DRAFT DECISION
Amadeus Gas Pipeline
Access Arrangement

2021 to 2026

Attachment 4
Regulatory depreciation

November 2020

AUSTRALIAN ENERGY REGULATOR

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Note

This attachment forms part of the AER's draft decision on the access arrangement that will apply to APT Pipelines (NT) Pty Ltd (APTNT)'s Amadeus Gas Pipeline for the 2021–2026 access arrangement period. It should be read with all other parts of the draft decision.

The draft decision includes the following documents:

Overview

Attachment 1 – Services covered by the access arrangement

Attachment 2 – Capital base

Attachment 3 – Rate of return

Attachment 4 – Regulatory depreciation

Attachment 5 – Capital expenditure

Attachment 6 – Operating expenditure

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4 Regulatory depreciation

Depreciation is the amount provided so capital investors recover their investment over the economic life of the asset (otherwise referred to as 'return of capital'). When determining the total revenue for the Amadeus Gas Pipeline, we include an amount for the depreciation of the projected capital base.[1] Under the building block framework, regulatory depreciation consists of the net total of the straight-line depreciation less the indexation of the capital base.

This attachment outlines our draft decision on APT Pipelines (NT) Pty Ltd (APTNT)'s Amadeus Gas Pipeline annual regulatory depreciation amount for the 2021–26 access arrangement period. Our consideration of specific matters that affect the estimate of regulatory depreciation is also discussed in this attachment:

- standard asset lives for depreciating new assets associated with forecast capital expenditure (capex)[2]
- the remaining asset lives for depreciating existing assets in the opening capital base.

4.1 Draft decision

We determine a regulatory depreciation amount of $8.7 million ($nominal) for APTNT for the 2021–26 access arrangement period. This represents a reduction of $0.1 million (or 1.3 per cent) from APTNT's proposed regulatory depreciation amount of $8.9 million ($nominal).[3] In coming to this decision:

- we accept APTNT's existing asset classes, its straight-line depreciation method, and the standard asset lives used to calculate the regulatory depreciation amount
- we accept APTNT's proposed weighted average method to calculate the remaining asset lives as at 1 July 2021 for depreciating its existing assets. This method is a continuation of the approved approach used in the 2016–21 access arrangement and applies the approach as set out in our roll forward model (RFM). In accepting the weighted average method, we have updated the proposed remaining asset lives as at 1 July 2021 due to the input changes we made to APTNT's proposed RFM. These input changes are discussed in section 4.4.1
- we accept APTNT's proposed new asset class of 'Leased assets' with a remaining asset life of 11.4 years as at 1 July 2021
- we have amended the remaining asset lives as at 1 July 2021 for the 'Pipelines' and 'Buildings' asset classes to 55.8 years (from 54.9 years) and 29.7 years (from

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1 NGR, r. 76(b).

2 The term 'standard asset life' may also be referred to as 'standard economic life', 'asset life', 'economic asset life' or 'economic life'.

3 APTNT, *Amadeus Gas Pipeline 2021-26 Access Arrangement – Attachment 3 – Gas Transmission PTRM*, July 2020.

27.3 years), respectively. These amendments reflect the reallocation of the capitalised leases from these asset classes to the new asset class of 'Leased assets' in the RFM

- we made determinations on other components of the APTNT's proposal which also affect the forecast regulatory depreciation amount. Specifically, they relate to:
    - the opening capital base as at 1 July 2021 (attachment 2)
    - expected inflation rate (attachment 3)[4]
    - forecast capex (attachment 5) including its effect on the projected capital base over the 2021–26 period.[5]

Table 4.1 sets out our draft decision on APTNT's regulatory depreciation amount over the 2021–26 period.

