatories, adopting its five principles: embedding a customer focused culture; improving affordability; focusing on energy safety, reliability and sustainability; improving the customer experience; and supporting customers in vulnerable circumstances.

All industry participants that commit to the Energy Charter agree to publicly identify how they are delivering against the Charter Principles and providing positive outcomes for customers, and in 2019 we will report on our progress.

For AGIG, customer satisfaction and social licence are at the heart of our participation in the Energy Charter initiative.

**Ben Wilson,**  
CEO, January 2019 launch of the Energy Charter

# +31,000 net new connections

Record growth in 2018.



## Love Winter

This year, we encouraged Australians to see the bright side of the colder months with our 'Love Winter' campaign. The campaign launched on television, radio, billboards and online channels such as Facebook and YouTube.

While infrastructure marketing traditionally focuses on rational, functional messaging, we aimed to drive desire for natural gas through emotion where it is most applicable, in winter. Our customer research tells us the campaign was successful at achieving objectives, evoking an emotional response while still communicating the key benefits of natural gas.





# 40km

Murray Bridge to  
Mount Barker  
transmission pipeline.

## Growth and Major Projects

We continue to deliver  
new projects for customers  
across the country.



## New Homes still Cooking and Heating with Gas

New home construction is our largest  
segment for residential connections and  
in 2018 we continued to see very strong  
building activity across our networks, but  
especially in Victoria.

We work closely with land developers and  
builders to ensure new home estates include  
natural gas reticulation in infrastructure  
planning, that builder display homes  
showcase natural gas appliances and  
natural gas is available for every home build.

With the continued expansion of greater  
Melbourne, new home estates in areas  
such as Cranbourne, Pakenham, Officer,  
Merrifield and Clyde are incorporating the  
latest natural gas cooking and hot water  
appliances, fireplaces and outdoor heating  
and entertaining areas.

## Taking Gas to Mount Barker with Approved Extension

On 19 December 2018, the AER approved  
our proposed Mount Barker Natural Gas  
Extension. The approval, for \$33 million  
in capital expenditure, will enable the  
construction of a 40km transmission pipeline  
from Murray Bridge to Mount Barker.

Mount Barker is one of the fastest growing  
regions in South Australia, with the  
population predicted to grow from around  
30,000 today to 55,000 by 2040.

The AER's approval followed a detailed  
process which began in December 2017.  
Our formal application to the AER seeking  
approval for the extension was made in  
June 2018. The AER's review included a tour  
of the proposed pipeline route organised  
by AGIG. The tour also included many  
interested stakeholders and councillors.

Our focus now is to finalise a FEED study in  
preparation for a final investment decision  
by the AGN Board in 2019.

## Opening More Opportunities for Gas for WA Consumers

We successfully commissioned the Pluto  
Compressor Meter Station in December  
2018. The new facility connects the Pluto  
Gas Plant to the DBNGP, AGIG's principle  
asset in Western Australia.

Woodside, which operates the Pluto  
Liquefied Natural Gas (LNG) Plant  
near Karratha, engaged AGIG to  
design, construct and commission the  
compressor facilities.

Delivering the plant following successful  
commissioning will allow additional gas  
supplies to reach Western Australian  
customers, diversifying the state's gas  
supplies and improving energy security.

## Meeting the Gas Needs for Brisbane's Growing Population

We have commenced planning for the  
construction of a 17km network extension  
to Caboolture West, north-west of Brisbane,  
which has been identified as the major  
greenfield growth area within the region.

The area is bound to the north by the  
D'Aguilar Highway and Caboolture River  
Road to the south. Covering some 2,200ha,  
there are 23,000 new homes forecast in  
the region over 40 years with a future  
population of 60,000 people.

In addition to residential development,  
natural gas could be available to the  
town centre, local area centres, schools  
and community facilities, and large  
employment areas that are all part of  
the Queensland Government's Master  
Plan for the area.



# 1.8km

New gas mains  
for the Melbourne  
Metro Tunnel.



## Oakleigh Grid Main

Laying a pipeline may seem to be an easy task, but it is particularly difficult when traversing through established suburbs like Ashburton in South East Melbourne.

We began constructing a new Oakleigh main in July 2018, consisting of approximately 4.5km of steel pipe sections, one rail crossing, installation of 13 cathodic protection points, pre-commissioning and commissioning activities. This main will connect multiple networks together to deliver gas to our customers with increased efficiency and more flexibility.

The project began in July 2018, and was completed in late December 2018.

## Kingsford Smith Drive Upgrade Project

Over the past three years, Brisbane City Council has been embarking on a major project to widen Kingsford Smith Drive from four to six lanes from Eagle Farm to Hamilton. To progress the road construction work, AGN through our partner APA Group, have relocated existing gas infrastructure to new alignments. We are relocating around 2.4km for each of two steel mains, as well as multiple shorter sections of pipes and services feeding customers along the entire length of the project. Stage one of the project is complete, with two further stages to be completed in 2019.

The project, in a critical part of AGN's Brisbane network particularly for the Brisbane CBD and western suburbs, will improve the security of supply for thousands of customers.

