Interconnection Policy

Australian Gas Networks - V1.0

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1. Background

1.1. Purpose

This Interconnection Policy is made by Australian Gas Networks (Vic) Pty Ltd (ABN 73 085 899 001) (AGN (Vic)) and Australian Gas Networks (Albury) Limited (ABN 84 000 001 249) (AGN Albury) for the purposes of rule 89 of Part 17 of Schedule 1 to the National Gas Rules.

This Interconnection Policy is effective on and from 22 March 2023 and applies until the South Australian Minister first makes a rule under section 249FB of the National Gas Law.

In this policy, a reference to AGN is a reference to AGN(Vic) where the reference relates to the declared distribution system for which AGN (Vic) is the service provider and a reference to AGN (Albury) where the reference relates to the declared distribution system for which AGN (Albury) is the service provider.

1.2. Interpretation

Capitalised terms have the meaning given in this Interconnection Policy, or as otherwise defined in the National Gas Law and National Gas Rules, as applied in Victoria by the *National Gas (Victoria) Act 2008.*

1.3. Scope

This Interconnection Policy addresses the requirements for a proposed distribution connected facility seeking to connect to a declared distribution systems for which AGN is the Distributor.

This Interconnection Policy does not address requirements of Market Participants for distribution connected facilities seeking to inject gas into the declared wholesale gas market.

This Interconnection Policy does not and will not be applied in a way that is inconsistent with the requirements of AGN's Distribution Licence or applicable law.

AGN may amend, vary or replace this Interconnection Policy from time to time. An amended, varied or replaced Interconnection Policy will take effect when published on the website at https://australiangasnetworks.com.au/ (or, if later, as stated in amended, varied or replaced Interconnection Policy).

2. Right to interconnect

In accordance with Rule 88(1), Part 17 of Schedule 1 to the National Gas Rules, a person has a right to connect a proposed distribution connected facility to a declared distribution system (an **interconnection**) where:

(a) it is technically feasible and consistent with the safe and reliable operation of the pipeline and the safe and reliable supply of gas to end users; and

(b) the person agrees to fund the costs associated with making the interconnection.

In accordance with rule 88(2), Part 17 of Schedule 1 to the National Gas Rules, the party seeking to establish the interconnection (the **interconnecting party**) has, subject to subrule (1) and the Gas Distribution System Code of Practice, the option to:

(a) construct, operate and maintain the interconnection at its own cost (option A);

(b) have the Distributor do so (option B); or

(c) proceed with a combination of option A and option B if both the interconnecting party and the Distributor:

(i) will own equipment or infrastructure associated with the interconnection; or

(ii) agree to share the costs and responsibilities associated with the interconnection.

In accordance with rule 88(3), Part 17 of Schedule 1 to the National Gas Rules, if the interconnecting party develops the interconnection (or part of the interconnection), it must do so in accordance with good industry practice and comply with all standards and legislation that relate to the establishment and on-going operation of the interconnection and with any reasonable technical, safety and reliability requirements requested by AGN.

Without limiting any other requirement applicable under the National Gas Law or the National Gas Rules, the interconnection principles set out in Rules 87-89 of Part 17 of Schedule 1 to the National Gas Rules apply to new interconnections covered by this Interconnection Policy.

3. Interconnection process

3.1. Process Summary

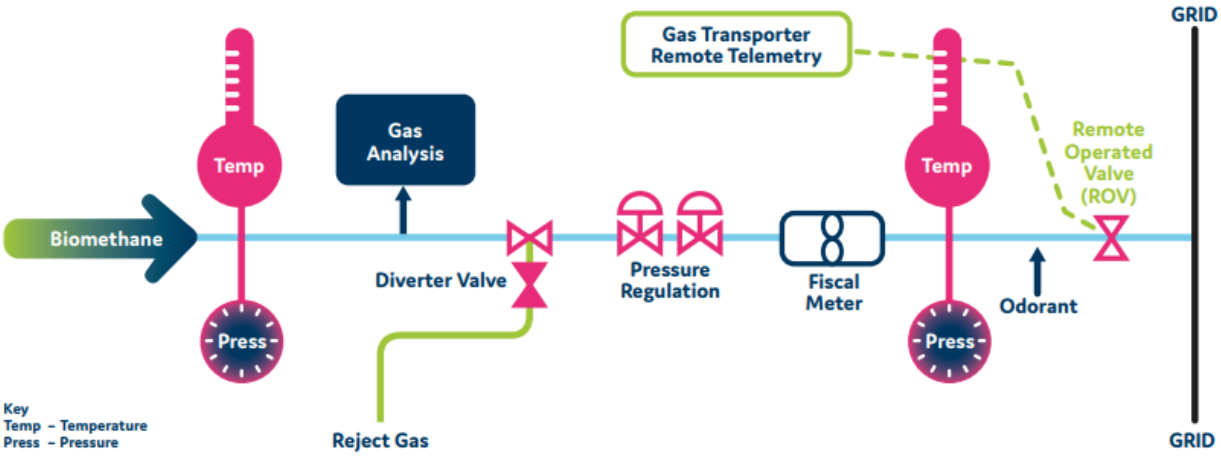
1. Contact Distributor
2. Provide concept details and discuss high-level feasibility
3. Engage in detailed analysis study
4. Distributor makes connection offer
5. Distributor and interconnecting party agree to connection offer and enter into necessary legal agreements
6. Distributor and interconnecting party obtain all approvals
7. Construction and commissioning
8. Complete testing and gain final injection approval from Distributor
9. Commence operations
10. Comply with on-going obligations