Table 4.1 AER's draft decision on APTNT's forecast depreciation for the 2021–26 access arrangement period ($million, nominal)

	2021–22	2022–23	2023–24	2024–25	2025–26	Total
Straight-line depreciation	4.1	4.6	4.8	5.0	5.3	23.8
Less: indexation on opening capital base	3.0	3.0	3.0	3.0	3.0	15.1
Regulatory depreciation	**1.1**	**1.6**	**1.8**	**2.0**	**2.2**	**8.7**

Source: AER analysis.

Note: The lower depreciation in 2021–22 is due to an over-recovery of –$0.3 million in depreciation calculated at the end of the 2016–21 period, which is being returned to customers in the first year of the 2021–26 period. Regulatory depreciation over the 2021–26 period is increasing because while straight-line depreciation has increased over the period as result of increasing forecast capex, the indexation amount is relatively stable. Therefore, regulatory depreciation is showing larger increases over 2021–26 period.

4.2 APTNT's proposal

In its proposal, APTNT proposed a total forecast regulatory depreciation amount of $8.9 million ($nominal) for the 2021–26 period, as set out in Table 4.2.

[4] As discussed in attachment 3, our draft decision estimate of expected inflation is 2.37 per cent per annum for the access arrangement period. We are currently undertaking a review into the treatment of inflation in our regulatory framework, including the method likely to result in the best estimate of expected inflation. The final outcomes of this review are expected in December 2020. If we consider a different method for estimating expected inflation should be adopted, we intend to commence the consultation process under the NGR for amending the PTRM. We expect to apply amendments to the PTRM (if any) in our final decision in April 2021, unless a rule change proposal is required.

[5] Capex enters the capital base net of forecast disposals and capital contributions. It includes equity raising costs (where relevant) and the half-year WACC to account for the timing assumptions in the AER's PTRM. Our draft decision on the capital base (attachment 2) also reflects our updates to the WACC for the 2021–26 access arrangement period.

Table 4.2 APTNT's proposed forecast depreciation amount for the 2021–26 access arrangement period ($million, nominal)

	2020–21	2021–22	2022–23	2023–24	2024–25	Total
Straight-line depreciation	4.4	4.6	4.8	5.0	5.3	24.0
Less: indexation on opening capital base	3.0	3.0	3.0	3.0	3.1	15.1
Regulatory depreciation	**1.4**	**1.6**	**1.8**	**2.0**	**2.2**	**8.9**

Source: APTNT, *Amadeus Gas Pipeline 2021-26 Access Arrangement – Attachment 3 – Gas Transmission PTRM*, July 2020.

To calculate the depreciation amount, APTNT proposed to use:[6]

- the straight-line depreciation method employed in the AER's post-tax revenue model (PTRM)
- the closing capital base value as at 30 June 2021 derived from the AER's RFM
- proposed forecast capex for the 2021–26 period
- an expected inflation rate of 2.39 per cent per annum for the 2021–26 period
- the asset classes and standard asset lives for depreciating new assets associated with forecast capex for the 2021–26 access arrangement period, which are consistent with those approved in the 2016–21 access arrangement:
    - in addition, APTNT proposed a new asset class to reallocate capitalised leases from the existing 'Pipelines' and 'Buildings' asset classes. APTNT has proposed a remaining asset life of 11.4 years for this new asset class of 'Leased assets'.
- the weighted average approach to determine remaining asset lives at 1 July 2021 derived from the RFM to calculate the forecast depreciation of existing assets.

4.3 Assessment approach

In its 2021–26 access arrangement proposal, APTNT must provide a forecast depreciation schedule for the 2021–26 period. The depreciation schedule sets out the basis on which the pipeline assets constituting the capital base are to be depreciated for the purpose of determining a reference tariff.[7] It may consist of a number of separate schedules, each relating to a particular asset or class of asset.[8]

In making a decision on the proposed depreciation schedule, we assess the compliance of the proposed depreciation schedule with the depreciation criteria set out

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6 APTNT, *Amadeus Gas Pipeline 2021-26 Access Arrangement – Attachment 3 – Gas Transmission PTRM*, July 2020.