## Murarrie Looping Project

The Murarrie Pipeline, which runs underneath the Brisbane River between Murarrie and Pinkenba, is one of the most critical asset risks on the AGN Brisbane Network—it provides the primary supply of natural gas to more than 88,000 existing customers. To improve the reliability, safety and security of supply to these customers, we have worked with our partner APA Group for more than two years to plan for the duplication of the Murarrie Pipeline.

We will be installing a new 300mm high pressure steel pipeline beneath the Brisbane River using horizontal directional drilling. The complex drilling operations extend to approximately 960m in length to lay the new pipe beneath the riverbed.

Construction work is due to commence in March 2019, with completion expected later in 2019.

## Melbourne Metro Tunnel Gas Relocations

The Melbourne Metro Tunnel Project (or Melbourne Metro Rail Project) is a government funded major infrastructure project, involving construction of five new underground rail stations, 9km of new tunnels and supporting train/tram interchanges in Melbourne's city centre.

We were required to undertake several major gas network augmentations to enable the first stages of the ~\$11 billion construction project to proceed. Our works included decommissioning/abandoning of almost 2km of gas mains and associated pressure regulating facilities. To support these infrastructure changes, we installed new pressure regulating facilities and over 1.8km of new gas mains.

The MGN initial project works were completed in 2018, and we expect further works as the Melbourne Metro project progresses.





## A Good Employer

A healthy, safe and engaged workforce form the foundation for all the services we deliver to our customers.

Engaged employees prioritise customer service and safe work practices, protecting the public, themselves and their colleagues from harm.

### Health and Safety

Across all operations, the recordable injuries per million hours worked in 2018 was 7.8 (otherwise known as the total recordable injury frequency rate, TRIFR) down from 8.4 in 2018. This represents a significant improvement, but there is still a way to go to get to zero harm.

For our work on the DBNGP, we have had no recordable injuries during 2018. Our performance also improved because of a reduction in the number of lost-time injuries (LTIs). Across AGIG the number of LTIs was six in 2018, down from nine in 2017.

### Zero Harm Days

In August we held Zero Harm events in Melbourne and Perth to launch our updated Zero Harm principles. The Zero Harm principles target work activities across our businesses, where it is proven that failure to comply with our procedures carries an inherent risk of fatality.



Confined Spaces



Driving and Remote Travel



Energy Isolation



Fitness for Work



Mechanical Lifting



Mobile Plant



Traffic Management



Work in Gaseous Environments



Working at Height



Excavation and Trenching



Safety Management

The Zero Harm principles are our 'non negotiables': the rules we expect our staff and contractors to follow to keep our workforce and the public safe. They remind us all to follow procedures and that we all have the right to say STOP if we feel unsafe.

Ben Wilson CEO

### Employee Engagement and Skills Development

In October, our staff completed an annual employee engagement survey to assess and measure how engaged employees feel in their day-to-day environment.

The survey also measured employee responses against 10 key areas to establish whether actions, behaviours and outcomes are linked to AGIG's long term goals. The overall alignment score for 2018 was 61% favourable compared to the 2017 result of 53%.

Our employee engagement score was 70% for AGIG as whole. This was an improvement on the 2017 AGIG employee engagement survey which achieved a 65% engagement score. Participation also increased from 75% to 82%.

As we integrate our businesses, improving employee engagement is a key priority. With this in mind, we have determined the key objectives arising from the engagement survey and have allocated actions to a number of divisions within AGIG. We have also established a team of divisional champions who will work with their respective General Managers to ensure those action items are achieved within the designated timeframe.

There will also be a strong focus on succession planning and skills development. This will help to ensure that corporate knowledge is retained and to identify, equip and retain talent within our businesses.

Ensuring our staff maintain appropriate qualifications, certifications and training in key areas of work is also a key priority for maintaining the safety of the public and our workforce. In 2018 over 99% of all required refresher training was completed on schedule (i.e. when licences, certifications and competences are due for renewal).

### Women in Leadership

We are committed to increasing the diversity and representation of women in leadership and decision-making roles within the energy sector. In partnership with Energy Networks Australia we supported several employees to build their leadership skills by participating in the Women in Leadership Australia Executive Ready program.





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## Next Generation Program

At MGN and with our partner Comdain, retaining engineers and attracting new engineering talent has become increasingly challenging due to the high demand for engineers on numerous large Government construction projects in Victoria. In response, MGN and Comdain have jointly launched the Next Generation Program—a series of initiatives to attract and retain engineering talent including:

### A new starter technical induction program

A technically focused induction for engineers to meet with various parts of both the Comdain and MGN business. This aims to provide an early overview of our businesses, develop relationships and demonstrate career options in the future;

### Sharing office space

Enabling Comdain engineers to work from the MGN office where they can obtain support from our team to collaborate and understand our expectations; and

### Quarterly roundtables

To share information between the two businesses to improve understanding and collaboration.

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## Developing a Future Workforce for our Industry

At DBP, every year since 2012, we run apprenticeship training with the aim of developing young people within our industry. The program is designed to benefit all cultures and genders, and to date we have seen four graduates progress into industry or take on positions within AGIG.

