

# **Jemena Gas Networks (NSW) – Access Arrangement Information – Appendix 1.2**

**Regulatory information notice  
compliance checklist**

**26 August 2009**



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Final RIN Notice Attch 2 Source	RIN Title	RIN Final Version Text	Where addressed in AA/AAI
<b>Service Provider details and business context</b>			
Preliminary RIN Notice Attachment 2, 2.1.1, p22	Details of service providers	Provide in the access arrangement proposal submission the following information for all service providers of the pipeline: (a) Trading name (b) ABN (c) Type of service provider (owner, controller or operator) (d) Type of legal entity	AAI - Section 1
2.1.2	Local agent of a service provider	In the access arrangement proposal submission, provide a statement that the service provider in 2.1.1 is not a local agent (of a service provider of the pipeline)	AAI - Section 2.5
2.1.3	Service provider acting on behalf of other service providers	In the access arrangement proposal submission provide a statement that the service provider in 2.1.1 is not acting on behalf of another service provider of the pipeline.	AAI - Section 2.5
2.1.4	Associate contracts providing goods and services	For each associate contract relevant to the delivery of pipeline services provide in the access arrangement proposal submission: (a) The name of the associate contract (b) The name of all parties to the associate contract (c) An outline of the nature of goods or services provided by or obtained from the associate contract (d) An outline of the relationship of party or parties to the associate contract to each service provider of the pipeline. Maintain: (e) The associate contracts at service provider's premises identified in section 2.1.3 of this notice for all associate contracts identified in 2.1.4(a) of this notice	AAI - Section 2.6
<b>Background to the pipeline</b>			
2.2.1	Pipeline and pipeline services	In the access arrangement proposal submission: (a) Identify the pipeline to which the access arrangement relates and include a reference to a website at which a description of the pipeline can be inspected (b) Describe the pipeline services the service provider proposes to offer to provide by means of the pipeline (c) Specify the reference services in 2.2.1(b) (d) Outline and justify how the proposed pipeline services are those that are sought by a significant part of the market	(a) - AA - Section 1.3 (b)- (d) - AAI - Section 13.4



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2.2.2	Demand	(a) Provide in proforma 11 minimum, maximum and average demand for the earlier access arrangement period and forecast maximum and average demand for the access arrangement period (b) Provide in pro forma 12 actual and estimated volumes for the earlier access arrangement period and forecast volumes for the access arrangement period by tariff class and pipeline service (c) Provide in pro forma 10 actual and estimated customer numbers for the earlier access arrangement period and forecast customer numbers for the access arrangement period by tariff class and pipeline service	(a) AAI - Table 4-2 and Pricing Model  (b) AAI - Table 4-4, Table 5-3 and Pricing model  (c) AAI - Table 4-1, Table 5-1, Pricing Model  See also Appendix 5.2: NIEIR demand forecasts  Note: JGN does not have available forecasts of maximum and minimum total system wide demand.
2.2.2	Demand	Provide in the access arrangement proposal submission (d) Details of the key drivers behind the demand forecasts (e) The methodology that has been used to support the demand forecasts, including the key assumptions and inputs that have been used and how demand for pipeline services is differentiated (f) An explanation of how the volume only forecasts have been used to develop the service provider's capital expenditure and operating expenditure forecasts (g) An explanation of any trends of demand and volumes over the earlier access arrangement period and access arrangement period	(d) AAI - Section 5.9 (e) AAI - Sections 5.7 and 5.10 (f) AAI - Section 5.10.2 (g) AAI - Section 4.2 for actual trends. Sections 5.6 and 5.8 for forecast trends  See also AAI Appendix 5.2: NIEIR demand forecasts
2.2.3	Pipeline capacity and utilisation	Provide in the access arrangement proposal submission to the extent that it is practicable to forecast pipeline capacity and utilisation of pipeline capacity over the access arrangement period, a forecast of pipeline capacity and utilisation of pipeline capacity over that period and that basis on which the forecast has been derived.	AAI - Section 5.3
<b>2.3. Building Block Revenue</b>			
<b>2.3.1 Return on the projected capital base</b>			
<b>Capital base in the earlier access arrangement</b>			
2.3.1.1	Opening capital base at the beginning of the earlier access arrangement period	(a) Provide in pro forma 1, the opening capital base by asset class at [1 July 2004] and [1 July 2005] (b) Provide in pro forma 1 the capital base approved by the jurisdictional regulator as at [1 July 2004] and [1 July 2005] (c) Provide in pro forma 4 remaining asset lives that reflect the capital base as at [1 July 2005] and the asset lives that reflect the capital base as approved by the jurisdictional regulator as at [30 June 2005]	(a) RAB Roll Forward Model (b) AAI - Section 8.4 and RAB Roll Forward Model (c) AAI - Sections 8.4 and 10.3, Building Block Regulatory Model and RAB Roll Forward Model
2.3.1.1	Opening capital base at the beginning of the earlier access arrangement period	(d) Provide in the access arrangement proposal submission a reconciliation of the opening capital base in (a) and (b). Include in that reconciliation adjustments for any difference in estimated and actual capital expenditure and other adjustments made to the opening capital base as at [1 July 2005] and explain these variations (e) Provide in the access arrangement proposal submission a reconciliation of any changes in asset classes between the earlier access arrangement period and the access arrangement period	AAI - Section 8.4




