Jemena Gas Networks (NSW) Ltd

2024-25 Response to the Regulatory Information Notice

Attachment 2

Basis of Preparation

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TABLE OF CONTENTS

Abbreviations

AER	Australian Energy Regulator
Actual Information	As defined in the RIN
Audited Statutory Accounts	JGN's Audited Statutory Trial Balance
BO	Business Objects
BW	Business Warehouse
Capex	Capital expenditure
Capex Category	The RIN categories for reporting capex
ERP	Enterprise Resource Planning
Estimated Information	As defined in the RIN
GIS	Geographical Information System
I&C	Industrial and Commercial
ICT	Information & Communications Technology
IT	Information Technology
JAM	Jemena Asset Management Pty Ltd
JEM	Jemena Ltd
JGN	Jemena Gas Networks (NSW) Ltd
MAT	Maintenance Activity Type
MOP	Maximum Operating Pressure
NGL	National Gas Law
Opex	Operating expenditure
PM	Plant Maintenance
PMO	Plant Maintenance Orders
RIN	Regulatory Information Notice
RIN Table	This term is used in this document to refer specific tables within the Templates
RFM	Roll forward model
RY	Regulatory Year (e.g. RY2019 is equivalent to 2018-19 in the Templates)
SAP	JGN's financial system and current ERP system
SGSPAA Group	SGSP (Australia) Assets Pty Ltd group of companies
UAG	Unaccounted for Gas
WBS	Work Breakdown Structure
Zinfra	Zinfra Pty Ltd

Overview

The Australian Energy Regulator (**AER**) served a Regulatory Information Notice (**RIN**) on Jemena Gas Networks (NSW) Ltd (**JGN**) under the National Gas Law (**NGL**) on 2 March 2020. The information required by the RIN to be submitted includes specific information prescribed in the written notice and in an Excel spreadsheet (Workbook 2 – Annual Performance Data).[1]

The RIN requires JGN to submit annual responses to the AER on or before 5pm Australian Eastern Standard Time by 30 November of each year, from Regulatory Year (**RY**) 2020 (**RY20**), up to and including 2030 (RY30). The RIN requires JGN to submit its first RIN response to the AER by 30 November 2020.

This Basis of Preparation is for the year ending 30 June 2025. The Basis of Preparation is submitted together with:

- Written response to the notice (RIN Attachment 1: Written Response to RIN Schedules), including confidentiality claims.
- The completed annual regulatory template, Workbook 2 Annual Performance Data (RIN Attachment 3, 4 and 5).
- The Audit opinions associated with Workbook 2 (RIN Attachment 7).

Basis of Preparation

Section 1.2 of Schedule 2 of the RIN requires JGN to prepare a Basis of Preparation in accordance with the requirements specified in Schedules 1 and 2 of the RIN. As required by the RIN, this document is the Basis of Preparation and it explains the source of the information, the assumptions and the methodologies used to provide the information in Workbook 2.

JGN's Basis of Preparation is structured to reflect the structure of Workbook 2, with the chapter and section headings reflecting the same headings used in Workbook 2. Under each heading there is a table which explains the following for each variable:

- a demonstration of how the information provided is consistent with the requirements of the RIN.
- an explanation of the sources, methodology and assumptions JGN used to provide the information.
- an explanation of the circumstances where actual information could not be provided and why the estimated information provided by JGN has been arrived at on a reasonable basis and is the best estimate possible in the circumstances.
- where JGN has provided a "NULL" response, an explanation of why the variable is not applicable.

Financial Information

JGN's financial and regulatory reporting years are currently offset by six months,[2] with the financial year ending on 31 December and the Regulatory Year for RIN reporting ending on 30 June. Therefore, the Trial Balance for RY25 has been prepared and independently audited. The Trial Balance meets the RIN definition of '**Audited Statutory Accounts'** and where the RIN refers to 'Audited Statutory Accounts' our RIN response has applied those requirements to JGN's Trial Balance.

The Trial Balance establishes a point of reference and the basis of the financial information reported in Workbook 2. The capital expenditure (**capex**) and operating expenditure (**opex**) reported in Workbook 2 have been reconciled to the Trial Balance below.

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1 As JGN has previously complied with the Reset RIN issued by the AER on 12 December 2018, for JGN's 2020-2025 access arrangement (**AA**) proposal, JGN is not required to complete Workbook 1 – Historical Performance Data.

2 The year end for JGN's financial reporting over the RIN reporting period is 31 December 2025.

Table 1 Capex Reconciliation for RY25

Variable	$M nominal
JGN Trial Balance Capex	202.3
Unregulated	- 21.8
Other Adjustments	-8.4
Pipeline Services Capex	**172.0**

Table 2 Opex Reconciliation for RY25

Variable	$M nominal
JGN Trial Balance Opex	263.0
Unregulated	-10.8
Other Adjustments	7.8
Pipeline Services Opex	**260.0**

Capitalisation to JGN's asset base is in accordance with JGN's internal capitalisation procedures, which have not changed since JGN provided these as part of its 28 June 2019 Reset RIN Response.[3]

The allocation of shared and other costs to JGN is based on the Jemena Cost Allocation Methodology (**CAM**)[4] and the principles of the JGN CAM to allocate costs to pipeline services.[5]

Other Adjustments Capex **(-$8.4M)** is made up of integrity digs and pigging costs **(-$8.4M)**, that are captured as capex in the audited trial balance and represented as opex in the regulatory accounts. Treatment of integrity digs and pigging costs as opex in the regulatory accounts is align with the 2020 – 2025 Access Arrangement under which pigging costs are classified as opex.

Other Adjustments Opex **(+$7.8M)** is made up of integrity digs and pigging costs **(+$8.4M),** that are captured as capex in the base audited trial balance is related to a pilot hydrogen production facility in Western Sydney **(-$0.6M).**

Common methodology used to populate Workbook 2

JGN's cost collection and financial recording methodology processes for the underlying data reported throughout Workbook 2 have consistent elements. We have not duplicated the explanation of the common elements of the reporting methodology in each RIN Table. Instead, we have provided Appendices A to B to this basis of Preparation, to provide a single explanation and then cross referenced the relevant Appendices in each section of this Basis of Preparation. The Appendices are:

- Appendix A: Cost Collection Process
- Appendix B: Overhead Expenditure

[3] Initial RIN Response document: 3-1.2(a)-2 - JGN - Capitalisation Policy: Property, Plant & Equipment (JAA FIN GU 0012) and 3-1.2(a)-3 - JGN - Capitalisation Policy: Intangible Assets (JAA FIN GU 0013)