In 2018 two employees graduated from the program and in 2019 we will take on two new apprentices.







## Sustainably Cost Efficient

By delivering profitable growth, working within industry benchmarks, and being environmentally and socially responsible.

This means growing customer numbers, and expanding the reach of our networks and pipelines to improve the liveability of Australian cities and regions. It also means developing and implementing a zero-carbon future for our assets.

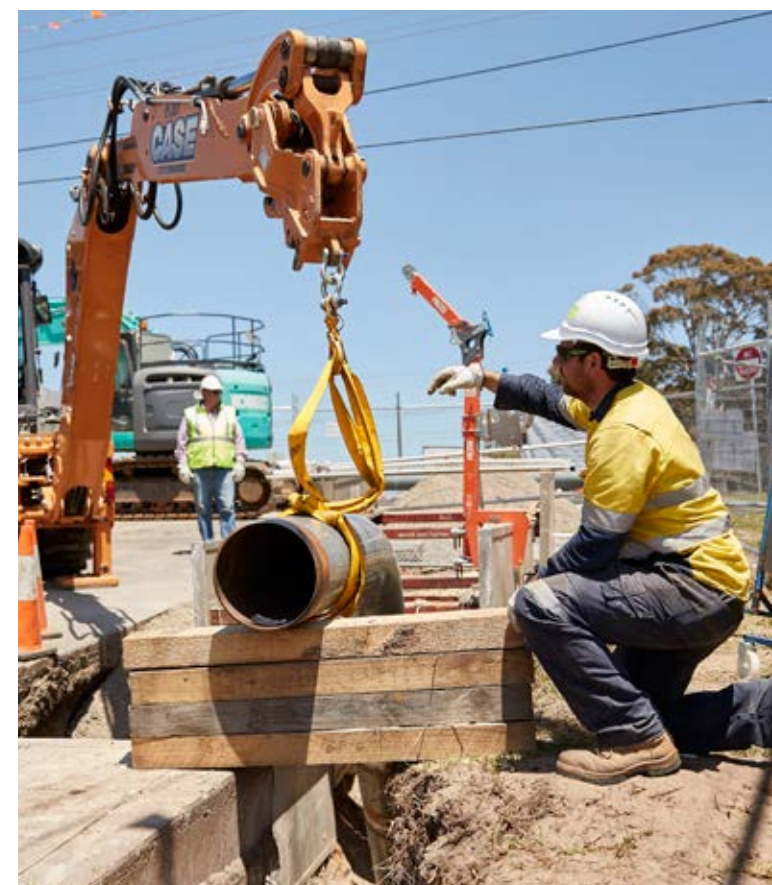
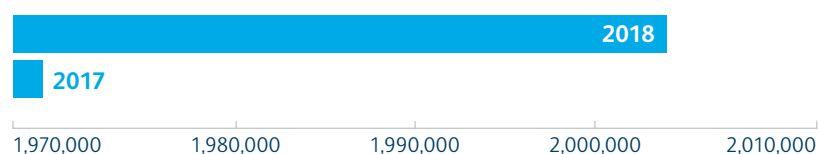
### Delivering Profitable Growth

Our distribution networks (AGN and MGN) grew at a record rate in 2018 with over 31,000 net new customers connected across Australia. All states had growth in customer numbers with the growth in Victoria being particularly strong.

The high rates of new customers connecting to our gas networks demonstrates Australians continue to value the benefits of natural gas.

#### Distribution Customers

##### Record Growth



Gas delivered to customers on our distribution networks was 1,000 terajoules lower in 2018 than the previous year. This was primarily driven by milder weather experienced in many states in 2018. For our Western Australian assets, gas delivered remained relatively stable at 370 petajoules.

Since the establishment of AGIG, we have been able to lower and stabilise operating costs across the businesses.

AGN net capital expenditure in 2018 was \$250 million, \$15 million lower than in 2017, largely due to the completion during 2017 of a major project in Queensland and the acquisition of a depot in South Australia. MGN net capital expenditure increased by \$16 million to \$107 million in 2018 mainly associated with higher customer driven works and information technology expenditure. At the DBP/DBP Development Group (DDG) capital expenditure increased by \$82 million, primarily due to the Tanami Gas Pipeline project. Across our networks, our mains replacement programs demonstrate our commitment to the ongoing safe and reliable supply of natural gas to our customers. In 2018, we delivered our mains replacement program largely consistent with our targets.

#### Total Net Capex\* per year 2014 to 2018

\$m	2018	2017	2016	2015	2014
AGN	250	265	234	283	277
MGN	107	91	83	64	58
DBP Group	179	97	41	23	12
<b>Total</b>	<b>536</b>	<b>453</b>	<b>358</b>	<b>370</b>	<b>347</b>

\* Net of government contributions

### Delivering One AGIG IT

Since the formation of AGIG in 2017, we have been working to integrate all three businesses with a view to providing efficient services to our customers and an efficient workplace for our staff. The MGN SeparIT Program was a key part of this effort.

