

Ring Fencing Policy

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Review Required by:

- | | |
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| <input type="checkbox"/> CEO | <input type="checkbox"/> COO |
| <input type="checkbox"/> Commercial | <input type="checkbox"/> Corporate Services |
| <input type="checkbox"/> Engineering | <input type="checkbox"/> Finance |
| <input type="checkbox"/> Gas Pipeline Victoria | <input type="checkbox"/> Network Operations |
| <input checked="" type="checkbox"/> Safety & Compliance | <input type="checkbox"/> Tas Gas Retail |
| <input type="checkbox"/> Peel Renewable Energy | <input type="checkbox"/> Peel Renewable Energy Genco |

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| <input checked="" type="checkbox"/> Tas Gas Holdings | <input checked="" type="checkbox"/> Tas Gas Retail |
| <input checked="" type="checkbox"/> Tas Gas Networks | <input type="checkbox"/> Gas Pipeline Victoria |
| <input type="checkbox"/> Peel Renewable Energy | <input type="checkbox"/> Peel Renewable Energy Genco |
| <input type="checkbox"/> Other: All Tas Gas Holdings subsidiaries | |
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Document History

Version No.	Published Date	Description of Change
1.0	June 2011	New document.
2.0	October 2011	Document update.
3.0	March 2012	Parent company details updated.
4.0	April 2012	GM title changed to CEO.
5.0	November 2013	Document review.
6.0	August 2014	Insert Works' Manual table, Properties and update Definitions table.
7.0	September 2015	Clarify Tas Gas and independent coordinator roles. New wording, ninth bullet, in Section 5.4.
8.0	February 2016	Transferred to new Brookfield template.
9.0	June 2017	Complete content review and update.
10.0	October 2018	Update in accordance with legal review conducted by DLA Piper 18 th September 2018.
11.0	October 2018	Amend review date.
12.0	04 May 2020	Updated contacts and Independent Controller references.
13.0	04 September 2020	Tas Gas format.

References

Cited in this Document

Title	Document Number
Code of Conduct Policy	BMSDOC-18-378
Gas Customer Transfer and Reconciliation Code – Office of the Tasmanian Economic Regulator	2011
Ring Fencing Procedure	BMSDOC-18-1649

Additional Reading

Title	Document Number
N/A	

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1. SCOPE

This policy applies to Tas Gas Networks (TGN) and Tas Gas Retail (TGR), which are subsidiaries of Tas Gas Holdings Pty Ltd, and their directors, employees, contractors and sub-contractors as appropriate.

2. DEFINITIONS

Term	Description
Tas Gas	Tas Gas Holdings Pty Ltd includes, but is not limited to, the following subsidiaries: <ul style="list-style-type: none"> • Tas Gas Holdings Pty Ltd (TGH) • Tas Gas Networks Pty Ltd (TGN) • Tas Gas Retail Pty Ltd (TGR) • Gas Holdings Tasmania Pty Ltd (GHT) • Regional Energy Victoria Pty Ltd (REV) • Peel Renewable Energy Pty Ltd (Peel) • Peel Renewable Energy Genco Pty Ltd (Genco) • Gas Networks Victoria Pty Ltd (GNV) • Gas Pipeline Victoria PTY Ltd (GPV)
CEO	The Chief Executive Officer of Tas Gas Networks and Tas Gas Retail
Commercial Advantage	A condition or circumstance created by TGN, or information given by TGN, for the benefit of a retailer operating on TGNs natural gas networks in Tasmania which puts that retailer in a more favourable business position if it is not created for, or given to, all retailers operating on TGNs natural gas networks in Tasmania by TGN as soon as is practical
Independent Retailer	An entity which holds a Gas Retail Licence under the Gas Act 2000 (Tasmania) and is not a related body corporate of Tas Gas Networks or Tas Gas Retail.
OTTER	Office of the Tasmanian Economic Regulator
Staff	Officers, employees, consultants, independent contractors and agents including any individuals (including secondees) otherwise made available to the entity by another entity

3. POLICY OBJECTIVES

The objective of this policy is to ensure that practices are in place to maintain a non-discriminatory, fair and open market for all gas retailers in Tasmania with no commercial advantage being granted to Tas Gas Retail which could be to the detriment of any Independent Retailer.

These practices are integrated into everyday operations and include a separation of: confidential and financial records; commercially sensitive information; and, where appropriate, marketing and sales activities.

