



Ringfencing Rules APA DEWAP Network



Contents

| | |
|---|----------|
| 1. Introduction and purpose | 3 |
| 2. Overview of ADEWAP operations | 3 |
| 3. ADEWAP Port Hedland Assets | 3 |
| 4. ADEWAP ring-fencing rules | 5 |
| 1. Introduction and purpose | 3 |
| 2. ADEWAP network | 3 |
| 3. ADEWAP Port Hedland Assets | 3 |
| 4. ADEWAP ring-fencing rules | 4 |

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Next review due: 15 Months prior to the third pricing period (1 July 20~~30~~²⁷ – 30 June 203~~30~~³⁰) i.e., revisions due for submission to the ERA on 1 April 202~~9~~⁶.

1. Introduction and purpose

This document has been prepared by APA DEWAP Pty Ltd (ACN 058 070 689) (**ADEWAP**) and sets out to present the ringfencing rules that apply to the ADEWAP-owned Port Hedland network, as defined in the Pilbara Networks Access Code (**PNAC**).

It explains the governance, information-handling requirements, and functional separation obligations that apply to the ADEWAP Network business to ensure compliance with the Pilbara Networks Access Code (**PNAC**) ringfencing framework.

These ringfencing rules take effect from the date they are approved by the Economic Regulation Authority (**ERA**), following its acquisition on 1 November 2023 by APA Group. These ringfencing rules are effective from the date they are published on the APA website.

2. Overview of ADEWAP network operations

At the date of these rules, the Port Hedland network is owned and operated by ADEWAP, which is now a subsidiary of the APA Group Limited (ACN 091 344 704) (**APA Group**) APA Group parent entity, APA Group Limited (ACN 091 344 704) (APA Group).¹

The assets associated with ADEWAP's Port Hedland operations include the ADEWAP Network and its Port Hedland Power Station. ADEWAP conducts both a 'network business' in its capacity as a Network Service Provider and an 'other business' that involves the generation and sale of power from Port Hedland Power Station (i.e., the ADEWAP Generation business).

The ADEWAP Generation business supplies large mining operations in Port Hedland. ADEWAP Generation supplies customers as APA ADEWAP Pty Ltd and has a power purchase agreement in place with APA Pilbara Holdings Pty Ltd (**APH**).

- electricity to two large iron ore mining operations in Port Hedland and has a power purchase agreement in place with Alinta Sales Pty Ltd; and
- a spinning reserve service in the North West Interconnected System, procured by Pilbara ISOCe

Alinta Sales Pty Ltd (ACN 089 531 984) (Alinta Sales) is a subsidiary of Alinta Energy's parent entity, and is now a separate business entity and unrelated to ADEWAP and, following APA Group's acquisition of ADEWAP's Port Hedland operations, is no longer an "associate" of the ADEWAP Network business. APH is a subsidiary of APA Group that is part of the APA Generation business. APH is party to a power purchase agreement with ADEWAP that includes the transport of power to the limits of the ADEWAP Network. The existence of this power purchase agreement makes APH an 'associate' of the ADEWAP Network business, because it has an 'associate arrangement' that provides APA Pilbara with access to the ADEWAP Network.

3. ADEWAP Port Hedland Assets

Figure 1 shows a map of the ADEWAP Network, which consists of three 66kV feeders comprising of about 22.5km of 75MVA conductor, of which:

- two feeders connect Port Hedland Power Station to the Horizon Power network substations of Wedgefield and Murdoch, and
- a single line runs between and connects the Port Hedland Power Station's two sites of generation (at Port Hedland and Boodarie).

¹ ADEWAP became part of APA Group following its acquisition on 1 November 2023.

The ADEWAP Network consists of:

- a 33kV switchroom which facilitates connection of the Port Hedland Solar Farm and Battery Energy Storage System; and
- three 66kV feeders comprising of about 22.5km of 75MVA conductor, of which:
 - two feeders connect Port Hedland Power Station to the Horizon Power network substations of Wedgefield and Murdoch, and
 - a single line runs between and connects the Port Hedland Power Station's two sites of generation (at Port Hedland and Boodarie).

Figure 1 shows a map of the ADEWAP Network.

Figure 1 Map of ADEWAP Network



~~APA's generation at The Port Hedland Power Station's two sites of generation at Port Hedland and Boodarie sit around 5km apart, however they are configured, operate and are dispatched as a single power station. The ADEWAP Port Hedland~~ Currently, APA Generation has ~~Power Station~~ has an operational capacity of ~~around around~~ 175MW of thermal plant, 35MW of battery energy storage and 45MW of solar generation.

~~APA Group is currently constructing a 47MW solar farm and 35MW battery energy storage system into the existing Port Hedland Power Station, with an expected completion date of 2024.~~

4. ADEWAP ring-fencing rules

ADEWAP Ringfencing Rules

1. **Protection of information** – general provisions regarding the treatment and disclosure of confidential information included in sections 156 to 167 of the PNAC must be complied with where relevant.

These ringfencing rules ensure that commercially sensitive information² and any information received by ADEWAP in respect of a function under the Pilbara ~~n~~Network ~~r~~Rules (PNR) is kept confidential and only used within the ADEWAP Network business and for the purpose for which it was acquired or developed. This is achieved through:

- a. restrictions enforced by APA Group's IT systems prevent access to ADEWAP's data and information (including commercially sensitive information) to all staff other than authorised ADEWAP individuals,
- b. periodic audits will be undertaken by ~~APA's~~the APA General Manager Economic Regulation and External Policy (Compliance Manager) to check that only authorised ADEWAP individuals have accessed the restricted data, and

² 'Commercially sensitive information' is defined by the PNAC as: "all confidential or commercially sensitive information in relation to, as applicable: a) an applicant or customer which is developed by or comes into the possession of an NSP including a network business's present and future dealings with the applicant, or customer, but excludes aggregated information that does not relate to an identifiable applicant or customer; or b) an NSP which comes into the possession of another NSP for the purposes of performing a function under the Pilbara networks rules; or c) an NSP which is developed by or comes into the possession of an applicant or customer, but excludes information required by this Code to be published or aggregated information that does not relate to the identifiable NSP."