[4] Provided with document: 1-1.3-1-JGN-Jemena-Cost Allocation Methodology, submitted to the AER on 28 June 2019

[5] Provided to the AER in Attachment 6.5 of JGN's 2020-25 AA proposal, submitted to the AER on 28 June 2019

Difference between amounts reported in the regulatory templates and the amount approved by the AER

Below is a copy of the response to Schedule 1 clause 1.5 and 1.6 presented in Attachment 1:

Requirement	Response
Identify each difference (where the difference is equal to or greater than ±10 per cent) between the amounts reported in the *regulatory templates* and the amounts approved by the *AER* in the final decision *PTRM* for the relevant *regulatory year*: (a) total actual operating expenditure and total forecast operating expenditure; (b) total actual capital expenditure and total forecast capital expenditure; and (c) total volume of gas distributed throughout the gas distribution network and total volume of gas forecast to be distributed throughout the gas distribution network.	(a) The AER's final decision opex allowance (excluding debt raising costs) was $275.2 million for RY25. This compares to actual opex incurred of $260.0 million, which is 5.6% below the allowance. (b) The AER's final decision gross capex allowance was $194.6 million for RY25. Actual gross capex was $163.6million, which is 15.9% less than the allowance. (c) The AER's final decision PTRM does not contain the forecast volume of gas distributed throughout the gas distribution network (as the demand market is largely billed based on capacity rather than throughput). The AER's final decision does contain a forecast annual throughput of 41.47 PJ for the volume market. Actual volume market demand is 4.9% lower at 39.45 PJ (see table N1.1).
The *pipeline service provider* must explain in the *basis of preparation* the reasons for each difference identified in the response to paragraph 1.5. If applicable, these reasons should include details of: (a) any changes or delays in the pipeline service provider's planned work program for the relevant regulatory year; (b) any changes or delays in the pipeline service provider's planned projects for the relevant regulatory year; (c) any increase or decrease in the expenditure incurred by the pipeline service provider for labour, materials or overheads when compared to the budgeted expenditure for the relevant regulatory year; and (d) any expansion or extension to the pipeline service provider's gas distribution network for the relevant regulatory year.	**Capital expenditure** Actual capex was less than the allowance due to a variety of factors including: • Connections capex was lower than the allowance, driven by a lower number of connections compared to forecast • Mains replacement capex was lower than the allowance. This was due to adjusting the phasing of a mains replacement project to optimise the project scope and deliver a more efficient solution. • Meter replacement capex was lower than the allowance. We continued extending the use of some of our gas meters if sample testing showed that those meters still continued to measure gas consumption accurately. • Other capex was higher than the allowance for RY25, mainly driven by increased scope to meet new Security of Critical Infrastructure (SOCI) obligations

E1. Expenditure Summary

E1.1 – Capex

E1.1.1 – Reference Services

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
Connections Mains Replacement Mains Augmentation Telemetry Meter Replacement ICT Other capex	Actual Public	The information used to populate this table was sourced from Jemena's SAP system. JGN used its internal Material (**MAT**) Codes, internal Cost Element Codes and work breakdown structure (**WBS**) Project Definition to categorise projects into each of the variables. JGN's cost collection and financial recording methodology used for the underlying data reported in the Regulatory Templates are explained in the Appendix A: Cost Collection Process.	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system.
Capitalised Network Overheads Capitalised Corporate Overheads	Actual Public	The information used to report Capitalised Network Overheads was sourced from Jemena's internal SAP system. JGN used internal Cost Element Codes and WBS Project Definition to categorise the capex into these variables. JGN's cost collection and financial recording methodology used for the underlying data reported in the Regulatory Templates are explained in Appendix A: Cost Collection Process and Appendix B: Overhead Expenditure.	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system.
CapitalContributions	Actual Public	The information used to report Capital Contributions in this table was sourced from Jemena's internal SAP system. JGN used internal General Ledger Account Codes, MAT Codes and WBS Project Definition to categorise project costs into the CapitalContributions variable. JGN's cost collection and financial recording methodology used for the underlying data reported in the Regulatory Templates are explained in Appendix A: Cost Collection Process.	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system.

E1.1.2 – Non-Reference Services

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
Other capex	Actual Public	The information used to populate this table was sourced from Jemena's SAP system. JGN used its internal Material (**MAT**) Codes and work breakdown structure (**WBS**) Project Definition to categorise projects into the variable. JGN's cost collection and financial recording methodology used for the underlying data reported in the Regulatory Templates are explained in Appendix A: Cost Collection Process.	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system.

E1.2 – Opex

E1.2.1 – Reference Services

JGN completed this RIN Table using information sourced from Jemena's SAP system. The variables that were completed with values of zero are Debt raising, Equity raising and GSL payments.

IFRS Interpretations Committee (IFRIC) issued an agenda decision providing clarification on how an entity accounts for costs of configuring or customising a supplier's application software in a Software as a Service (SaaS) Arrangement ("the new IFRS guidance"). The new IFRS guidance will change the way we account for configuration or customisation costs in a SaaS arrangement which is treated as a service contract (i.e. not a lease or an intangible asset).

RY25 SaaS costs sum a total of $2,838,704, and are included within E1.2.1 Opex Reference Services – Other Opex.

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
Repairs and Maintenance Marketing and Retail incentives Unaccounted for Gas Jurisdictional charges Other Opex	Actual Public	The information used to populate this table was sourced from Jemena's SAP system. JGN used its internal MAT Codes and work breakdown structure WBS Project Definition to categorise project into each of the variables. Jurisdictional charges comprise mains tax and IPART licence costs. JGN's cost collection and financial recording methodology used for the underlying data reported in the Regulatory Templates are explained in Appendix A: Cost Collection Process.	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system.

E1.2.2 – Non-Reference Services

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
Maintenance	Estimate Public	JGN provided non-reference services to three or fewer customers. The cost is negligible in relation to JGN's total cost stack and although recoded in JGN's financial system, it is not clearly identified. [redacted].	The information reported in this RIN Table is estimated information because actual expenditure was not available [redacted].

E1.3 – Capcons

E1.3.1 – Reference Services

JGN completed this RIN Table using information sourced from Jemena's SAP system. The following variables did not have any capital contributions and were completed with values of zero:

- Mains Replacement
- Mains Augmentation
- Telemetry
- Other Capex
- ICT
- Capitalised network overheads
- Capitalised corporate overheads

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
Connections Meter Replacement	Actual Public	The information used to report the variables in this table were sourced from Jemena's SAP system. JGN used internal General Ledger Account Codes, MAT Codes and WBS Project Definition to categorise project into the variables. JGN's cost collection and financial recording methodology used for the underlying data reported in the Regulatory Templates are explained in the appendices:	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system.