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2.3.1.2	Capital expenditure in the earlier access arrangement period	(a) Provide in the access arrangement proposal submission an explanation for: (i) any significant variations between capital expenditure approved by the jurisdictional regulator and the actual and/or estimated capital expenditure for the earlier access arrangement period (ii) how conforming capital expenditure added to the capital base in the earlier access arrangement period meets the code requirements.	AAI - Section 4.4 AAI - Appendix 7.4: PB review of AMP capex
2.3.1.2	Capital expenditure in the earlier access arrangement period	(b) Provide in pro forma 1 by asset class for each year of the earlier access arrangement period i. Amounts added to the opening capital base for conforming capital expenditure ii. Amounts for non conforming capital expenditure identified as recovered by surcharge, added to a speculative capital expenditure account (under the code a speculative investment fund), other amounts of non conforming expenditure.	AAI - Sections 4.4 and 8.4. AAI Appendix 8.3 and RAB Roll Forward Model
2.3.1.3	Past capital contributions, speculative investment, reused assets, redundant assets, disposals in the earlier access arrangement period	Provide in pro forma 1 by asset class for each year of the earlier access arrangement period: (a) Amounts added to the opening capital base for capital contributions (b) Amounts added to the opening capital base from the speculative capital expenditure account (under the code a speculative investment fund) (c) Amounts added to the opening capital base for the reuse of redundant assets (d) Amounts deducted from the opening capital base for redundant assets (e) Amounts deducted from the opening capital base for disposals	Regulatory Asset Base Roll Forward Model Section 8.6
2.3.1.3	Past capital contributions, speculative investment, reused assets, redundant assets, disposals in the earlier access arrangement period	Provide in the access arrangement proposal submission an explanation for how: (f) Amounts added to the opening capital base speculative capital expenditure account (under the code a speculative investment fund) meet the relevant code criteria. (g) Amounts added to the opening capital base for the reuse of redundant asset meet the criteria in Rule 79	(f) RIN 2.3.1.3(f) is not relevant as JGN does not have any costs accrued to a speculative capital expenditure account. (g) AAI - Section 8.5
2.3.1.4	Depreciation in the earlier access arrangement period	Provide in pro forma 4 for each year of the earlier access arrangement period (a) For each asset class amounts deducted from the opening capital base for depreciation including amounts of depreciation for changes to the capital base in earlier access arrangement period. Depreciation for the earlier access arrangement period should account for and distinguish depreciation referable to the opening capital base and amounts added to, or deducted from, the opening capital base for re-used redundant assets, redundant assets, disposals, conforming capital expenditure, capital contributions included in the capital base and amounts from the speculative capital expenditure account (under the code a speculative investment fund) (b) Asset lives of each asset	(a) Regulatory Asset Base Roll Forward Model (b) AAI - Section 11.4
2.3.1.5	Rate of inflation and adjustment to the capital base in the earlier access arrangement period	(a) Provide in pro forma 3 the rates of inflation used to adjust the capital base for inflation over the earlier access arrangement period. (b) Provide in pro forma 1 the adjustments to the capital base for inflation over the earlier access arrangement period.	AAI - Section 8.4 (a) AAI - Table 8.3 (b) Regulatory Asset Base Roll Forward Model
2.3.1.6	Closing capital base in the earlier access arrangement period	(a) Provide in pro forma 1 the capital base by asset class for each year of the earlier access arrangement period	AAI - Section 8.3 and Regulatory Asset Base Roll Forward Model
<b>Projected capital base in the AA period</b>			
<b>Opening capital base</b>			