7 NGR, r. 88(1).

8 NGR, r. 88(2).

in the NGR. The depreciation criteria[9] state that the depreciation schedule should be designed:

- so that reference tariffs will vary, over time, in a way that promotes efficient growth in the market for reference services;[10]
- so that each asset or group of assets is depreciated over the economic life of that asset or group of assets;[11]
- so as to allow, as far as reasonably practicable, for adjustment reflecting changes in the expected economic life of a particular asset, or a particular group of assets;[12]
- so that (subject to the rules about capital redundancy), an asset is depreciated only once;[13] and
- so as to allow for the service provider's reasonable needs for cash flow to meet financing, non-capital and other costs.[14]

The depreciation criteria also provides that a substantial amount of depreciation may be deferred in circumstances where investment is made on the expectation of future demand growth.[15]

The NGR require that any forecast must be arrived at on a reasonable basis and must represent the best forecast or estimate possible in the circumstances.[16]

Our assessment takes into account revenue and pricing principles (RPP) and seeks to promote the National Gas Objective (NGO).[17] The NGO is the promotion of efficient investment in, provision of and use of, natural gas services for the long term interests of consumers with respect to price, quality, safety, reliability and security of supply of natural gas.[18] We are required, when carrying out our functions, to make a decision that will contribute, or will be likely to contribute, to the achievement of the NGO.[19] In addition, when exercising our decision-making powers, we are required to take into account the RPP.[20] This includes the principle that a service provider should be provided with effective incentives in order to promote efficient investment in, provision of and use of pipeline services, and the principle that we should have regard to the

9 NGR, r. 89.
10 NGR, r. 89(1)(a).
11 NGR, r. 89(1)(b).
12 NGR, r. 89(1)(c).
13 NGR, r. 89(1)(d).
14 NGR, r. 89(1)(e).
15 NGR, r. 89(2).
16 NGR, r. 74(2).
17 NGL, s 28; NGR r. 100(1).
18 NGL, s. 23.
19 NGL, s. 28(1).
20 NGL, s. 28(2).

economic costs and risks of the potential for under-and over-investment in a pipeline, and utilisation of a pipeline when making our decisions.[21]

In April 2020, we published our first version of the RFMs and PTRMs for gas pipeline service providers under new provisions in the NGR.[22] Gas distribution businesses are required to use these models for the purposes of their access arrangement proposals. The PTRM sets out the method for calculating the forecast deprecation schedule. We have also published a separate depreciation module to the RFM that applies the year-by-year tracking depreciation approach. This module is used for calculating the depreciation of existing assets, and the output from this module will feed into the PTRM.

The regulatory depreciation approach in the PTRM involves two components:

1. A straight-line depreciation component calculated by dividing the asset value by its standard asset life (for new assets) or remaining asset life (for existing assets). We consider that the straight-line method satisfies the NGR's depreciation criteria.[23] This is because the straight-line method smooths changes in the reference tariffs, promotes efficient growth of the market, allows assets to be depreciated only once and over its economic life, and allows for a service provider's reasonable needs for cash flow.
2. An offsetting adjustment for indexation of the value of assets in the capital base. This component is necessary to prevent double counting of inflation when a nominal rate of return is applied to the inflation indexed capital base. Therefore, we remove the revaluation (indexation) gain on the capital base from the depreciation building block when setting total revenue.

The regulatory depreciation amount is an output of our PTRM. We therefore assessed APTNT's proposed regulatory depreciation amount by analysing the proposed inputs to the PTRM for calculating that amount. Key inputs include the:

- opening capital base at 1 July 2021
- forecast net capex in the 2021–26 period[24]
- indexation adjustment—based on the forecast capital base and expected inflation rate for the 2021–26 period
- standard asset life for each asset class—used for calculating the depreciation of new assets associated with forecast net capex in the 2021–26 period
- remaining asset life for each asset class—used for calculating the depreciation of existing assets as at 1 July 2021.

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21 NGL, s. 24.