SeparIT successfully separated the MGN corporate systems from the shared United Energy/MGN IT landscape in February 2019. The program continues to deliver on stabilisation and post-cutover activities to ensure smooth business operations. With the new infrastructure in place, there is now a focus on being able to deliver single technology systems across the Group, such as video conferencing and data sharing where and when appropriate.

Another key activity across the group is the cyber security program to align ourselves to best practices within the energy sector market, improve our maturity and ensure greater end user cyber safety.



Our assets  
provide the  
majority of  
energy consumed  
in Victorian  
homes.

# Delivering for Victoria



Environmentally and Socially Responsible

Low Carbon Gas

In March 2017, we worked with Energy Networks Australia to release Gas Vision 2050.

In 2018, we've continued to make significant progress with implementing this vision.

This year saw industry and government alike demonstrating a strong interest and commitment to the decarbonisation of Australia's gas sector. We will continue our efforts to invest in the future of gas to help lead this change in Australia.

2018 Activities

- 21 February**  
Funding announcement for Hydrogen Park South Australia  
We were awarded \$4.9 million from the SA Government's Renewable Technology Fund to deliver our HyP SA project. This project will deliver a 1.25MW electrolyser at the Tonsley Innovation District, for blending and injection into the local gas distribution network.
- 16 March**  
The Future of Hydrogen in Australia  
We hosted "The Future of Hydrogen in Australia" seminar in Adelaide, with around 140 people attending from Government (State and Federal), hydrogen technology providers, retailers, consumer representatives and other gas distribution businesses.
- 13 April**  
Future Fuels Cooperative Research Centre (FFCRC) announced  
We are an active industry member of the FFCRC, which successfully received \$26.25 million from the Federal Government to support its seven year research program into future fuels such as hydrogen and biogas.
- 27 April**  
Hydrogen Mobility Australia (HMA) membership  
We became a member of HMA to support the organisation's efforts to accelerate the realisation of a hydrogen economy in Australia.
- August**  
HyP SA FEED Complete
- 17 August**  
Release of Chief Scientist Dr Alan Finkel's COAG briefing paper  
We were members of Dr Alan Finkel's Hydrogen Strategy Group and Hydrogen Working Group to assist with the development of the COAG briefing paper "Hydrogen for Australia's Future".
- 23 August**  
Release of Commonwealth Scientific and Industrial Research Organisation's (CSIRO's) National Hydrogen Roadmap  
We were a project sponsor of the CSIRO National Hydrogen Roadmap.
- 18 September**  
Launched our First Hydrogen Appliance  
Launched our first hydrogen appliance – a hydrogen barbecue at a lunch for key stakeholders.
- 17 October**  
Standards Australia's Hydrogen Standards Forum  
We attended Standards Australia's Hydrogen Standards Forum which was held to engage with industry on the future standards required for the growing hydrogen sector in Australia.
- November**  
HyP SA Electrolyser purchased
- 15 November**  
Hydrogen Barbecue with Dr Finkel  
We held a hydrogen barbecue at the Tonsley Innovation District with Chief Scientist Dr Alan Finkel, the SA Government's Hydrogen Economy Steering Group and other key hydrogen stakeholders.
- December**  
HyP SA – Site Cleared  
Site cleared of excess dirt in preparation for development.



Future of Hydrogen in Australia forum (16 March)



Hydrogen barbecue (18 September)



Hydrogen barbecue (15 November)

"Hydrogen produces only water vapour and heat when burned. When produced from water using renewable electricity, or from coal or methane combined with carbon capture and storage, it's a close to zero-emissions fuel. With appropriate safeguards, it's just as safe as natural gas, and just as convenient for consumers."

Hydrogen for Australia's Future, A Report by the Hydrogen Strategy Group, Chaired by Australia's Chief Scientist Dr Alan Finkel



# \$11.4 million

Investment in our HyP SA facility at the Tonsley Innovation District.

# \$4.9 million

Grant from the South Australian Government's Renewable Technology Fund.

Using hydrogen in place of natural gas helps us to achieve a more environmentally sustainable future.

## Hydrogen Park South Australia (HyP SA)

Our HyP SA project is an Australian first development that will use renewable electricity to split water into hydrogen and oxygen through a process known as electrolysis. It will be located at the Tonsley Innovation District in suburban Adelaide.

Announced in February 2018, the \$11.4 million demonstration facility was made possible through a \$4.9 million grant from the South Australian Government's Renewable Technology Fund. The support of the South Australian Government, the Tonsley Innovation District and