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
		Refer to Appendix A: Cost Collection Process	

E1.3.2 – Non-Reference Services

JGN had no capital contributions for non-reference services in the reporting period. For this reason, RIN Table E1.3.2 has been completed with values of zero.

E1.4 – Capitalised Overheads

E1.4.1 – Reference Services

JGN completed this RIN Table using information sourced from Jemena's SAP system. The following variables did not have any capitalised overheads and were completed with values of zero:

- Telemetry
- ICT

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
Connections Mains Replacement Mains Augmentation Meter Replacement Other Capex	Actual Public	The information used to report Capitalised Overheads in this table was sourced from Jemena's SAP system. The methodology used was JGNs internal Cost Element Codes to categorise project into the Capitalised Overheads variable. No assumptions were made in the collection and categorisation of Connections data. JGN's cost collection and financial recording methodology used for the underlying data reported in the Regulatory Templates are explained in Appendix A: Cost Collection Process.	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system.
Capital contributions	Actual Public	The information used to report Capital Contributions in this table was sourced from Jemena's SAP system. JGN used internal General Ledger Account Codes, MAT Codes and WBS Project Definition to categorise project costs into the Capital Contributions variable.	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system.

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
		JGN's cost collection and financial recording methodology used for the underlying data reported in the Regulatory Templates are explained in Appendix A: Cost Collection Process.	

E1.4.2 – Non-Reference Services

JGN completed this RIN Table using information sourced from Jemena's SAP system. The following variables did not have any capitalised overheads and were completed with values of zero:

- Mains replacement
- Mains augmentation
- Telemetry
- Meter replacement
- ICT

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
Connections Other Capex	Actual Public	The information used to report Capitalised Overheads in this table was sourced from Jemena's SAP system. The methodology used was JGNs internal Cost Element Codes to categorise project into the Capitalised Overheads variable. No assumptions were made in the collection and categorisation of Connections data. JGN's cost collection and financial recording methodology used for the underlying data reported in the Regulatory Templates are explained in Appendix A: Cost Collection Process.	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system.

E11. Labour

E11.3 – Labour/Non–Labour Expenditure Split

E11.3.1 – Opex and E11.3.2 – Capex

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
In-house labour expenditure:	Actual Public	JGN applied the substance over form principle for this variable as JGN's internal labour is actually provided by JAM, a related party, and not by JGN itself. The nature of these costs are generally time writing based, as a portion of employees are required to account for their time via time writing, and time writing surveys are also carried out to determine the split of capex and opex for employees who do not time write. The employee's time and cost are recorded against activity codes e.g. networks or plant maintenance (**PM**) orders. JGN's ERP system captures the labour cost using internal cost collectors (cost elements).	Information reported in this RIN Table is actual information, sourced from Jemena's SAP System.
Labour expenditure outsourced to related parties	Actual Public	JGN outsources work to Zinfra, which is a related party to JGN. JGN has sourced from Zinfra the labour cost that is applicable to JGN and disclosed it in this section of the table.	The labour information reported in this RIN Table is sourced from Zinfra records for works performed by Zinfra for JGN.
Labour expenditure outsourced to unrelated parties	No reported information	JGN is unable to provide an estimate for this variable as it does not have a reasonable basis to make an estimate. This is because we cannot identify the components of labour and non-labour that our contractors incur in providing services to JGN. Therefore this variable remains blank.	No reported information
Non-labour expenditure	Actual Public	This value is calculated as the residual expenditure that is not in-house labour expenditure and is not labour expenditure outsourced to related parties.	The information reported in this RIN Table is actual because it is partially based on actual information, being labour expenditure outsourced to related parties reported in the same RIN Table.

E21. Ancillary Reference Services

E21.1 - Volumes

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	The information in this RIN Table was calculated based on information from Jemena's SAP system that was mapped to RIN Ancillary Reference Services using general ledger details and MAT Codes.	The information reported in this RIN Table is actual information because it was sourced from Jemena's SAP system.

E21.3 – Expenditure

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
All variables	Estimate Public	The estimate is developed by applying a unit rate to the volume of work performed. The unit rate is based on an estimate of the time taken to perform each activity, then applied to an hourly labour rate. An overhead rate has also been applied to recover costs for back-office activities which are required to support these works.	The information in this RIN Table is estimated as the data is not captured at this level within Jemena's SAP system.

N1. Demand

N1.1 – Demand – By Customer Type

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	Consumption for all customers was sourced from Jemena's SAP system. The consumption was allocated to the RIN variables based on the connection attributes.	The information reported in this RIN Table is actual information because it was sourced from Jemena's SAP system.

N1.2 – Demand – By Tariff

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public (Tariffs with less than 3 customers or on a Prudent Discount are Confidential)	Information for volume tariffs by rate category by consumption month was sourced from Jemena's SAP system. Information for industrial and commercial customers (i.e. Demand Customers) was sourced from Jemena's SAP system by rate category by consumption month. A separate category is included in the template – "Prudent Discount". Data for this tariff category comes from specific discounted tariff related to those customers. Consumption from each prudent discount customer is deducted from the relevant tariff's consumption. This is because they pay a discounted tariff and hence these customers volumes are put in the separate category called "Prudent Discount".	The information reported in this RIN Table is actual information because it was sourced from Jemena's SAP system.

N2. Network Characteristics

N2.1 – Network Length – By Pressure and Asset Type

N2.1.1 – Low Pressure, N2.1.2 – Medium Pressure and N2.1.3 – High Pressure

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	Data for all network pipes with a maximum operating pressure (**MOP**) pressure of ≤1,050 kPa was extracted from GIS (subject to further explanations below). The information for each pipe included postcode, material, pressure, installation date, status and length. The GIS data was not complete for all pipes. Where this was the case the attributes were manually based on engineering judgement and assumptions informed by the location of the pipe, Gas Service Technician reports, and other factors such as the types of pipes installed in the vicinity. Length of mains has been calculated based on filtering date ranges and the following maximum operating pressures: • High pressure (1,050 kPa) • Medium pressure (>7 to <1,050 kPa) • Low pressure (≤7 kPa) The GIS data did not disaggregate polyethylene pipes into the RIN categories, which have been populated based on installations dates: • PE Other : ≤1980 or unknown • PE (80) : ≥1981 and ≤1990 • PE(100): ≥1991. In some cases, an installation date was not available. It was assumed that these mains were in service prior to this reporting year and have been included in the network length for each regulatory year.	The information reported in this RIN Table is actual information because it was sourced from JGN's GIS System or based on judgement and assumptions, for which there are not valid alternatives.