22 NGR, rr. 75A–75B.

23 NGR, r. 89.

24 Capex enters the capital base, net of forecast disposals and capital contributions. It includes equity raising costs (where relevant) and the half-year WACC to account for the timing assumptions in the PTRM. Our draft decision on the capital base (Attachment 2) also reflects our updates to the WACC for the 2021–26 access arrangement period.

Our draft decision on APTNT's regulatory depreciation amount reflects our determinations on the opening capital base, expected inflation and forecast net capex (the first three inputs in the above list).[25] Our determinations on these components of APTNT's proposal are discussed in attachments 2, 3 and 5, respectively. In this attachment 4, we discuss our assessment on the proposed standard and remaining asset life for each asset class (the last two inputs in the above list).

In general, we consider that consistency in the standard asset life for each asset class across access arrangement periods will allow reference tariffs to vary over time in a manner which would promote efficient growth in the market for reference services. Our assessment on standard asset life of an asset class also takes into account the technical life (or the engineering designed life) of the assets associated with the asset class. We also benchmark APTNT's standard asset lives with those used by other gas service providers for similar asset classes.

Our PTRM provides for two approaches for calculating the straight-line depreciation for the existing assets:

- the 'weighted average remaining lives' (WARL) approach: This approach calculates the remaining asset life for an asset class by weighting together its remaining asset life at the beginning of the access arrangement period with the new capex added to the asset class during that period. The residual asset values are used as weights to calculate the remaining asset life at the end of that period. The WARL for the asset classes are calculated in our RFM and are inputs to the PTRM. We consider this approach meets the depreciation criteria of the NGR.
- the 'year-by-year tracking' approach: Under this approach, the capex (in addition to grouping assets by type via asset classes) for each year of an access arrangement period is depreciated separately and tracked on a year-by-year basis over the assigned standard life for the asset class. In general, we consider that this approach would also meet the depreciation criteria of the NGR. Our depreciation tracking module conducts the detailed calculations required under this approach. The output of this module is then recorded in the PTRM.

APTNT has proposed to continue applying the WARL approach to calculate its remaining asset lives at 1 July 2021. Our assessment on APTNT's proposed remaining asset lives is discussed in section 4.4.1.

4.3.1 Interrelationships

The regulatory depreciation amount is a building block component of the total revenue requirement.[26] Higher (or quicker) depreciation leads to higher revenues over the access arrangement period. It also causes the capital base to reduce more quickly

[25] Our final decision will update the opening capital base as at 1 July 2021 for revised estimates of actual capex and inflation.

[26] The PTRM distinguishes between straight-line depreciation and regulatory depreciation, the difference being that regulatory depreciation is the straight-line depreciation minus the indexation amount on the projected capital base.

(excluding the impact of new capex being added to the capital base). This reduces the return on capital amount, although this impact is usually smaller than the increased depreciation amount in the short to medium term.[27]

Ultimately, however, a service provider can only recover the capex that it incurred on assets once.[28] The depreciation amount reflects how quickly the capital base is being recovered and is based on the remaining and/or standard asset lives used in the depreciation calculation. It also depends on the level of the opening capital base and the forecast capex. Any increase in these factors also increases the depreciation amount.

Our standard approach is to maintain the capital base in real terms, meaning the capital base is indexed for expected inflation. The return on capital building block has to be calculated using a nominal rate of return (WACC) applied to the opening capital base.[29] The total revenue requirement is calculated by adding the return on capital, depreciation, operating expenditure (opex), tax and revenue adjustments building blocks.[30] Because inflation on the capital base is accounted for in both the return on capital (based on a nominal rate of return) and the depreciation calculations (based on an indexed capital base), an adjustment must be made to the revenue requirement to prevent compensating twice for inflation.