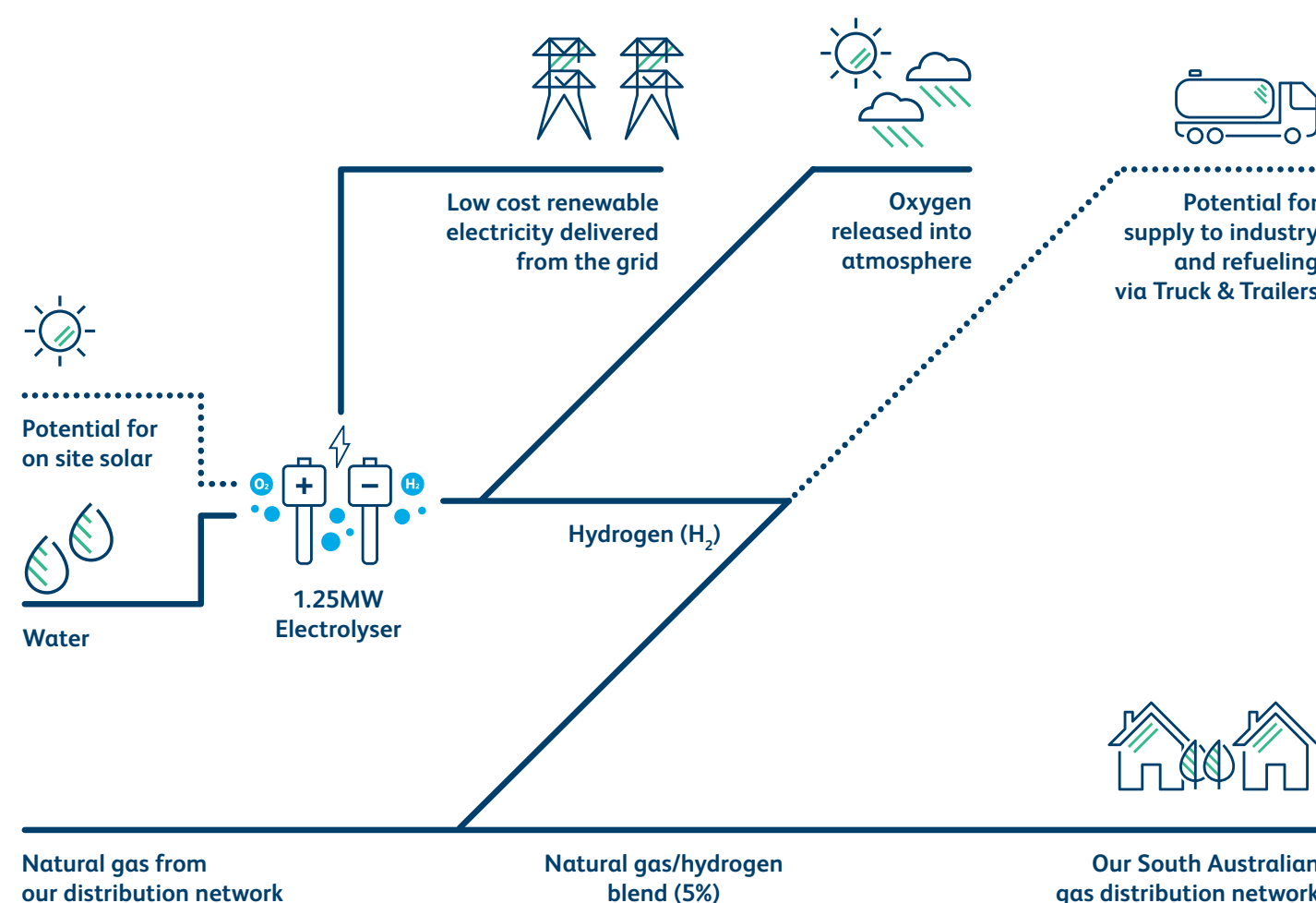
our partner Siemens, who supplied the electrolyser, are key.

Hydrogen is a gas much like natural gas, but when burnt there are no carbon dioxide emissions. Using hydrogen in place of natural gas helps us to achieve a more environmentally sustainable future. The hydrogen produced at HyP SA will be blended with natural gas and injected into our network, providing customers with cleaner energy, with no change to their current service (bills, safety and reliability). We are also pursuing the sale of hydrogen

to other users such as industrial customers and refuelling stations, to enable other sectors of the community to decarbonise. Finally, we are planning an Australian Hydrogen Discovery Centre also located at Tonsley, to share learnings from HyP SA and to pursue other hydrogen opportunities across Australia.

Significant progress was made in 2018, including the FEED study, the purchase and clearing of land and the purchase of the electrolyser. First hydrogen production is expected to occur by mid-2020.

## A pathway to cleaner energy







## Investing in our Communities and Protecting the Environment

In 2018, we supported and sponsored many local communities and charities where we operate.

We continued to work with organisations such as the South Australian State Theatre Company, Angel Flight in South Australia, Foodbank, the Hutt Street Centre, the Science and Engineering Challenge and several other charities. We provided around \$500,000 in support to various community groups and organisations.

We also continue to support and work with several energy industry groups. These include the Australian Pipelines and Gas Association, Energy Networks Australia, Biogas Australia, Plumbing Industry Association, Housing Industry Association, Master Builders Association, Hydrogen Mobility Australia, the Future Fuels Cooperative Research Centre, and many others.

# \$500,000

Socially and environmentally responsible investment.

## Inspiring Future Female Engineers

AGIG became a Gold sponsor of Robogals. Robogals' mission is to encourage gender diversity in the fields of Science, Technology, Engineering and Mathematics (STEM).