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
		It is assumed that all high and medium pressure steel mains are coated steel as detailed in Jemena's Construction and Operational Field Manuals. Medium pressure steel mains with a maximum allowable operating pressure (MAOP) of 1,050 kPa that is considered critical main has been assumed to be protected as it has cathodic protection. All other medium and low pressure steel mains are considered to be protected by plastic coating but may or may not have cathodic protection. JGN GIS has the capability to capture the decommissioned date for mains. Network length figures are updated in the GIS system as new as-built information becomes available. These updates may retrospectively affect figures from prior regulatory years	

N2.1.4 – Transmission

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
Transmission	Actual Public	Data for all transmission pipes with a MAOP pressure of ≥ 3,050 kPa have been extracted from GIS and the lengths of mains calculated. All transmission pipelines are assumed to be coated steel (in accordance with AS2885 Standards). Transmission pipe lengths include offtakes from TRS and POTS.	The information reported in this RIN Table is actual information because it was sourced from JGN's GIS System.

N2.2 – City Gates/Regulators

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	The data is obtained from Jemena's Pipeline GIS. JGN's trunk receiving stations (**TRS**), trunk bulk metering stations (**MS),** packaged offtake stations (**POTS**) and primary regulating stations (**PRS**) are defined as City Gates in this report.	The information reported in this RIN Table is actual information because it was sourced from JGN's GIS System.

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
		JGN's district regulator sets (**DRS**) and secondary regulator sets (**SRS**) are all reported as district regulators in the RIN Table as they meet the RIN definition. The RIN definition of 'field regulators' overlaps with the definition of 'district regulators'. Therefore, to avoid double counting, where JGN's asset meets the definition of district regulator it has not been reported as a field regulator as well. Consequently, JGN has reported zero field regulators.	

S1. Customer Numbers

S1.1 – Customer Numbers – By Customer Type and S1.2 – Customer Numbers – By Tariff

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	Opening number of customers for the following year are carried forward from the prior year's RIN closing customer numbers. Disconnections and Connections are derived from service order documents based on service order codes for abolishments, temporary disconnections, reconnections and new connections.[6] Closing customer numbers are the numbers of customers who were billed an amount greater than zero for a period covering 30 June and with a MIRN status of 'Connected'. Due to service order documents now being used for connections, closing customer numbers do not balance. This is due to factors such as duplicate counting of customers disconnecting and abolishment in the same year and new connections not billed yet. RIN Table S1.1 for demand customers was created as the sum of the relevant tariff level information from RIN Table S1.2, allocated to the RIN variables based on the connection attributes. If the closing residential and commercial customer numbers were calculated by simply adding the starting numbers as at 1 July, plus total customer connections and minus total customer disconnections, the total would be 1,553,564 customers. However, this figure is incorrect for the reasons outlined above. To ensure accurate representation of our customer numbers from our SAP system we have therefore not used this calculated number in the template.	The information reported in this RIN Table is actual information because it was sourced from Jemena's SAP system.

[6] This represents a change from prior years where disconnections were calculated on the basis of the number of connections which were connected at the start of the year but not at the end of the year. The methodology was refined to capture where a connection disconnects and subsequently reconnections in the same year.

S10. Supply Quality

S10.1 – Pressure Faults

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Poor Pressure Events - mains	No information reported	JGN has left this variable empty because it does not measure poor pressure events on mains and has no basis to make an estimate. Reporting zero values would suggest that JGN has no poor pressure events on mains at all (which is not the case).	No information reported.
Poor Pressure events - services	Actual Public	When a customer contacts Jemena with a poor supply problem a workorder is raised against two work codes. The data set is filtered to remove duplicate work orders. Work orders closed out with a suffix code that showed no fault found, unable to detect poor supply, or non-relevant asset types were also excluded from the data set.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Poor Pressure event - meters	No information reported	The SAP enterprise system does not separate "poor pressure event – meters" from "poor pressure event – services" All poor pressure events are classified as "Poor Pressure event – services".	No information reported.
Pressure events impacting 5+ customers	Actual Public	This variable is determined from the same SAP generated data set used for poor pressure events Poor supply events were grouped together by address and date to determine specific outage events that affected 5 or more customers. Criteria – 5 or more planned outages must have occurred at the same location on the same date. This variable includes events that occur on either a service or a meter.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Pressure events with >12 hr resolution	Actual Public	This variable is determined from the same SAP generated data set used for poor supply - services and poor supply – meters. Completed work orders include information on the time spent on job by field staff. Pressure events of 861 were reported, of which 481 are >12hr resolution.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
		The calculation used to measure pressure events with >12hr duration is: “Time Elapsed = Time-Left-Job minus Time-Service Order-Start Time” Where; Time-Service Order-Start Time = Customer First Contact Time Or If Customer First Contact Time is blank = Time-Service Order-Created “Time left job” and “Time service Order created” are concatenated values including time and date stamp fields.	

S11. Network Reliability

S11.1 – Network Outages

S11.1.1 – Planned

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Count of outage events	Actual Public	The count of outage events was taken from work orders, based on certain work codes, generated in Jemena's SAP system that relate to Planned Maintenance activities that require a customer outage in order to carry out work. The volumes are based on the report-in work codes that show work was done. Any report-in code relating to "unable to carry out work" (for whatever reason) has been excluded from the data set. The list of workcodes was reviewed to ensure that any relevant newly created work codes were added to the data set.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Outages affecting 5+ customers	Actual Public	Outage events were grouped together by address and date to determine specific outage events that affected 5 or more customers. A specific subset of work codes is used for this measure, as the bulk of the planned outage workcodes would not affect 5 or more customers simultaneously. The filters applied to determine how many outages impact 5+ customers include: • Asset classification based on reference tables for contract and asset categories • Issue codes aligned with inclusion criteria for outage-related work • Report-in codes aligned with inclusion criteria for outage reporting • Operational status indicating completion • Specific order types relevant to outage work • Count based on unique work orders	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Outages with >12 hr supply interruption	Actual Public	Work orders include information on the time spent on job by field staff. These fields were used to determine which jobs resulted in >12hr duration. This dataset does not include planned network rehab projects, because these work orders are not timestamped and therefore outage duration cannot be measured.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