3.2. Required Equipment

In accordance with the transitional provisions in rule 85, Part 17, Schedule 1 of the National Gas Rules, AEMO will make gas quality monitoring procedures that will determine the required gas quality monitoring equipment. Interconnecting parties are encouraged to discuss these requirements directly with AEMO, and in consultation with AGN if required.

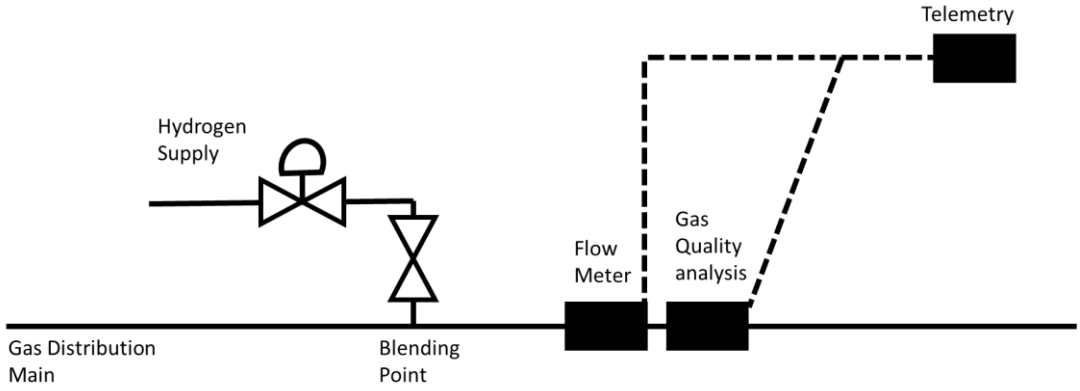
At a high level, noting that the required equipment depends on the type of distribution connected facility seeking an interconnection, we set out below examples of the equipment likely to be required. Note that project proponents should undertake detailed design and these requirements may vary.

Biomethane Injection Facility



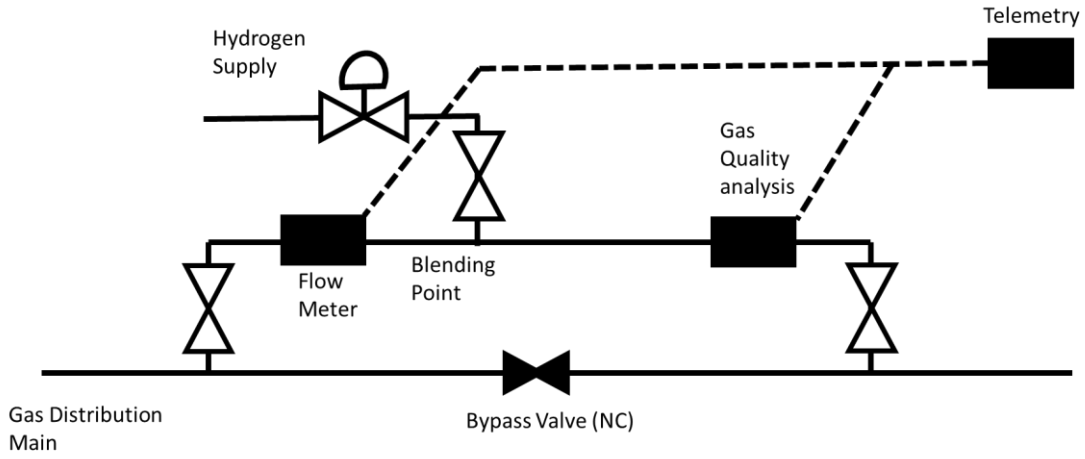
Hydrogen Blending Facility (direct blending)

In this process hydrogen is blended directly into an existing gas supply main and gas quality and flow measurement equipment is installed downstream of the blending point.