4. RESPONSIBILITIES UNDER THIS POLICY

Responsibilities under this policy are as follows:

- **Board and Directors of Tas Gas Holdings**– shall maintain separate legal entities for the provision of natural gas retail services and network distribution activities.
- **Head of Risk & Compliance and Company Secretary – Infrastructure Specialist Asset Management, ICG** (Independent Coordinator) is responsible for: the overview and monitoring of compliance with this policy; providing an independent assessment; carrying out investigations; and addressing potential breaches. The Independent Coordinator may delegate some of his responsibilities to the CEO. The Independent Coordinator, or his delegate, is responsible for determining who is an authorised employee for the access of information, financial records and bank accounts. Such determination will be based on criteria set out in their position description.
- **CEO** is responsible for ensuring this policy is: communicated and enforced throughout the business; and reviewed where there is a significant change to the legislation, business context and/or change in the Independent Coordinator. The CEO may delegate some of his responsibilities to the Safety and Compliance Manager.
- **Manager Safety & Compliance** is responsible for ensuring this policy is: embedded into the day-to-day operations of all Staff; included in the induction process; and presented

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as an annual refresher to all Staff. This role is also responsible for reporting any potential breaches in writing to the Independent Coordinator.

- **All Managers** are responsible for ensuring the appropriate working environment is maintained to ensure their Staff are easily able to adhere to the conditions set out in this policy.
- **All Staff** are responsible for being vigilant at all times to ensure the conditions set out in this policy are adhered to and to report any potential breaches to their manager or to the Manager Safety & Compliance as soon as they occur.

5. BACKGROUND

TGN is a legal entity and the holder of a *Gas Distribution Licence* under the Gas Act 2000. TGR is also a legal entity and the holder of a *Gas Retail Licence* under the Gas Act 2000.

Clause 10.3 of TGN's Gas Distribution Licence requires TGN to comply with any "code issued by the Director of Gas relating to the ring-fencing of accounts or operations."

TGN is a natural gas distributor and does not produce, purchase (other than for the safe operation of the network) or sell natural gas.

The Allocation Agent Certificate issued to TGN by the Office of The Tasmanian Economic Regulator under section 38A of the Gas Act 2000 includes a condition for the "ring fencing of Allocation Agent activities in terms of accounting and information"

In addition, TGN wishes to ensure a free, fair and open natural gas market with no Commercial Advantage granted to TGR as a result of being a related body corporate, which may be to the detriment of an Independent Retailer.

6. APPLICATION

This policy sets out the commitments made by Tas Gas Networks in relation to its natural gas operations in Tasmania. The arrangements set out in this policy are considered to be the minimum requirements and any change to them which may dilute their effectiveness must be approved by the CEO.

7. JOINT CHIEF EXECUTIVE OFFICER AND/OR CHIEF FINANCE OFFICER

Nothing in this policy prevents TGN and TGR from engaging a joint CEO and/or Chief Finance Officer. These officers will be committed to the principles and obligations required under this policy and the CEO will have oversight and responsibility for its application. Any risk is further diminished because they are removed from the day-to-day activities where a breach would normally be expected to occur.

8. COMMITMENTS

TGN has committed to the following conditions:

- TGN must ensure that its staff are not also Staff of TGR that engage directly in the production, purchase or sale of natural gas.
- Provision to TGN of expert marketing advice and guidance by TGR Staff or any Independent Retailer's staff may be undertaken. TGN will ensure no Commercial Advantage is granted to TGR or any Independent Retailer that could be to the detriment of any Independent Retailer.
- Where TGR or any Independent Retailer seeks to develop a marketing initiative in collaboration with TGN this is not deemed to constitute a Commercial Advantage and only the general obligations of confidentiality and non-disclosure will apply.
- The Independent Coordinator (or his delegate) will regularly brief each employee of both TGR and TGN on:

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- the requirements of this policy and, in particular, that no employee of TGN may discuss with or divulge to any employee of TGR any confidential information obtained from an Independent Retailer
 - any specific confidentiality requirements imposed by an Independent Retailer and accepted by TGN
 - general obligations of confidentiality and non-disclosure as imposed by law, through contractual arrangements or in accordance with the Code of Conduct Policy (BMSDOC-18-378).
- Each employee will be provided with access to a copy of this policy and the associated *Ring Fencing Procedure* (BMSDOC-18-1649) as well as annual retraining.
 - TGN will only use information provided by a retailer for the purpose for which it was provided or as specifically authorised by the retailer unless otherwise required to do so by law or in the case of an emergency in which case access will be provided equally to all retailers.
 - Information created, obtained or processed by TGN in respect of the supply of gas by an Independent Retailer must be kept secure, physically separate and available only to authorised employees of TGN unless otherwise required to do so by law or in the case of an emergency in which case access will be provided equally to all retailers.
 - Each entity's Board agenda, memos, minutes and resolutions shall be kept physically separate and available only to directors and authorised employees of that entity.
 - Each entity's financial records and bank accounts will be kept separate and only available to authorised employees of that entity.
 - TGN will separately account for ancillary services (including metering data provider and allocation agent duties as set out in the *Gas Customer Transfer and Reconciliation Code* (issued by OTTER) and allocate shared costs across activities.
 - Each entity will have its own separate website, telephone and fax systems with unique numbers.
 - TGN will not discriminate between the customers of any retailers in the provision of services and will, at all times, ensure any services provided to TGR are provided as if TGR is a separate, unrelated entity.
 - TGN will charge the same tariff to all customers for a given service offering. Tariffs may only vary where non-standard services are sought or for services provided to different customer classes.
 - TGN and TGR will operate from separate offices and maintain a physical separation between their respective employees, files, records and work facilities (e.g. printers and desks). Employees seconded from one entity to another may work in the office of the entity they have been seconded to for the period of the secondment and may be subject to additional confidentiality provisions.
 - A review and an internal audit will be conducted every two years by the Independent Coordinator, or his delegate who is not involved in the day-to-day affairs of either TGN or TGR, to assess compliance with this policy.
 - Any breach of these conditions will be reported in writing to the Independent Coordinator together with such information as may be necessary for the Independent Coordinator to investigate the breach and to direct remedial action.