To avoid this double compensation, we make an adjustment by subtracting the annual indexation gain on the capital base from the calculation of total revenue. Our standard approach is to subtract the indexation of the opening capital base—the opening capital base multiplied by the expected inflation for the year—from the capital base depreciation. The net result of this calculation is referred to as regulatory depreciation (or return of capital).[31] Regulatory depreciation is the amount used in the building block calculation of total revenue to ensure that the revenue equation is consistent with the use of a capital base, which is indexed for inflation annually. Figure 4.1 shows where the inflation components are included in the building block costs.

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27 This is generally the case because the reduction in the capital base amount feeds into the higher depreciation building block, whereas the reduced return on capital building block is proportionate to the lower capital base multiplied by the WACC.

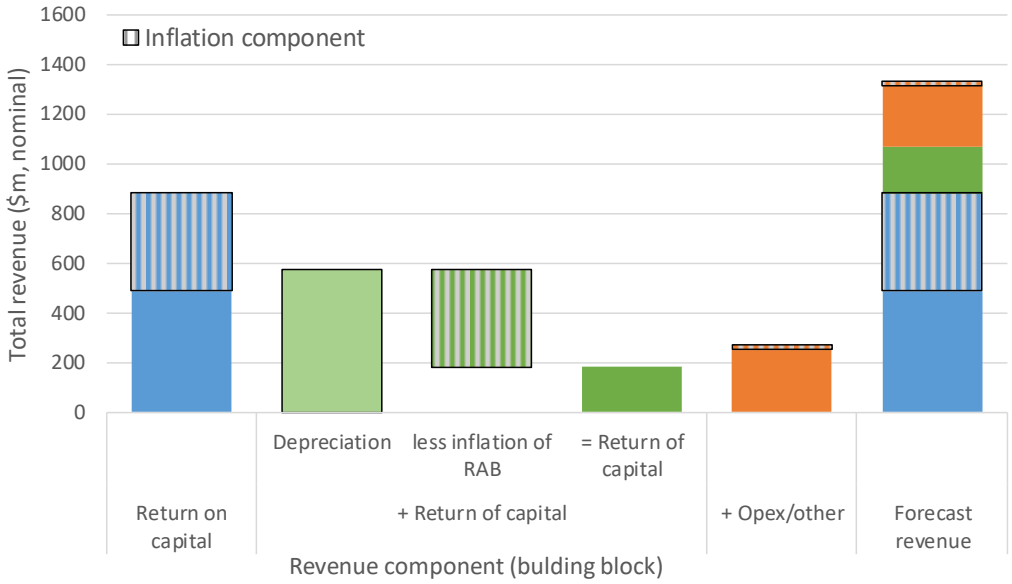
28 NGR, r. 89(1)(d).

29 NGR, r. 87.

30 NGR, r. 76.

31 If the asset lives are extremely long, such that the capital base depreciation rate is lower than the inflation rate, then negative regulatory depreciation can emerge. The indexation adjustment is greater than the capital base depreciation in such circumstances.

Figure 4.1 Inflation components in revenue building blocks – example



Source: AER analysis.

This approach produces the same total revenue requirement and capital base as if a real rate of return had been used in combination with an indexed capital base. Under an alternative approach where a nominal rate of return was used in combination with an un-indexed (historical cost) capital base, no adjustment to the depreciation calculation of total revenue would be required. This alternative approach produces a different time path of total revenue compared to our standard approach. In particular, overall revenues (and therefore prices) would be higher early in the asset's life (as a result of more depreciation being returned to the service provider) and lower in the future—producing a steeper downward sloping profile of total revenue.[32] Under both approaches, the total revenues being recovered are in net present value (NPV) neutral terms—that is, returning the initial cost of the capital base.

