



APA DEWAP Network, Port Hedland

February 1, 2024 February 2024 February 1, 2024

~~Ringfencing Rules~~  
~~Alinta DEWAP~~  
~~Network~~ Ringfencing  
~~Rules ADA DEWAP~~



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## Version Control

### Version change control:

Version	Date	Amended by	Description
1	15 July 2021	Steven Kane	For ERA input
2	3 August 2021	Steven Kane	First draft for ERA assessment
3	22 September 2021	Adam Smith	Second draft
4	14 November 2021	ERA & Adam Smith	Third draft incorporating ERA edit
5	January 2023	Emma Snell	2023 review under 137(1) and 137(2) of the PNAC
<a href="#">6</a>	<a href="#">January 2024</a>	<a href="#">John Skinner</a>	<a href="#">APA review post-acquisition of Alinta's Pilbara business</a>

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Version	Date	Approved by	Description
1	29 July 2021	Adam Smith	For ERA input
2	3 August 2021	Adam Smith	First draft for ERA assessment
3	22 September 2021	Adam Smith	Second draft
4	14 November 2021	Adam Smith	Third draft incorporating ERA edit
5	1 February 2023	Jacinda Papps	2023 review under clause 137(1) and 137(2) of the PNAC
<a href="#">6</a>	<a href="#">1 February 2024</a>	<a href="#">Beth Griggs</a>	<a href="#">APA review post-acquisition of Alinta's Pilbara business</a>

**Next review due:** 15 Months prior to the ~~second-third~~ pricing period (1 July 2027~~4~~ – 30 June 2027~~30~~) i.e., [revisions due for submission to the ERA on 1 April 2026](#)



## 1. Introduction and purpose

This document has been prepared by [Alinta-APA DEWAP Pty Ltd](#) (ACN 058 070 689) (**ADEWAP**) to present the ringfencing rules that apply to the ADEWAP-owned '[Alinta-Port Hedland network](#)', as defined in the Pilbara Networks Access Code (**PNAC**), [following its acquisition on 1 November 2023 by APA Group](#). These ringfencing rules are effective from the date they are published on the [APA DEWAP](#) website.

## 2. ADEWAP network

At the date of these rules, the [Alinta-Port Hedland network](#) is owned and operated by ADEWAP, which is [now](#) a subsidiary of [the Alinta Energy](#) APA Group parent entity, APA Group Limited [Alinta Energy Pty Ltd](#) (ACN [091 344 704 614 975 629](#)) ([Alinta Energy](#) APA Group).

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:

- [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 ISOCo](#)

~~Alinta Sales Pty Ltd (ACN 089 531 984) (Alinta Sales) is [another a](#) subsidiary of Alinta Energy's [parent entity, and is now and](#) 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. Alinta Sales is the retailing entity that sells power to Alinta Energy's Commercial and Industry \(C&I\) and mass market customers. Alinta Sales 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 Alinta Sales an 'associate' of the ADEWAP Network business, because it has an 'associate arrangement' that provides Alinta Sales with access to the ADEWAP Network. Alinta Sales may seek to retail electricity purchased from the ADEWAP Generation business for the sale of power to smaller contestable businesses within the broader NWIS.](#)~~

## 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).

Figure 1 – Map of ADEWAP Network



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 Power Station has an operational capacity of around 175MW.

[Alinta Energy APA Group](#) is currently constructing a 475MW solar farm and 35MW battery energy storage system into the existing Port Hedland Power Station, with an expected completion date of 2024.

## 4. Alinta DEWAP ring-fencing rules

### ADEWAP Ringfencing Rules

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

These ringfencing rules ensure that commercially sensitive information<sup>1</sup> and any information received by ADEWAP in respect of a function under the Pilbara network rules 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 the APA Group [**Position TBC**] (**Compliance Manager**) to check that only authorised ADEWAP individuals have accessed the restricted data, and

<sup>1</sup> '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. **Corporate structure** – the Alinta Energy corporate structure separates ADEWAP from its Alinta Sales ‘associate’ business (energy sales retailer) through the creation of different business units, with different general management, being physically located on different floors within Alinta Energy’s Perth Office to prevent informal or inadvertent exchange of information in relation to commercial business dealings, commercial operations and commercially sensitive information.~~

~~4.3. **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’) – and ADEWAP’s ‘associate arrangement’ with Alinta Sales.~~

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:
    - basis of allocation,

- reason for choosing that basis, and
  - 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.

**5.4. 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 [performed by Alinta Energy’s Compliance Manager](#). 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.

**6.5. Self-reporting breaches** – ADEWAP’s process for self-reporting breaches is as follows:

- a. any [Alinta APA](#) staff member can report potential or actual breaches [to with](#) 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 [register 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 [registersystem](#), and



- e. the Compliance Manager will ensure any recommendations on remedial actions identified in any completed breach investigation in 7(d) are implemented accordingly.

~~7.6.~~ **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. ~~This investigation and review is incorporated into the ‘reporting breaches’ procedure that is set out in ADEWAP Ringfencing Rule 7 below.~~

~~8.7.~~ **ADEWAP Ringfencing Rules review** – ADEWAP, in conjunction with the Compliance Manager, will review the ADEWAP Ringfencing Rules:

- a. not less than 15 months before the start of a new pricing period, and
- b. within three months after the occurrence of an event that is likely to have a material effect on the operation of the ADEWAP Ringfencing Rules

~~If~~ any changes are required to be made to the ADEWAP Ringfencing Rules, ADEWAP will submit revised ADEWAP Ringfencing Rules to the Economic Regulation Authority.

~~9.~~ **Annual ADEWAP Ringfencing Rules Training** – the Compliance Manager ~~and Alinta Energy Risk team~~ will ~~conduct~~ ensure that ADEWAP Ringfencing Rules compliance training ~~is undertaken by~~ for all relevant ~~Alinta Energy APA~~ personnel ~~on an annual basis, with a record captured in the APA Group training system.:~~

~~10. be conducted annually,~~

~~11. compulsory attendance for all authorised ADEWAP individuals, and~~

~~12.8. attendance to be captured in the Alinta Energy training register.~~

~~13.9.~~ **Associate and Other Business Arrangements** – ADEWAP will:

- a. ~~procure~~ 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).