S11.1.2 – Unplanned

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Count of outage events	Actual Public	The count of outage events was taken from work orders in Jemena's SAP system that were: • generated using the work code 201 "No supply" • finalised with 201 suffix 0, 1 or 5. All other work orders that were finalised with a different suffix have been excluded from the data set. This dataset includes all customers whom had an outage in an incident.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Outages affecting 5+ customers	Actual Public	The information used is sourced from the "Incident Brief" reports that are generated from JGN's OMNIA Incident Management database and reported monthly for internal purposes.	The information reported in these RIN Tables is actual information because it was sourced from JGN's OMNIA Incident Management system.
Outages with >12 hr supply interruption	Actual Public	This data is a subset of "Count of outage events". Work orders include information on the time spent on job by field staff. The calculation used to measure outages with >12hr duration is: "Interruption Elapsed = Time-Left-Job minus Time-Service Order-Created"	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

S11.2 – Leaks – By Asset Type and Cause of Leak

S11.2.1 – Low Pressure, S11.2.2 – Medium Pressure and S11.2.3 – High Pressure

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Low Pressure and Medium Pressure Variables	Estimate Public	The information in these RIN Tables is sourced from Jemena's SAP system. The data extracted was corrective maintenance work order data that relates to gas leakages. Where the work order was confirmed to be related to a leak the data was disaggregated into the following two variables: • a leak caused by 3rd party activities • a leak caused by other. JGN's systems do not enable data to be further broken down into the other variables listed in the RIN. JGN's system do not allow us to attribute the work order to the specific asset and we have had to attribute the leak to the asset type based on the standard characteristics of the network in the suburb in which the activity occurred. JGN's systems cannot distinguish between different classes of polyethylene. All leaks on polyethylene have therefore been reported against 'High density polyethylene (80)'. JGN's systems cannot distinguish between protected and unprotected steel. All leaks attributed to steel mains have therefore been reported against Unprotected Steel. JGN's network does not contain any PVC, so this variable has been completed with values of zero. The number of leaks per asset types and cause determined above is then divided by the respective lengths reported in Table N2.1 Network Length – By Pressure and Asset Type to convert to Number of Leaks per Km.	The information reported in these RIN Tables is estimated information because of the assumption regarding the proportions of materials and pipe pressures from this reporting year being applied in all years. An alternative reasonable assumption (but not the best estimate in the circumstances) would be to weight the leakage data to materials and pressures based on material type failure rates, which would lead to materially different values being reported.
High Pressure	Actual Public	Jemena has assumed the term "high pressure" to mean assets operating at 1,050kPa (our secondary network). Leaks on the secondary network are recorded against two work codes: 692 REPAIR SECONDARY MAIN	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
		691 REPAIR SECONDARY SERVICE. Data for the medium and low pressure network was also reviewed to ensure that no high pressure work orders were wrongly assigned to medium or low pressure networks. The number of leaks per asset types and cause determined above is then divided by the respective lengths reported in Table N2.1 Network Length – By Pressure and Asset Type to convert to Number of Leaks per Km.	

S11.3 – Unaccounted for Gas – Transmission and Distribution

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	Information for the period was sourced from Jemena's SAP system using a Business Objects (BO) report.	The information reported in this RIN Table is actual information as it was sourced from Jemena's SAP system.

S14. Network Integrity

S14.1 – Loss of Containment

S14.1.1 – Mains, S14.1.2 – Services and S14.1.3 – Meters

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Number of Leaks - publicly reported	Actual Public	Data was sourced from Jemena's SAP system where all public reported leaks are assigned work codes. For these leaks, the issue code determines whether it is on the main, service or meter. Each of these has different issue codes to determine different categories of leaks. For leakage surveys, categorisation is based on investigation from the technician, which allocates the location of the leak.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Number of Leaks - found through survey	Actual Public	Mains / Services and Meters Leakage survey data was sourced from the spreadsheet that was used to manage the leakage survey planning. This spreadsheet contains details and links to every survey sector, along with the number of leaks reported in each sector. Leakage survey is now undertaken using a vehicle mounted emissions measurement tool.	The information reported in this RIN Table is actual information as the data was sourced from JGN's records, i.e. spreadsheet used to manage surveys.
Repaired Leaks	Actual & Estimated Public	Total repaired leaks = repaired public reported leaks + repaired leaks found through survey. The information in the RIN Template was sourced from service orders from Jemena's SAP system for repairs for leaks found through survey were raised against specific work codes. It was assumed that all publicly reported leaks were repaired.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Length of network subject to survey Number of Services subject to Survey	Actual Public	Mains Leakage survey data was sourced from the spreadsheet that was used to manage the leakage survey planning. Length of network surveyed is based on GIS data. Services and meters	The information reported in this RIN Table is actual information as the data was sourced from JGN's records, i.e. spreadsheet used to manage surveys.

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Number of Meters Subject to Survey.		Number of services is based on the number of connections. This is a reporting change due to an analytic tool where we are able to determine the number of services (connections) per suburb.	

S14.2 – Instances of Damage

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Mains	Actual Public	Data is collated using a number of relevant work codes that raise corrective maintenance activities relating to asset damage. The data was filtered to remove duplicates. Filters were based on address and date of work order creation and/or completion. Work orders closed out with a suffix (report in code) that showed no fault found, unable to detect a leak, or relate to non-relevant asset types were excluded from the data set.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Services	Actual Public	Data is collated using a number of relevant work codes that raise corrective maintenance activities relating to asset damage. The data was filtered to remove duplicates. Filters were based on address and date of work order creation and/or completion. Work orders closed out with a suffix (report in code) that showed no fault found, unable to detect a leak, or relate to non-relevant asset types were excluded from the data set.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Meters	Actual Public	Data is collated using a number of relevant work codes that raise corrective maintenance activities relating to asset damage. The data was filtered to remove duplicates. Filters were based on address and date of work order creation and/or completion. Work orders closed out with a suffix (report in code) that showed no fault found, unable to detect a leak, or relate to non-relevant asset types were excluded from the data set.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

F1. Income

F1.1 – Audited Statutory Accounts

F1.1.1 – Revenue

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	Revenue has been sourced from the trial balance. The Revenue and Other Income lines item contains a consolidated view of all revenue categories encompassing Tariff, Demand, Contract, Capital Contributions, Profit on sale of Fixed Assets, Ancillary and Unregulated revenue	The information in this RIN Table is sourced from audited Trial Balance.

F1.1.2 – Expenditure

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	Expenditure has been sourced from the trial balance	The information in this RIN Table is sourced from audited Trial Balance.

F1.1.3 – Profit

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Income tax expenses (/benefit)	Actual Public	Income tax expenses have been sourced from the trial balance.	The information in this RIN Table is sourced from audited Trial Balance.