Figure 4.2 shows the recovery of revenue under both approaches using a simplified example.[33] Indexation of the capital base and the offsetting adjustment made to depreciation results in smoother revenue recovery profile over the life of an asset than if the capital base was un-indexed. The indexation of the capital base also reduces price shocks when the asset is replaced at the end of its life.[34]

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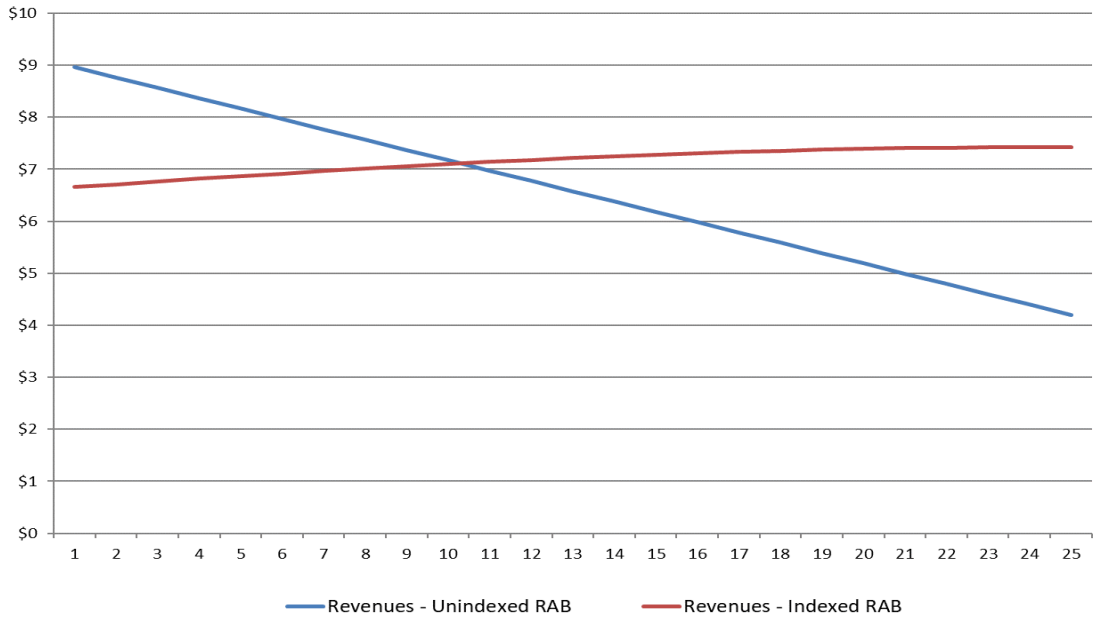
[32] A change of approach from an indexed capital base to an un-indexed capital base would result in an initial step change increase in revenues to preserve NPV neutrality.

[33] The example is based on the initial cost of an asset of $100, a standard economic life of 25 years, a real WACC of 2.5%, expected inflation of 2.4% and nominal WACC of 4.96%. Other building block components such as opex, tax and capex are ignored for simplicity as they would affect both approaches equally.

[34] In year 26 the revenues in the example for the un-indexed approach would jump from about $4 to $9, assuming the asset is replaced by an asset of roughly similar replacement cost as the initial asset. In contrast, in the same circumstances, the indexed approach would see revenues stay at roughly $7.

Figure 4.2 Revenue path example – indexed vs un-indexed capital base ($nominal)



Source: AER analysis.

Figure 2.1 (in attachment 2) shows the relative size of the inflation indexation and straight-line depreciation, and their impact on the capital base using APTNT's proposal. A 10 per cent increase in the straight-line depreciation causes revenues to increase by about 2.4 per cent.[35]

4.4 Reasons for draft decision

We accept APTNT's proposed straight-line depreciation method for calculating the regulatory depreciation amount as set out in the PTRM. We also accept APTNT's proposal to apply the weighted average method to calculate the remaining asset lives as at 1 July 2021. However we have updated the remaining asset lives as at 1 July 2021 to reflect the amendments we made in the RFM.

We accept the proposed existing asset classes and standard asset lives as they are consistent with those approved for the 2016–21 period. We also accept APTNT's proposed new asset class for 'Leased assets', and the proposed remaining asset life of 11.4 years assigned to this new asset class.