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2.3.1.7	Forecast conforming capital expenditure in the access arrangement period	(a) Provide in pro forma 1 amounts by asset class for each year of the access arrangement period for forecast conforming capital expenditure (b) Provide in pro forma 3 the extrapolation rates, where applicable, used in deriving forecast conforming capital (c) The nature of forecast conforming capital expenditure projects or programmes material to an asset class including a brief description of the capital expenditure and the location on the distribution pipeline or network	RAB Roll Forward Model and Building Blocks Regulatory Model AAI - Appendix 6.9: UAG target rate (confidential) Appendix 7.1: Asset Management Plan (confidential) Appendix 7.3: Capex Categorisations
2.3.1.7	Forecast conforming capital expenditure in the access arrangement period	(d) Any assumptions used in deriving the forecast conforming capital expenditure Note these may include: - the unit rates used for key items of expenditure, how these have been developed (including source material) and evidence that they reflect efficient costs - specific rates used to derive or extrapolate e expenditure estimates (for example, labour and materials) Where relevant provide: - in pro forma 3 the specific rate used in each year of the access arrangement period - whether the rate is in real or nominal terms - how the derivation or extrapolation has been developed (including source material)	AAI - Section 7.4, Table 7-4 Appendix 6.4: CEG input cost escalators
2.3.1.7	Forecast conforming capital expenditure in the access arrangement period	(e) Any relevant internal decision making documents including business cases, feasibility studies, forecast demand studies and internal reports and the date of board resolution/management decisions relating to approval of the forecast capital expenditure. Any other internal or external documentation or models to justify the forecast conforming capital expenditure (f) Details as to whether the forecast conforming capital expenditure is to be funded by parties other than the asset owner and details of contractual agreements with parties where capital contributions are made by users to new capital expenditure as subject to Rule 82 (g) An explanation of how the forecast capital expenditure conforms with the criteria under Rule 79(1) (h) The reason why the forecast capital expenditure is justifiable under Rule 79(2). In explaining why the forecast capital expenditure is justifiable outlining, which sub rule in 79(2) is relied on	(e) AAI - Section 7.7 (f) AAI - Section 8.6 (g) AAI - Section 7.6 (h) AAI - Section 7.6  Also see AAI Appendix 7.4: PB review of AMP capex
2.3.1.7	Forecast conforming capital expenditure in the access arrangement period	If Rule 79(2)(a) is relied on to justify new capital expenditure provide in the access arrangement proposal submission: (i) An explanation and quantitative analysis to demonstrate how the capital expenditure is justifiable under Rule 79(2a) (j) An outline of the nature and quantification of the economic value that directly accrues to the service provider, gas producer, users and end users will need to be outlined to address Rule 79(3)	N/A