Our support for Robogals demonstrates our commitment to supporting diversity and inclusion in the workplace, and on developing the skills of our future work force.

## Trapping Pests to Help Communities and Native Species

AGIG has been supporting Landcare and the Yaburara and Coastal Mardudhunera Aboriginal Corporation (YACMAC) to eradicate feral cats in the Fortescue River Mouth region of Western Australia since 2017. AGIG's support is delivering trapping and baiting supplies to assist YACMAC to relieve the threat of invasive predators on nesting turtles and threatened Northern Quolls in the area.

## Walk a Mile in my Boots

AGIG supports Adelaide's Hutt Street Centre, and staff recently participated in Walk a Mile in My Boots – a one mile walk on a cold, winter's morning to find something to eat, a hot cup of tea or coffee, and a friendly face, to experience what the nearly 6,000 homeless South Australians confront.





# 27,000

Meals for vulnerable South Australians over Christmas.



## Kicking a Few Goals to End Hunger

AGIG and the Port Adelaide Football Club (PAFC) produced a \$13,400 donation for Foodbank South Australia's 2018 "Goals to End Hunger" campaign.

Our joint support saw \$100 donated for every Port Adelaide home game goal kicked during the 2018 season—helping Foodbank put an extra 27,000 meals on the Foodbank SA table of those in need over the festive season.

A record 500 Christmas hampers were also packed by PAFC and AGIG volunteers and played a valuable role in the more than 10,000 hampers provided to those South Australians in need each year during the 2018 Festive Season.



## Keeping the Eternal Flame Burning

An iconic and important feature of the Melbourne landscape, the Shrine of Remembrance was built as a memorial to all Australians who have served in war. In the forecourt of the Shrine sits the Eternal Flame, which was lit by Her Majesty Queen Elizabeth II at a dedication ceremony in 1954. Most visitors to the Shrine wouldn't know that the gas assets that keep the Eternal Flame burning are owned by MGN and provided free of charge.

The Shrine holds a special place in the heart of our staff, but the assets that supply gas to the flame were reaching the end of their life. We completed major works in 2018 over many months working closely with the Shrine of Remembrance to arrange the works safely and with minimal interruption. As a result of the upgrade and with regular maintenance, the Eternal Flame will continue to burn for many more years.



## Supporting Vulnerable Customers

We proudly sponsored the South Australian Council of Social Service (SACOSS) Essential Services and Consumers Living with Disability Conference 2018 held in May 2018. The Conference explored vulnerability in the context of essential services, specifically the needs and experiences of those living with a disability. As sponsors of the post-conference networking session, we invited the Broughton Arts Society to hold a mini art exhibition. The Broughton Art Society was established by the late Ian Broughton in 1965 as the Arts Society for the Handicapped. The not for profit society is run by volunteers and provides creative people living with a disability access to a community-based art studio service, as well as to a mobile art studio service.



# Corporate Governance



**Ben Wilson**  
Chief Executive Officer

Ben joined AGN as Chief Executive Officer in March 2015 and became Chief Executive Officer of DBP and MGN in 2017. Previously Ben was the Director of Strategy and Regulation and CFO at UK Power Networks, a large electricity distribution company in the UK with eight million customers, and also owned by the CK Group. Before joining UKPN in 2011, Ben was a utilities investment banker for 15 years, working in Europe, Asia and Latin America, most recently at Deutsche Bank. He is a Director and Deputy Chairman of Energy Networks Australia (ENA) and Chairman of the ENA Gas Committee.



**Paul May**  
Chief Financial Officer

A forward thinking CFO, Paul is committed to ensuring we are sustainably cost efficient and delivering profitable growth for our shareholders. Paul embeds best practice financial management principles from strategy to daily operations. He brings more than 20 years of experience to the management team. He holds a Bachelor of Accounting and is a Chartered Accountant.



**Andrew Staniford**  
Chief Customer Officer

A customer focused leader, Andrew ensures our business and workforce are well positioned to deliver for customers. Responsible for customer growth and increasing customer satisfaction, Andrew delivers major marketing and growth strategies across our national customer base and operations. He is also responsible for information technology strategy and implementation. Andrew has more than 25 years in the energy sector. He holds a Master of Economics.



**Tawake Rakai**  
General Manager Transmission  
Asset Management

Strategic asset management for the gas transmission system and storage facilities is Tawake's responsibility. He leads with the critical imperative of maintaining asset safety and integrity. Applying modern engineering practices, Tawake leads the design and construction of new gas transmission systems including compressor stations, meter stations and associated facilities and storage facilities. Tawake is also responsible for health and safety at AGIG, leading our safety culture and drive to zero harm. Tawake has extensive operations, maintenance and project experience with more than 35 years in the gas industry. He holds a Bachelor of Engineering (Mechanical).



**Jon Cleary**  
General Manager Commercial

Jon oversees the commercial operation of our transmission pipeline, storage and power generation assets. He monitors the changing energy landscape, seeking strategic opportunities for growth across our national operations. He is responsible for expansion opportunities and new projects, both in the regulated and non-regulated space. Under Jon's leadership, we have added a number of new gas pipeline, storage and remote power assets to our portfolio. Reliability is critical for our customers, and Jon also manages our Western Australian control room facilities. Jon brings invaluable experience to our Executive Team, having worked for the Queensland Gas Company (BG Group) and Woodside. He holds a Bachelor of Economics and a Master of Science.