F1.2 – Adjustments

F1.2.1 – Revenue

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	This table contains adjustments for unregulated revenue ($64.0m), capital contributions ($24.1m), and profit on sale of fixed assets ($8.0m).	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system
Distribution Revenue	Actual Public	The information used to populate this table was sourced from Jemena's internal SAP system, using General Ledger Account codes to identify distribution revenue.	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system
Capital Contributions	Actual Public	Capital Contributions are not carried into the distribution business, as contributions are shown as a deduction against capex rather than income.	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system.

F1.2.2 – Expenditure

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables except depreciation	Actual Public	The Adjustments are explained below. **Operating Expenditure:** The difference between the Trial Balance and the regulated operational expenditure including non-reference services (refer information provided in F4.1.2). **Net Finance Expenses:** An adjustment of $0.1M has been made to reflect the net finance expenses that were incurred for unregulated services. **Loss from sale of Fixed Asset:** An adjustment of $1.3M has been made to reflect the loss on unregulated assets. **Impairment losses:** There is no recording of impairment losses. **Other Expenses:** There is no recording of other expenses.	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system.
Depreciation	Estimate Public	The depreciation adjustment of $4.6 M is based on an estimate as this information cannot be identified separately within the fixed	The information in this RIN Table is estimated information as the depreciation has been apportioned to unregulated services and

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
		asset register. The depreciation is calculated using the mains asset class that has a useful life of 47 years.	there is no amount in Jemena's SAP system that could be reported as actual information.

F1.2.3 – Profit

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Income tax expenses (/benefit)	Estimate Public	Income tax expense was calculated by applying a tax rate of 30% to the calculated profit before tax in Table F1.2.3.	The information provided is estimated information due to 30% applied on the adjustments.

F1.3 Distribution Business

The F1.3.1 and F1.3.2 RIN Tables are formula driven tables calculated by the Regulatory Template.

F1.3.3 – Profit

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Income tax expenses (/benefit)	Estimate Public	Income tax expense has been calculated as the difference between the audited statutory account tax expense and adjusted income tax expense.	The information provided is estimated information that is formula driven.

F2. Capex

F2.4 – Capex by Asset Class

F2.4.2 – Actual – As Incurred

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Capex by Asset Class	Actual Public	Capex is assigned to each asset class using MAT codes and WBS Project Definitions, as described in table E1.1.1.	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system.

F2.4.3 – Movement in Provisions Allocated to As-Incurred Capex

No movements in provisions allocated to as-incurred capex.

F2.5 – Capital Contributions by Asset Class

F2.5.1 – Actual

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
Capital contributions	Actual Public	Capital is assigned to each asset class using internal General Ledger Account Codes, MAT Codes and WBS Project Definitions to categorised costs, as described in Table E1.1.1.	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system .

F2.6 – Disposals by Asset Class

F2.6.2 – Actual

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Disposals by Asset Class	Actual Public	JGN disposals consists of either proceeds from sale of assets or asset rebates received as a result of a defect claim.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

F2.7 – Immediate Expensing Capital Expenditure

F2.7 – Actual

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Immediate Expensing Capital Expenditure	Actual Public	The immediate expensing of capital expenditure was identified using internal General Ledger Account Codes, MAT Codes and WBS Project Definitions. The expenditure reported predominately relates to connection capex with a small proportion relating to network overheads and ICT capex.	The information reported in these RIN Tables is actual information sourced from Jemena's SAP system, mapped to asset class.

F3. Revenue

F3.1 – Reference Services

F3.1.1 – Revenue – By Tariff

This RIN Table requires revenue for haulage reference services to be reported by tariff. As revenue is financial data, Appendix E, clause 1 of the RIN requires this information to be based on the Audited Statutory Accounts and for the purposes of this RIN Response, the Audited Statutory Accounts is the Trial Balance, as discussed in the Overview.

The Trial Balance and underlying records do not contain enough information to report revenue by tariff. Therefore, JGN has obtained revenue by tariff using information sourced from Jemena's SAP system.

As expected and explained in more detail in section F3.5 below, this approach results in differences in the total revenue reported in the "F3. Revenue" and "F1. Income" RIN Tables due to timing differences. As the view of revenue presented in "F3. Revenue" avoids timing issues, it creates view of revenue that is more aligned with the regulatory framework and is more closely aligned to the revenue building blocks calculated by the Post Tax Revenue Model (**PTRM**).

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public (Tariffs with less than 3 customers or on a Prudent Discount are Confidential)	Revenue information per tariff was sourced from Jemena's SAP system. The reported information was extracted by year and by tariff.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

F3.2 – Ancillary Reference Services

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Estimated Public	The information in this RIN Table was calculated based on information from SAP that was mapped to RIN Ancillary Reference Services using general ledger details. The allocation of revenue to each ancillary activity was estimated by applying material codes which are closely aligned to each activity.	The information reported in this RIN Table is estimated information because there was significant judgement in how service order data was mapped to the RIN categories

F3.3 – Rebateable Services

JGN does not have any rebateable services so this RIN Table has been completed with values of zero.

F3.4 – Non-Reference Services

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Confidential	JGN has provided non-reference services to three or fewer customer for the reporting period. The revenue received for non-reference services was sourced directly from general ledger accounts from SAP.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

F3.5 – Total Revenue

RIN Table F3.5 is formula driven, calculated by the Regulatory Template.

As expected, the revenue reported in Table F3.5 does not reconcile to Table F1.3.1.

JGN reads the meters of most customers on a quarterly basis. As a result, actual consumption and, in turn, outturn revenue is not known at the conclusion of each month. With a quarterly billing cycle it takes three months for all metering data to have been read and processed in JGN's systems (and longer for billing corrections and adjustments to be factored in). JGN's monthly accounts are prepared well in advance of this timeline. To account for the unbilled period between the last billing date and the balance date, the revenue reported in JGN's statutory accounts includes revenue accrual estimates. As is the case of all estimates, the amount accrued will differ from the actual amount billed for this period.

Table F1.3.1 presents the revenue reported in JGN's statutory accounts which relates to JGN's pipeline services (excluding capital contributions). As a result, it does not reflect outturn revenue but rather the estimate of revenue that was made when the accounts were closed.

Table F3.5 in contrast is completed by running a report at a much later stage. This report, while taking data from the same system, is based on the latest billing information and includes all meter reads for consumption for the period after the last meter read prior to 30 June and up to the next meter read after 30 June. Amounts presented reflect actual amounts invoiced to customers plus in the case of meter reads after 30 June, an amount for the pro-rata portion of consumption prior to 30 June is included. For example, if the last meter read was 31 May and the post 30 June meter read was 31 August, a third of the actual invoiced amount would be added to derive the 30 June amount.10

Revenue reported in JGN's trial balance related to JGN's distribution revenue (excluding capital contributions).