Hydrogen Blending Facility (indirect blending)

In this process the normal flow of gas is diverted out of the existing gas supply main through the blending facility.



3.2.1. Gas Quality Standards

Under the NGR, with effect from 1 May 2024, a distribution connected facility operator may request a distributor to enter into an agreement that sets out the quality standard that will apply to gas that does not comply with the standard gas quality specifications[1].

In addition, interconnecting parties must comply with AGN's policies (see section 5 of this Policy) and any other requirements of AEMO.

3.2.2. Gas Quality Monitoring Systems

With effect from 1 May 2024, gas quality monitoring systems will be required by Part 19 of the National Gas Rules to monitor gas quality at the injection point, where gas from a distribution connected facility passes into the declared distribution system.

[1] Rule 287A, National Gas Rules (to be introduced by the National Gas Amendment (DWGM distribution connected facilities) Rule 2022 No 3, effective 1 May 2024).

With effect from 1 May 2024, AEMO will make the gas quality monitoring procedures which, amongst other things, will provide for gas quality monitoring requirements and the equipment to be included in gas quality monitoring systems[2].

At a minimum, a gas quality monitoring system must meet the requirements of rule 289G.

The National Gas Rules will require a person to act as the responsible gas quality monitoring provider for a DDS injection point.[3]

The responsible gas quality monitoring provider is responsible to establish and maintain a gas quality monitoring system and gas quality monitoring plan that satisfies the requirements of the National Gas Rules[4]. If AGN is not the responsible gas quality monitoring provider, these arrangements will need to be approved by AGN[5].

The gas quality monitoring arrangements have to be established before gas can be injected at the injection point (unless AEMO gives express permission to supply gas before those arrangements have been established)6.

[2] Under the transitional rules, AEMO is required to make these procedures available by 1 February 2024 ((see the transitional provision in rule 85, Part 17, Schedule 1 to the NGR).

[3] Rule 289C, National Gas Rules (to be introduced by the National Gas Amendment (DWGM distribution connected facilities) Rule 2022 No 3, effective 1 May 2024).

[4] Rules 289E, 289G and 289H, National Gas Rules (to be introduced by the National Gas Amendment (DWGM distribution connected facilities) Rule 2022 No 3, effective 1 May 2024).

[5] Rule 289E(2), National Gas Rules (to be introduced by the National Gas Amendment (DWGM distribution connected facilities) Rule 2022 No 3, effective 1 May 2024).

[6] Rules 289E(3) and 289F(1), National Gas Rules (to be introduced by the National Gas Amendment (DWGM distribution connected facilities) Rule 2022 No 3, effective 1 May 2024).

4. How to apply?

4.1. Step 1 - Provide high level concept

Project proponent to develop a high-level concept of the project to enable further steps.

High-level concept must include the details set out below, and must be recorded on an Injection Enquiry Form (available here: https://www.australiangasnetworks.com.au/our-business/regulatory-information)

Details:

- Project proponent contact details
- Project location
- Source of input (e.g. type of biogas feedstock, or source of water for hydrogen electrolysis)
- Relevant technology used
- Concept level capital and operating costs
- Expected flow rate

In addition, if known to the project proponent, the project proponent is encouraged to advise AGN whether the interconnecting party wishes to construct, operate and maintain the interconnection at its own cost (Option A) or have the distributor do so (Option B) or some combination of Options A and B.

4.2. Step 2 – Initial enquiry

Contact AGN via email at the following addresses, with completed Injection Enquiry Form, including the data identified in Step 1.

Victoria and Southern NSW – Damien Skafte (Damien.skafte@agig.com.au)

South Australia – David Holden (David.Holden@agig.com.au)

Queensland – Kristian Abandowitz (Kristian.Abandowitz@agig.com.au)

AGN will perform a high-level network analysis and mapping to assess whether an interconnection is possible. If AGN will incur a charge to undertake this high-level network analysis and mapping, AGN may advise the project proponent of such charges and require the project proponent to reimburse AGN for such charges.