However, we have reduced APTNT's proposed forecast regulatory depreciation by $0.1 million (or 1.3 per cent) to $8.7 million ($nominal) for the 2021–26 period. This is

[35] We have analysed the sensitivity of straight-line depreciation relative to total revenue based on input data provided in APTNT's proposal PTRM.

mainly due to the amendments we made to the remaining asset lives as at 1 July 2021 for the 'Pipelines' and 'Buildings' asset classes. Our draft decision regarding other components of APTNT's proposal also affect the forecast regulatory depreciation—the opening capital base as at 1 July 2021 (attachment 2), expected inflation over the 2021–26 period (attachment 3) and forecast capital expenditure (attachment 5) including its effect on the projected capital base over the 2021–26 period.[36]

Our assessment of APTNT's proposed standard and remaining asset lives are discussed in turn in the following subsections.

4.4.1 Remaining asset lives

We accept APTNT's proposed weighted average method to calculate the remaining asset lives as at 1 July 2021. The proposed method is a continuation of the approved approach used in the 2016–21 access arrangement and applies the approach as set out in our RFM. In accepting the weighted average method, we have updated APTNT's remaining asset lives to reflect our adjustments to the proposed RFM.

As discussed in attachment 2, we made minor updates to the 2020–21 WACC and final year asset adjustment inputs in APTNT's proposed RFM which results in the remaining asset lives as at 1 July 2021 being updated. This is because some of the inputs in the RFM affect the value of assets in the capital base and in turn, the calculation of the remaining asset lives as at 1 July 2021.

We accept APTNT's proposed new asset class of 'Leased assets'. We also accept the proposed remaining asset life of 11.4 years assigned to this new asset class. APTNT proposed to roll in the remaining value of its existing leases to the capital base due to a change in the accounting standards AASB16 in 2019–20. This remaining value was added to the existing asset classes of 'Pipelines' and 'Buildings' which have a much longer remaining life than the capitalised leases. APTNT proposed to reallocate the remaining value of the capitalised leases as at 1 July 2021 to a new asset class for this specific asset, and assign a shorter remaining asset life of 11.4 years for regulatory depreciation purposes. APTNT has calculated the remaining asset life using the weighted average of the remaining duration of all the leases that make up this new asset class at 1 July 2021. We consider this approach is reasonable as it reflects the expected economic life of the assets allocated to this asset class.

However, we have updated the remaining asset lives as at 1 July 2021 for the 'Pipelines' and 'Buildings' asset classes to reflect the reallocation of capitalised leases. As discussed in attachment 2, we have updated APTNT's RFM for the final year adjustments at the end of the 2016–21 period to reflect the reallocation of capitalised leases from these existing asset classes to the new asset class of 'Leased assets'. As

[36] Capex enters the capital base net of forecast disposals and capital contributions. It includes equity raising costs (where relevant) and the half-year WACC to account for the timing assumptions in the PTRM. Our draft decision on the capital base (attachment 2) also reflects our updates to the WACC for the 2021–26 access arrangement period.

a result of this amendment in the RFM, the remaining asset lives as at 1 July 2021 for the 'Pipelines' and 'Buildings' asset classes have been increased to 55.8 years (from 54.9 years) and 29.7 years (from 27.3 years), respectively. We consider the updated remaining asset lives better reflect the expected economic lives of the remaining assets in these asset classes.

For this draft decision, the remaining asset lives as at 1 July 2021 reflect estimated capex values for 2019–20 and 2020–21. As part of the final decision, we will update the 2019–20 estimated capex with actuals and the 2020–21 estimated capex may be revised based on more up to date information by APTNT in its revised proposal. Therefore, we will recalculate APTNT's remaining asset lives as at 1 July 2021 using the method approved in this draft decision to reflect the revised capex inputs for the final decision.