Table F3.5–1: Reconciliation between Table F1.3.1 and Table F3.5 ($millions)

Element	Value
Table F1.3.1 – Revenue reported in JGN's trial balance related to JGN's distribution revenue (excluding capital contributions).	568.3
Plus difference between stat accounts and actual revenue due to accruals and timing differences	*23.4*
Table F3.5 – Actual revenue	591.7

F3.6 – Rewards and Penalties from Incentive Schemes

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	Step 1: Replicate the AER's calculations to calculate the NPV of the building block revenues using the nominal WACC in the Final Decision Post Tax Revenue Model (PTRM) 2024-25 RoD Update for the period 2021-25. Step 2: Calculate the percentage of the building block components that contribute to the NPV calculations. Step 3: Apply the percentage of the building block components that contribute to the NPV calculations to the actual revenue earned for each regulatory year. Where: actual revenue earned = actual reference service revenue reported in Tables F3.1 and F3.2.	The information reported in this RIN Table is actual information because it was sourced from Jemena's SAP system.

F4. Opex

F4.1 – Opex – By Purpose

F4.1.1 – Audited Statutory Accounts can

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	The information reported in this RIN Table was sourced from the Trial Balance.	The information in this RIN Table is sourced from audited Trial Balance.

F4.1.2 – Adjustments

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	The following adjustments were made to the operating expenditure reported in the Trial Balance: Removed unregulated expenditure (-$10.8M) for non-pipeline services provided. Capex to Opex integrity digs and pigging costs (+$8.4M). Pigging costs are captured as capex in the audited trial balance, represented as opex in the regulatory accounts. Treatment of integrity digs and pigging costs as opex in the regulatory accounts is aligned with the 2020 – 2025 Access Arrangeemnt under which Pigging costs are classified as opex. The remainder of adjustments relate to miscellaneous costs (+$0.2M) and removing the cost of a pilot hydrogen facility in Wetern Sydney (-$0.9M). Assign the remaining opex to each category using information from Jemena's SAP system, as the trial balance does not split operating expenditure into the categories set out in this table.	The information in this RIN Table is actual information because it was sourced from the Trial Balance, which were audited, and Jemena's SAP system.

F4.1.3 – Distribution Business

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	The information used to populate this table was sourced from Jemena's internal SAP system. JGN used its internal MAT Codes and WBS Project Definitions to categorise projects into each of the variables. JGN's cost collection and financial recording methodology used for the underlying data reported in the Regulatory Templates are explained in Appendix A: Cost Collection Process.	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system.

F6. Related Party Transactions

F6.1 – JGN Payments Greater Than $1,000,000 to Related Party

JGN has disclosed related party margin information from entities with whom it materially transacted. The parties are Zinfra Pty Ltd (**Zinfra**), and Jemena Asset Management (**JAM**), all of which are, like JGN, within the **SGSPAA Group**. JGN did not disclose information about other related parties where it was not required by the RIN (e.g. where services were not related to pipeline services).

F6.1.1 – Expenditure

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Jemena Asset Management Pty Ltd	Actual Public	JAM, a related party to JGN, provides various services to JGN. JAM collects costs in cost collectors and transfers applicable costs to JGN via its SAP ERP systems. JGN receives JAM costs and records them into SAP, with a liability created in its accounting records. No margins are applicable on these JAM transactions. JGN has disclosed the related party costs, including margins, from JAM for reference services. The data is obtained from JAM accounting records. As JGN does not operate a bank account, no cash is exchanged between JGN and its related party entities.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Zinfra Pty Ltd	Actual Public	Zinfra, a related party to JGN, has its own financial recording SAP ERP system that collects costs using a similar process to that used by Jemena entities and invoices JAM for costs incurred on behalf of JGN. JGN records JAM costs inclusive of any Zinfra related party costs into its SAP system. JGN has disclosed the unaudited Zinfra related party costs incurred by JAM for JGN's reference services.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

F6.1.2 – Corresponding Expenses Incurred by Related Party

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Related Party - JAM	Actual Confidential	JAM collects costs in cost collectors and transfers applicable costs to JGN via their respective SAP ERP systems. No margins are applicable on JAM transactions. Therefore, the corresponding cost incurred by JAM equates the expenditure incurred by JGN.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Related Party – Zinfra	Actual Confidential	Zinfra has its own financial recording SAP ERP system that collects costs. Corresponding expenses incurred for JGN's reference services by Zinfra are reported as expenditure net of margins sourced from unaudited Zinfra records.	The information reported this RIN Table has been sourced from unaudited Zinfra records.

F6.2 – JGN Payments Greater Than $1,000,000 Received from Related Party

F6.2.1 – Revenue and 6.2.2 – Corresponding Expenses Incurred by JGN

JGN did not receive any payments greater than $1,000,000 from related parties.

F6.3 – Related Party Margin Expenditure – By Category

F6.3.1 – Capex and F6.3.2 – Opex

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Confidential	Related party margin sourced from unaudited Zinfra records were allocated across capex and opex categories based on the services provided to JGN.	The information reported this RIN Table is actual information because the margin expenditure has been sourced from unaudited Zinfra records.

F6.4 – Percentage of Capex Outsourced to Related Party

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	Excluding land and motor vehicle acquisitions, all capex works for JGN's reference services are carried out through JAM.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

F6.5 – Percentage of Opex Outsourced to Related Party

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	All (i.e. 100%) opex expenditure for JGN's reference services are carried out through JAM.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

F7. Provisions

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
Other current provisions	Actual Confidential	Contains provisions for JGN Land Tax and Customer Claims. The claims provision is assessed on the likelihood of the claim being settled. Once a claim is paid, the provision is reduced accordingly.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Doubtful debt provision	Actual Public	The provision of Doubtful Debts contains unrecovered amounts owed to JGN by Debtors, where payment is doubtful due to factors such as dispute over supply or customer financial stress.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Provision for Digs	Actual Confidential	The account Provision for DIGS captures the amounts owed to Councils relating to restoration of public property after the installation of the DIGS Systems.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

F9. Pass Throughs

F9.1 – Pass Through Event Expenditure

JGN had no pass-through expenditure to report, therefore this RIN Table remains blank.