- c. staff who are authorised to access the restricted data are required to sign declarations that the information will be kept confidential and only used within the ADEWAP Network business and for the purpose for which it was acquired or developed.
2. **Commercial dealings** – where the need arises for meetings to take place between ringfenced entities in relation to projects or tasks that include commercially sensitive information, commercial business dealings or commercial operations, these meetings are:
- a. held formally,
 - b. documented and recorded through a formal record of minutes kept by ADEWAP,
 - c. commence with the parties' formal acknowledgement and agreement to undertake discussions in accordance with these ADEWAP Ringfencing Rules, and
 - d. where practicable, have an independent observer (such as the Compliance Manager or their nominee) attend and observe for the purposes of ensuring that the ADEWAP Ringfencing Rules are adhered to, to ensure compliance with the PNAC's ringfencing requirements are upheld.
3. **Cost allocations** – income, expenditure, corporate overhead costs, assets and liabilities are attributed, allocated and recorded in a way that provides a true and fair view of the ADEWAP Network business, as distinct from the ADEWAP Generation business ('other business').

The relevant practices adopted are as follows:

- a. ADEWAP Network accounts are prepared and independently audited on an annual basis. The audit is undertaken on an "agreed upon procedures basis" with the purpose being to review, check and validate that the accounting allocations have occurred correctly in line with the principles documented in these ringfencing rules.
 - b. Income, expenditure, corporate overheads, assets and liabilities are allocated to the ADEWAP Network business based on the following principles:
 - i. items that are directly attributable are allocated accordingly;
 - ii. items that are not directly attributable are allocated, where practicable, on a causation basis; and
 - iii. items that are not directly attributable and cannot be practicably allocated on a causation basis must be allocated in a reasonable manner. The ADEWAP Network business accounts must include a supporting note for each item allocated indicating:
 - o basis of allocation,
 - o reason for choosing that basis, and
 - o explanation for why no causal relationship could be established.
 - c. Revenue received by the ADEWAP Network business from the provision of goods or services to an associate or deemed associate is separately identified in the ADEWAP network business accounts.
 - d. Expenditure by the ADEWAP network business on goods or service provided by an associate or deemed associate is separately identified in the ADEWAP network business accounts.
4. **Annual Declarations** – ADEWAP team members who handle and manage commercially sensitive information are 'deemed authorised ADEWAP individuals'. All ADEWAP team members who are deemed authorised ADEWAP individuals and the Compliance Manager must sign an annual declaration declaring that they have:
- a. maintained confidentiality in relation to the ringfenced entities commercial business dealings, commercial operations and commercially sensitive information,

- b. only used commercially sensitive information and any information received in respect of a function under the Pilbara network rules within the ADEWAP network business and for the purpose for which it was acquired or developed,
- c. not conducted or participated in actions or activities that provide favourable treatment to an associate or other business of the ADEWAP network business, and
- d. not conducted or participated in actions or activities that discriminate against competitors in a market related to the ADEWAP network business, an associate or an 'other business'.

ADEWAP team member declarations are subject to an annual internal review and audit. The purpose of this audit is to confirm and validate compliance with the ADEWAP Ringfencing Rules. The content, details and findings of this audit are formally recorded and kept by the Compliance Manager.

All ADEWAP team member annual declarations are formally recorded and kept by the Compliance Manager.

5. **Self-reporting breaches** – ADEWAP's process for self-reporting breaches is as follows:
 - a. any APA staff member can report potential or actual breaches to the Compliance Manager. The Compliance Manager may also identify potential or actual breaches,
 - b. where such breaches are raised, they are entered into APA Group's breach notification system,
 - c. each instance of breach is investigated by the Compliance Manager,
 - d. the Compliance Manager must complete the investigation, including making any recommendations on remedial actions, and enter details of their investigation into the APA Group breach notification system, and
 - e. the Compliance Manager will ensure any recommendations on remedial actions identified in any completed breach investigation in 57(d) are implemented accordingly.

6. **Reporting breaches** – Any breach or non-compliance of the ADEWAP Ringfencing Rules that is detected at any time (including during the Compliance Manager's annual audit) will be:
 - a. reported, along with details of the breach or non-compliance, to the Economic Regulation Authority within 5 business days of determining that the breach or non-compliance has occurred, and
 - b. investigated and reviewed to determine what further controls or additions to the ADEWAP Ringfencing Rules are required to prevent a reoccurrence of the breach or non-compliance.

7. **Annual ADEWAP Ringfencing Rules Training** – the Compliance Manager will ensure that ADEWAP Ringfencing Rules compliance training is undertaken by all relevant APA personnel on an annual basis, with a record captured in the APA Group training system.

8. **Associate and Other Business Arrangements** – ADEWAP will:
 - a. ensure that an associate or other business of its network business complies with all applicable ADEWAP Ringfencing Rules to the extent that this is required to meet and achieve the PNAC's ringfencing objectives, and
 - b. record the full terms and conditions of any arrangement with an associate for covered services (associate arrangement) in writing to the same standard as would occur if the businesses were arms-length separate entities, noting that this requirement also includes where ADEWAP provides one or more covered services to an 'other business' of ADEWAP (deemed associate arrangement).