Table 4.3 sets out our draft decision on the remaining asset lives at 1 July 2021 for APTNT. We are satisfied that the remaining asset lives approved in this draft decision will result in a depreciation schedule that reflects the depreciation criteria of the NGR.[37]

4.4.2 Standard asset lives

We accept the standard asset lives proposed by APTNT. It proposed the same standard asset lives for the 2021–26 period as those approved for the 2016–21 period. They are comparable with the standard asset lives approved in our recent determinations for other gas service providers.[38]

Table 4.3 sets out our draft decision on the standard asset lives for APTNT's Amadeus Gas Pipeline over the 2021–26 access arrangement period. We are satisfied the standard asset lives approved in this draft decision will result in a depreciation schedule that reflects the depreciation criteria of the NGR.[39]

Table 4.3 AER's draft decision on APTNT's standard and remaining asset lives for the 2021–26 access arrangement period (years)

Asset class	Standard asset life	Remaining asset life
Pipelines	80.0	55.8
Compressors	30.0	10.0
Meter station	50.0	38.8
SCADA	15.0	1.0[a]

37 NGR, r. 89(1).

38 AER, *Final decision – Jemena Gas Networks (NSW) Ltd Access Arrangement – Attachment 4 – Regulatory depreciation,* June 2020, p. 24; AER, *Final decision – Roma to Brisbane Gas Pipeline Access Arrangement 2017 to 2022 – Attachment 5 – Regulatory depreciation, November 2017*, p. 6; AER, *Final decision – ActewAGL Distribution Access Arrangement 2016 to 2021 – Attachment 5 – Regulatory depreciation,* May 2016, p. 10.

39 NGR, r. 89(1).

Asset class	Standard asset life	Remaining asset life
O&M facilities	10.0	6.9
Buildings	40.0	29.7
Corporate assets (IT software)	n/a	n/a
Land and easement	n/a	n/a
Leased assets	n/a	11.4

Source: AER analysis.

n/a Not applicable. We have not assigned a standard asset life and remaining asset life to the 'Land and easement' asset class because the assets allocated to it are non-depreciating assets. We have not assigned a standard asset life to the asset classes of 'Corporate assets (IT Software)'[40] and 'Leased assets' because there are no new capex being allocated to these asset classes in the future. We have not assigned a remaining asset life to the 'Corporate assets (IT software)' asset class because it has no opening capital base value as at 1 July 2021.

a) We have reduced the remaining asset life of the 'SCADA' asset class to 1 year from 5 years in the PTRM to fully return the small opening capital base value of –$0.3 million to customers in one year.

4.5 Revisions

We require the following revisions to make the access arrangement proposal acceptable as set out in Table 4.4.

Table 4.4 APTNT's regulatory depreciation revisions

Revision 4.1:	Make all necessary amendments to reflect this draft decision on the regulatory depreciation amounts for the 2021–26 access arrangement period, as set out in Table 4.1.
Revision 4.2:	Make all necessary amendments to reflect this draft decision on the remaining asset lives, as set out in Table 4.3.
Revision 4.3:	Make all necessary amendments to reflect this draft decision on capitalised lease reallocation from the 'Pipelines' and 'Buildings' asset classes, as set out in section 4.4.

[40] APTNT, *Email response to AER information request IR002 - corporate assets (IT software) asset class,* 20 October 2020. APTNT has indicated in its response to our information request that it may propose to reallocate any remaining value of corporate assets as at 1 July 2021 currently in the 'O&M facilities' asset class to the 'Corporate asset (IT software)' asset class in its revised proposal. Therefore, we may assess any revised asset life for this asset class for our final decision.

Shortened forms

Shortened form	Extended form
AER	Australian Energy Regulator
AGP	Amadeus Gas Pipeline
APTNT	APT Petroleum Pipelines Northern Territory
capex	Capital expenditure
NGL	National Gas Law
NGR	National Gas Rules
NGO	National Gas Objective
NGR	National Gas Rules
NPV	Net present value
opex	Operating expenditure
PTRM	Post-tax revenue model
RFM	Roll forward model
RPP	Revenue and pricing principles
WACC	Weighted average cost of capital
WARL	Weighted average remaining lives