**Mark Beech**  
General Manager Network Operations

Mark has operational responsibility for our gas distribution networks, the largest across Australia, ensuring the safe and reliable supply of natural gas to more than two million customers every day. Mark oversees the full life cycle of distribution network asset management, from commissioning through to the daily operational management of the distribution networks. Backed with more than 30 years of experience in utility operations, Mark has a well-deserved reputation as a technical leader in the Australian energy industry. Mark holds a Bachelor of Civil Engineering together with a Graduate Diploma in Engineering Management.



**Geoff Barton**  
Company Secretary

Good corporate governance is driven by our Company Secretary, Geoff Barton. This includes prudent management of all matters relating to our Boards, Board Committees, and the Executive Management Team. Geoff also leads corporate policy development. He has over 35 years of experience in the energy sector, including roles with the Electricity Trust of South Australia (ETSA) and AGL. Recognising the importance of delivering in the long term interests for customers, Geoff is a sitting Director of the Energy and Water Ombudsman of South Australia. He holds a Bachelor of Arts in Accounting and is a CPA.



**Craig de Laine**  
General Manager, People and Strategy

Craig sets and implements the long-term vision for our gas pipelines and distribution networks, with a focus on actively pursuing a low-carbon gas future for Australia. Craig is also responsible for ensuring we have an engaged and skilled workforce, regulatory management, compliance, internal audit and risk, policy and our economic advisory function. Craig ensures we effectively engage with the community as we develop our business plans. He brings over 20 years of industry experience, including roles at the Essential Services Commission of South Australia and the Productivity Commission. He holds a Master of Economics.



**James Smith**  
General Manager Transmission  
Operations

James leads the safe and reliable operations of our transmission assets. Focused on achieving a zero harm future, James inspires our operations teams and optimises our maintenance activities in Western Australia and the Northern Territory. James is a keen advocate in the pipeline industry, supporting research, development and sharing of lessons learned. He brings almost 30 years' experience from field, supervisory, management and executive management roles in the gas industry. He proudly holds trade qualifications in addition to an Advanced Diploma in Leadership and Management.

## Ownership

Australian Gas Infrastructure Group is owned by various consortia of private sector Hong Kong-based entities listed on the Hong Kong Stock Exchange. The consortia include CK Asset Holdings Ltd (CKA), CK Infrastructure Holdings Ltd (CKI), Power Assets Holdings Ltd (PAH) and CK Hutchison Holdings Ltd (CKH). These are all part of the Cheung Kong Group, a leading global investor in energy and other infrastructure, in the UK, Australia and other developed countries.



Leading the  
way in renewable  
gas through  
Hydrogen Park  
South Australia.

# Delivering for South Australia



# Operational Statistics

## Gas Delivered (TJ)

	2018		2017		2016		2015		2014	
	<10TJ	Total	<10TJ	Total	<10TJ	Total	<10TJ	Total	<10TJ	Total
WA (DBP)	-	370,268	-	371,443	-	344,246	-	330,695	-	325,925
VIC (AGN)	37,014	54,865	39,003	57,619	36,625	55,218	37,523	55,965	33,973	51,604
VIC (MGN)	44,,928	56,922	44,503	56,395	44,453	56,566	45,968	58,233	41,525	52,979
SA	10,670	31,952	10,777	30,668	10,535	30,795	10,975	31,062	10,150	31,402
QLD	2,595	6,488	2,447	6,114	2,363	6,024	2,315	10,233	2,270	15,718
NSW	2,674	6,647	2,829	7,118	2,611	6,927	2,602	6,780	2,387	6,323
NT	64	2,083	61	2,059	62	2,353	67	2,701	70	3,387
Total	97,946	529,225	99,620	531,416	96,649	502,129	99,450	495,669	90,375	487,338

## Customer Numbers

	2018	2017	2016	2015	2014
WA (DBP)	36	35	29	27	26
VIC (AGN)	682,170	665,420	650,191	635,559	621,591
VIC (MGN)	705,047	699,438	694,508	691,124	687,431
SA	451,718	445,428	439,248	433,510	427,336
QLD	104,098	101,794	98,989	96,172	93,885
NSW	59,087	58,096	56,641	55,745	54,629
NT	1,138	1,137	1,137	1,137	1,137
Total	2,003,294	1,971,348	1,940,743	1,913,274	1,886,035

AGIG was only formed in May 2017, however DBP and MGN statistics for 2017 in full and history are provided prior to this date for completeness.

Major transmission business.

Largest gas distributor in Australia.