Once the initial enquiry and high-level network analysis and mapping is complete, AGN will provide the proponent with a capacity assessment and advise the project proponent of any potential issues.

TIMESCALE: 15 working days

As part of this process, AGIG can provide the following information to assist the proponent with its feasibility assessments:

1. Location and type/size of nearest appropriate distribution main
2. Information about equipment required to connect to the network

3. Information on required data sharing arrangements
4. Information on required gas quality

4.3. Step 3 – Detailed Analysis Study (DAS)

Project proponents must engage with AGN to complete detailed analysis studies. If AGN will incur a charge to undertake this work, AGN may advise the project proponent of such charges and require the project proponent to reimburse AGN for such charges.

The DAS will provide proponents with further information in relation to the following matters (as relevant):

- Network entry connection options
- Network capacity flows and constraints
- Indication of costs for the network to carry out the pipeline construction, augmentation and connection
- Indication of costs for the network to procure and install the injection facility
- Plant and equipment required to be provided by the customer
- Details of proposed site and pipeline route
- Gas Quality risk assessment
- Injection Constraints, Injection pressure etc
- Quote of estimated costs of interconnection

Project proponents must review and satisfy themselves as to the content of the DAS and advise AGN if they intend on proceeding with the interconnection.

Following DAS, project proponents will need to undertake a detailed front end engineering design.

At this stage, if a project proponent has not done so already, the project proponent needs to make an election for the purposes of rule 88 as to whether the interconnecting party wishes to construct, operate and maintain the interconnection at its own cost (Option A) or have the distributor do so (Option B) or some combination of Options A and B. Irrespective of which option is taken, AGN must be consulted and involved in the HAZOP or any other formal safety assessment (including preparing a safety case or safety management system) for the facility or for the interconnection.

TIMESCALE: 2 - 12 months depending on complexity.

4.4. Step 4 – Approvals

If, following the DAS, the project proponents wishes to proceed with the interconnection, the project proponent must obtain any necessary approvals or consents required under the National Gas Law, National Gas Rules, the Gas Safety Act 1997 (Vic), any other applicable laws, or otherwise, and provide evidence of such approvals being obtained on AGN's request.

AGN may also require approvals or consents in relation to the proposed interconnection and AGN will obtain these approvals or consents during this stage (or during later steps).

If AGN is not the responsible gas quality monitoring provider for the interconnection, the gas quality monitoring arrangements for the injection point are required to be approved by AGN before gas can be injected at the injection point (unless otherwise agreed with AEMO). In this

case, AGN will require the project proponent to provide AGN with details of the proposed gas quality monitoring arrangements for approval during Step 4.

Project proponents will be required to procure any required land access needed by AGN in order to facilitate the interconnection and undertake any on-going operation and maintenance of the distribution connected facility or any required mains extensions.

4.5. Step 5 - Connection Offer

If the project proponent wishes to proceed with the interconnection and has provided written confirmation of this intention and any evidence requested by AGN in accordance with step 4.4, AGN will provide the following legal agreements (and any others that may be required, determined on a case by case basis) as soon as reasonably practicable:

(a) A connection offer and related Connection Agreement (as described in section 8);

(b) A rule 287A agreement (if requested by the distribution connected facility operator to allow the injection of gas that does not comply with the standard gas quality specifications).

It is anticipated that the connection offer will include information pertaining to each parties roles and responsibilities, notice of any further design work required, options for Distributor led or proponent led construction, installation, testing and commissioning processes.

4.6. Step 6 - Construction and commissioning

Construction and commissioning will be undertaken by the responsible party, as designated in the connection offer.

4.7. Step 7 – AGN sign-offs prior to commencing operations

Prior to commencing operations, AGN will undertake an assurance process. Project proponents will be required to assist and cooperate with AGN to undertake this assurance process, and provide any information reasonably requested by AGN for these purposes.

Project proponents will need to provide the results of on-site testing of the distribution connected facility and associated equipment, to demonstrate that it has been installed correctly and it is fit for purpose.

AGN will verify the on-site test results once completed and may request a right to observe any such tests, or may undertake further testing as it deems required, including but not limited to testing to check that the signals from the facility to AGN's control room are fully operational.

AGN may require project proponents to carry out gas sampling on raw biogas or hydrogen in line with a sampling protocol to be agreed during any gas quality risk assessment meetings that occur during the design stage. AGN must be satisfied (in its absolute discretion) that gas meets the quality requirements before proceeding with commencing interconnection.