9. INDEPENDENT COORDINATOR

Name: Joseph Cremin
Position: Head of Risk & Compliance and Company Secretary –
Infrastructure Specialist Asset Management, ICG.

Contact details:
Telephone: 03 8680 3513
Mobile: 0419 870 333
Email: Joseph.Cremin@infrastructurecapital.com.au

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10. COMMUNICATION

This policy is to be:

- Communicated on at least an annual basis to all employees.
- Included in the induction package for employees.
- Included in the contract documentation for service and operations and maintenance contractors if appropriate.
- Communicated to any other consultants and contractors who may be involved in work relating to commercial arrangements and/or information systems as appropriate.

11. POLICY STATEMENT

Tas Gas Holdings supports the promotion of fair and effective competition in the supply of natural gas as a key sustainability principle and as such considers it is in the best interests of Tas Gas Networks (TGN), Tas Gas Retail (TGR) and their consumers. TGN has committed to the following conditions:

- TGN must ensure that its staff are not also Staff of TGR that engage directly in the production, purchase or sale of natural gas.
- Provision to TGN of expert marketing advice and guidance by TGR Staff or any Independent Retailer's staff may be undertaken. TGN will ensure no Commercial Advantage is granted to TGR or any Independent Retailer that could be to the detriment of any Independent Retailer.
- Where TGR or any other retailer seeks to develop a marketing initiative in collaboration with TGN this is not deemed to constitute a Commercial Advantage and only the general obligations of confidentiality and non-disclosure will apply.
- The Independent Coordinator (or his delegate) will regularly brief each employee of both TGR and TGN on:
 - the requirements of this policy and, in particular, that no employee of TGN may discuss with or divulge to any employee of TGR any confidential information obtained from an Independent Retailer
 - any specific confidentiality requirements imposed by an Independent Retailer and accepted by TGN
 - general obligations of confidentiality and non-disclosure as imposed by law, through contractual arrangements or in accordance with the Code of Conduct Policy.
- Each employee will be provided with access to a copy of this policy and the associated procedure.
- TGN will only use information provided by a retailer for the purpose for which it was provided or as specifically authorised by the retailer unless otherwise required to do so by law or in the case of an emergency in which case access will be provided equally to all retailers.
- Information created, obtained or processed by TGN in respect of the supply of gas by an Independent Retailer must be kept secure, physically separate and available only to authorised employees of TGN unless otherwise required to do so by law or in the case of an emergency in which case access will be provided equally to all retailers.
- Each entity's Board agenda, memos, minutes and resolutions shall be kept physically separate and available only to directors and authorised employees of that entity.
- Each entity's financial records and bank accounts will be kept separate and only available to authorised employees of that entity.
- TGN will separately account for ancillary services (including metering data provider and allocation agent duties as set out in the *Gas Customer Transfer and Reconciliation Code* issued by OTTER) and allocate shared costs across activities.

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- Each entity will have its own separate website, telephone and fax systems with unique numbers.
- TGN will not discriminate between the customers of any retailers in the provision of services.
- TGN will charge the same tariff to all customers for a given service offering. Tariffs may only vary where non-standard services are sought or for services provided to different customer classes.
- TGN and TGR will operate from separate offices and maintain a physical separation between their respective employees, files, records and work facilities (e.g. printers and desks). Employees seconded from one entity to another may work in the office of the entity they have been seconded to for the period of the secondment and may be subject to additional confidentiality provisions.
- A review and an internal audit will be conducted every two years by the Independent Coordinator, or his delegate who is not involved in the day-to-day affairs of either TGN or TGR, to assess compliance with this policy.
- Any breach of these conditions will be reported in writing to the Independent Coordinator together with such information as may be necessary for the Independent Coordinator to investigate the breach and to direct remedial action.

On becoming aware of any suspected breach, Staff must advise their manager who must report the incident immediately to the Manager Safety & Compliance who will provide a written report to the Independent Coordinator.

A handwritten signature in black ink, appearing to read "Cameron Evans".

Cameron Evans
Chief Executive Officer
05 May 2020