## Assets

	WA (DBP/DDG)		VIC		SA		QLD		NSW		NT		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
New mains (km)	-	-	225	246	56	44	57	76	18	1	-	-	356	367
New inlets	-	-	37,833	38,906	8,563	8,937	2,742	3,362	807	982	-	-	49,945	52,187
Replacement mains (km)	-	-	183	246	214	204	18	21	11	10	-	-	426	481
Total mains (km)	-	-	21,246	21,018	8,108	8,029	3,022	2,976	1,979	1,974	38	38	34,393	34,035
Transmission pipelines (km)	2,431*	2,431*	504	498	484	472	313	313	84	84	601	159	4,265	3,805

\*Unlooped pipeline length, loop is an additional 1,252km.

## Financial (\$m)

	DBP/DDG		MGN		AGN		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Total revenue	449	403	214	222	617	618	1,280	1,243
EBIT	250	210	118	61	361	360	729	631
New capital expenditure	179	97	107	91	250	265	536	453
Credit rating	BBB	BBB	BBB+	BBB+	A-	BBB+	-	-
Net debt (\$bn)	2.42	2.46	1.09	1.06	2.70	2.60	6.21	6.12
RAB* (\$bn)	3.43	3.44	1.24	1.19	3.67	3.53	8.34	8.16
Net debt:RAB^	67%	67%	88%	89%	74%	74%	73%	73%

\*Regulated Asset Base. ^ DBP/DDG Net debt includes DDG Net debt, but this is excluded from the DBP/DDG Net debt:RAB calculation.



## Operational Key Performance Indicators

### Delivering for the customer

	2018			2017		
Public safety	AGN	MGN	DBP	AGN	MGN	DBP
% of public leak reports responded in 2 hours (1 hour MGN)	98%	95%	N/A	99%	97%	N/A
% of Leak Management Plan (LMP) leak surveys compliance	100%	100%	N/A	98%	99%	N/A
LMP Class 1 and Class 2 leak repair – % performance with LMP target timeframe	99%	97%	N/A	99%	85%	N/A
Tier 1 and Tier 2 Safety Events	N/A	N/A	0	N/A	N/A	0

### Reliability

Unplanned interruptions caused by operator actions, third party damage or asset condition	1,357	4,103	N/A	1,254	4,202	N/A
No. of unplanned interruptions affecting 5+ customers	42	5	N/A	49	6	N/A
No. of customers having 3+ interruptions within 12 months*	16	40	N/A	0	35	N/A
No. of events where a gas interruption is not restored within 12 hrs	57	175	N/A	105	175	N/A
DBNGP system reliability	N/A	N/A	100%	N/A	N/A	100%
DBNGP - compressor station availability	N/A	N/A	98%	N/A	N/A	98%
10MW unit availability	N/A	N/A	92%	N/A	N/A	88%
Asset utilisation	N/A	N/A	72%	N/A	N/A	71%
Compressor fuel use	N/A	N/A	2%	N/A	N/A	2%

### Customer services

Time to answer calls (Emergency) – within 10 seconds (%)	91%	81%	N/A	92%	85%	N/A
Time to answer calls (Customer) – within 30 seconds (%)	86%	76%	N/A	85%	66%	N/A
No. of substantial complaints	1,317	827	N/A	1,662	2,151	N/A
Connection performance (%)	99%	92%	N/A	99%	77%	N/A
Meter fix performance (%)	99%	97%	N/A	99%	98%	N/A
DBNGP curtailments	N/A	N/A	0	N/A	N/A	0

### A good employer

#### Health and safety

Total Recordable Injury Frequency Rate (TRIFR)	9.8	4	5.4	N/A	4.4	11
No. of Lost Time Injuries (LTI's)	3	2	1	6	2	1
No. of Moderate Medical Treatment Injuries (MMTI's)	20	1	2	11	1	N/A

#### Skills development

Refresher training compliance to scheduled volume (%)	99%	99%	99%	99%	97%	100%
Compliance to competency audits	0	3	N/A	0	4	N/A

#### Employee engagement

Employee engagement score	79%	69%	82%	76%	66%	65%
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### Sustainably cost efficient

#### Environmentally and socially responsible

Greenhouse gases emissions (volume – tonnes CO <sub>2</sub> e)	575,422	238,018	252,352	587,783	369,329	237,106
No. of reportable environment incidents	0	0	0	0	0	0

\*2017 data refers to number of customers having 5+ interruptions within 12 months

AGIG was only formed in May 2017, however DBP and MGN statistics for 2017 in full and history are provided prior to this date for completeness.



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## General Enquiries

### **AGIG**

[www.agig.com.au](http://www.agig.com.au)

### **AGN**

(08) 8227 1500

Mon-Fri, 9am to 5pm (ACST)

[australiangasnetworks.com.au](http://australiangasnetworks.com.au)

### **DBP**

(08) 9923 4300

Mon-Fri, 9am to 5pm (AWST)

[dbp.net.au](http://dbp.net.au)

### **MGN**

1300 887 501

Mon-Fri, 9am to 5pm (AEST)

[multinetgas.com.au](http://multinetgas.com.au)

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## Post

### **AGN**

Level 6, 400 King William Street,  
Adelaide SA 5000

### **DBP**

12-14 The Esplanade  
Perth, WA 6000

### **MGN**

43-45 Centreway  
Mount Waverley, VIC 3149