AGN will advise the project proponent of any sign-offs or approvals required to be obtained prior to commencing the interconnection.

4.8. Step 8 – On-going obligations

AGN will carry out project financial reconciliation and provide feedback to proponents. AGN may require project proponents to provide any appropriate project document records to allow completion of the reconciliation process and a project close out meeting should be held.

For the life of the interconnection, project proponents will, amongst other things, need to provide AGN:

- Contact details for both emergency contact (outside of business hours) and operational contact (during business hours)
- calibration files
- planned maintenance schedule (at least annually or as otherwise agreed)
- gas sampling test results to the timescales outlined in your sampling protocol
- test results associated with the measurement equipment
- details of any unplanned outages
- responses to any inspections associated with the facility

TIMESCALE: Project closure meetings should be carried out within 6-8 weeks of commissioning

5. Relevant policies

Project proponents must comply with the requirements of the Connection Agreement, any agreement entered into for the purposes of Rule 287A, any policies and procedures required by AEMO, and the following policies:

5.1. Gas Quality

Refer to AGIG-EG-RG-001 – Biomethane Gas Quality Requirements

Available here: https://www.australiangasnetworks.com.au/our-business/regulatory-information

5.2. Heating Value

Refer to AGIG-EG-RG-001 – Biomethane Gas Quality Requirements

Available here: https://www.australiangasnetworks.com.au/our-business/regulatory-information

5.3. Odorisation

Regulation 46 of the Gas Safety (Safety Case) Regulations 2018 (Vic) states that it is a prescribed standard of quality for all gas that the gas has:

(a) an odour which is distinctive and unpleasant; and

(b) an odour level that is discernible at one-fifth or the lower explosive limit of the gas.

A project proponent will need to ensure that any gas it wishes to inject into the declared distribution system is odorized to this standard prior to injection.

5.4. HSE Policies

Health & Safety Policy

Environment Policy

Fitness for Work Policy

Zero Harm Principles

Available here: https://www.agig.com.au/health-safety-and-environment

6. How is your application assessed?

Interconnection applications will be assessed by AGN on a case by case basis.

The primary assessment criterion is whether the interconnection is technically feasible and consistent with the safe and reliable operation of the declared distribution system and the safe and reliable supply of gas to end users.

All project proponents must also satisfy AGN that it will comply with good industry practice and all standards and legislation that relate to the establishment and ongoing operation of the interconnection and any reasonable technical, safety and reliability requirements requested by AGN.

AGN is a gas company for the purposes of the Gas Safety Act 1997 and, consequently, as part of AGN's assessment of any application, AGN will consider how the interconnection is expected to affect the management and operation of AGN's facilities, having regard to section 32 of the Gas Safety Act 1997.

As part of AGN's assessment of any application, AGN will consider its duty under section 33 of the Gas Safety Act 1997 to ensure that gas that it conveys meets the prescribed standards of quality and complies with any other prescribed requirements. In assessing applications, AGN will consider what steps AGN is required to take to discharge that duty having regard to the proposed interconnection and the type of gas which it is proposed to inject into the declared distribution system.

7. Fees

Interconnection fees, fees for connection works and ongoing interconnection services will be calculated on a case by case basis. The terms of payment of any such fees will be set out in the relevant agreement.

In circumstances where an interconnection (or part thereof) is developed by the Distributor, fees will be based on the directly attributable cost of:

i. constructing, operating and maintaining the interconnection; and

ii. where gas is to be injected into the declared distribution system at the interconnection point, installing, operating and maintaining metering and gas quality monitoring equipment required to be installed as a result of the interconnection,

to the extent that this is undertaken by the Distributor, including so as to achieve a rate of return calculated in accordance with the applicable rate of return instrument.

Payment of application assessment charges may be considered in determining applicable interconnection fees.

The National Gas Rules may also require a participant to pay other costs[7], particularly if an interconnecting party is not the responsible gas quality monitoring provider or responsible person for a metering installation.

[7] See rules 289E(5), 299(13) and 313, National Gas Rules. Rule 289E(5) will be introduced by the National Gas Amendment (DWGM distribution connected facilities) Rule 2022 No 3, effective 1 May 2024.

8. Connection Agreement

Please see Appendix A, Connection Agreement for Distribution Connected Facilities

The Connection Agreement for Distribution Connected Facilities sets out the standard terms and conditions that AGN may require an interconnecting party to enter into.

Appendix A Connection Agreement for Distribution Connected Facilities