F10. Assets

F10.1 – Capital Base Values

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Opening value	Actual Public	JGN sourced the Opening RAB for RY25 from the closing RY24 RAB in JGN's submitted RIN template F10.1 for year 2023-24.	Actual information from JGN's submitted RIN template F10.1 for year 2023-24.
Inflation addition	Actual Public	JGN calculates the Inflation Addition consistent with AER's final decision.	Actual inflation data from ABS data (A2325846C) December series.
Straight line depreciation	Actual Public	JGN sources the Depreciation values from the AER's Final Decision PTRM.	Actual information from AER's 2020-25 final decision PTRM.
Actual additions (recognised in RAB)	Actual Public	JGN calculates Actual Additions (recognised in RAB) from gross capex and capital contributions from the F2.4 and F2.5 templates. The additions are adjusted for the time value of money using the vanilla WACC for the period, consistent with the treatment in the AER's RFM.	Actual information from RIN template F2.4 and F2.5, adjusted for the time value of money using the Vanilla WACC for the period, consistent with the treatment in the RFM.
Disposals	Actual Public	JGN obtains Disposals (recognised in RAB) from the F2.6 template. The disposals are adjusted for the time value of money using the vanilla WACC for the period, consistent with the treatment in the AER's RFM.	Actual information from RIN template F2.6, adjusted for the time value of money using the Vanilla WACC for the period, consistent with the treatment in the RFM.
Closing value	Actual Public	Closing Value is calculated in the template.	This information is actual and calculated directly from the above variables.

Appendix A: Cost Collection Process

Network and Non-Network Capex

JGN outsourced the delivery of its distribution network capex to JAM, a related entity. As the group entity that collects costs and transfers them on behalf of other related entities within the Jemena Group[7]. JAM uses a SAP ERP system to capture costs (Jemena's SAP system).

In SAP, costs are captured under different categories, known as Plant Maintenance Orders (PMO), which then cascade up to a higher level of category, known as Work Breakdown Structures (WBS). The WBS structures used by entities within the Jemena Group have unique prefix identifiers that identify the specific entity within the Jemena Group e.g. JGN is 'BAB'.

The WBS codes and Cost Element codes were used as the basis to directly attribute the capex costs into the RIN Capex Categories (e.g. Connections, Mains Replacement, Mains Augmentation, Meter Replacement, Other capex).

At times where the master data in the WBS element was not clear, JGN reviewed the data and data extracts and manually attributed the capex costs to the most appropriate RIN Capex Category. JGN incurs non-network capex costs in different ways:

- Motor Vehicles and Land costs (including in Other capex) are procured directly by JGN with costs captured directly as JGN costs in SAP with a relevant WBS code attached. The WBS has master data coding that categorises the information into the appropriate categories as defined in the templates.
- JGN direct IT capex costs were incurred via JAM, similar to the network capex costs. A specific WBS codes was used to capture IT costs when the assets associated with the costs were specific to JGN. These costs were wholly attributed to JGN.
- Capex costs associated with shared IT and other assets shared by entities in the Jemena Group, were attributed to JGN and the other entities using the Jemena Cost Allocation Methodology process. Shared IT hardware items were manually allocated as a 'whole' to a nominated entity within the Jemena Group.

Overhead Costs

All overhead (corporate and network) costs were incurred via JAM, similar to network costs. Overhead costs were attributed to JGN and the other entities using the Jemena Cost Allocation Methodology process or specific drivers for specific projects. After overhead costs are attributed to JGN a portion of the costs are capitalised to assets using the JGN's internal capitalisation procedure.

Opex

Financial data was sourced from Jemena's SAP system that JGN and its related entities use to capture its Financial and most Non-Financial information. JGN outsourced the delivery of its distribution network opex to **JAM,** a related entity. JAM acts as the entity that collects costs and transfers them on behalf of other related entities within the Jemena Group.

JAM uses SAP functionality to capture expenditure at the micro and macro levels. Plant Maintenance Orders **(PMO)** capture expenditure at the micro level and which then cascade up to Work Breakdown Structures (**WBS)** and ultimately to a Project (highest level of project cost collector)**.** The WBS structures used by entities within the Jemena Group, have unique prefix identifiers that identifies the specific entity within the Jemena Group e.g. JGN is 'BAB'.

[7] The Jemena Group includes SGSP (Australia) Assets Pty Ltd (SGSPAA) and its subsidiaries excluding Zinfra Pty Ltd and its subsidiaries. Jemena Group costs may include charges from Zinfra Pty Ltd and its subsidiaries where they relate to JGN.

The WBS structures in both JGN & JAM contain master data coding that enables the categorisation of opex into the AER defined categories. Standard SAP reports and business intelligence **(BI)** tools are used to extract raw opex data that contains information to enable the reporting into the regulatory categories defined by the templates.

Where the master data was unclear, the most appropriate reporting category was assigned manually.

Appendix B: Overhead Expenditure

JGN capitalises a portion of its overhead costs incurred for network activities (e.g. Capital Program Management, Stores, Property, Non-Labour).

Operational allocations are usually driven by the uses of direct time writing to an activity and can take the shape of allocation e.g. capital program management. Jemena's uses SAP functionality (costing sheets) to apply the overhead rates to the WBS cost collectors. The use of the WBS structure ensures that overheads are allocated to the appropriated category in the templates.

Capital Program Management (CPM) – It is not practical for Program Managers and Senior Management to record time against a multitude of specific cost collectors. They time write to catch all cost collectors, which is then distributed over the specific cost collectors usually based on the underlying direct costs of the respective cost collectors. JGN's ERP system is designed to apply a level of overheads to its capex activities JGN applies this by calculating a % overhead to be applied over the capex spend for the year. The calculation used is:

Direct Budget Overheads ÷ Total Budget Capex Program = Applied Overhead %

Stores: It is allocated based on a fixed percentage of store recovery on a unique cost element to reflect the cost of running a warehouse; costs include storemen and forklifts.

Property: The total cost of running each non-corporate property is calculated. Total cost includes rental, rates and security. A portion based on square metre usage is allocated towards logistics to be recovered via store recoveries above. The remaining non-corporate site/property running costs are assigned using an full time equivalent ('FTE') based rate and applied via SAP 'costing sheet' functionality against all direct costs on a project.

Non-Labour recoveries: The remaining direct costs not included in the above cost types are subject to a determination of capitalisation under accounting standards are applied to all projects using costing sheets. The recovery rate is based on time writing results to that entity.

Corporate Overheads: From 1 January 2021, JGN expenses all corporate overheads (corporate function support costs), for regulatory purposes consistent with changes to its accounting practice. Previously certain corporate overheads were captialsied in accordance with the CAM. The effect of the change was that from 1 January 2021 digital corporate function expenditure and corporate health safety and environment costs are expenses where previously they were capitalised.