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2.3.1.7	Forecast conforming capital expenditure in the access arrangement period	If Rule 79(2)(b) is relied on to justify new capital expenditure provide in the access arrangement proposal submission: (k) Explanation of how the capital expenditure is justifiable under Rule 79(2a). The explanation (including relevant information and documentation) will need to outline i. The incremental service or services with reference also to Rule 79(4)(a) ii. The incremental revenue, with reference to the derivation of incremental revenue in Rule 79(4)(b) iii. The incremental expenditure with reference to Rule 79(4)(b) iv. Quantitative analysis that demonstrates the capital expenditure is justifiable under Rule 79(2a). Showing: - The present value of expected incremental revenue and how it is determined consistent with sub rules 79(4)(a) and 79(4)(b) - Discount rate used to determine is equal to the rate of return implicit in the reference tariff - The present value of the expected incremental expenditure	N/A
2.3.1.7	Forecast conforming capital expenditure in the access arrangement period	If Rule 79(2)(c)(i)-(iii) is relied on to justify new capital expenditure provide in the access arrangement proposal submission: (l) The relevant statutory obligation or technical requirement and the relevant authority or body enforcing the obligation or requirement (m) An explanation of how the forecast capital expenditure satisfies the relevant statutory obligation or technical requirement (n) Supporting technical or other external or internal reports about how the forecast capital expenditure complies with the relevant statutory obligation or technical requirement	AAI - Section 7.6. AAI - Appendix 7.4: PB review of AMP capex
2.3.1.7	Forecast conforming capital expenditure in the access arrangement period	If Rule 79(2)(c)(iv) is relied on to justify new capital expenditure provide in the access arrangement proposal submission: (o) An explanation of the change in demand for existing services necessitating the new capital expenditure, including a measure of the change in demand (p) Reports or other information and documentation that supports how the forecast capital expenditure will meet the increase in demand for existing services	AAI - Section 7.6. AAI - Appendix 7.4: PB review of AMP capex
2.3.1.8	Capital expenditure that is not conforming in the access arrangement period	(a) Provide in pro forma 1 the amount by asset class for each year of the access arrangement period for forecast non conforming capital expenditure classified into: i. non conforming capital expenditure forecast to be recovered through surcharges ii. non conforming capital expenditure forecast to be added to the speculative capital expenditure account iii. other non conforming capital expenditure	N/A
2.3.1.8	Capital expenditure that is not conforming in the access arrangement period	(b) Provide in pro forma 1 details of the forecast speculative capital expenditure account by asset class for the access arrangement period	N/A
2.3.1.8	Capital expenditure that is not conforming in the access arrangement period	(c) If the balance of the speculative capital expenditure account increases at a rate different to the rate of return implicit in a reference tariff (Rule 84(2)), provide in the access arrangement proposal submission a justification for the different rate of return	N/A
2.3.1.8	Capital expenditure that is not conforming in the access arrangement period	(d) Provide in pro forma 1 the amount of forecast capital contributions by asset class for each year of the access arrangement period	N/A

			
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2.3.1.8	Capital expenditure that is not conforming in the access arrangement period	(e) Provide in pro forma 1 the amount of capital contributions by asset class for each year of the access arrangement period proposed to be rolled into the capital base under Rule 82(3)	N/A
2.3.1.8	Capital expenditure that is not conforming in the access arrangement period	(f) Provide in pro forma 3 (where relevant) the extrapolation rates used in deriving forecasts for capital other than conforming capital if different from extrapolation rates provided in section 2.3.1.7 (b) of this notice	N/A
2.3.1.8	Capital expenditure that is not conforming in the access arrangement period	(g) Provide in the access arrangement proposal submission details of the mechanism to prevent the service provider from benefiting, through increased revenue, from the capital contributions by a user in the access arrangement period referred to in Rule 82(3)	AAI - Section 8.6
2.3.1.9	Capital redundancy policy in the access arrangement period	Provide in the access arrangement proposal submission (a) An outline of the proposed mechanism to remove redundant assets from the capital base including when the mechanism will take effect and if the mechanism includes a proposal for cost sharing between the service provider and users associated with a decline in demand for pipeline services (b) A justification for the mechanism (c) Explain what uncertainty the mechanism may cause and the effect of this uncertainty on the service provider, users and prospective users	AA - Section 5 AAI - Section 8.8
2.3.1.9	Capital redundancy policy in the access arrangement period	If the service provider does not propose to include a mechanism to remove redundant assets from the capital base, the AER may require the service provider to include such a mechanism. The service provider must provide information to: (d) Explain what uncertainty such a mechanism may cause and the effect of this uncertainty on the service provider	N/A
2.3.1.10	Forecast depreciation in the access arrangement period	Refer to 2.3.2 of this Notice for the requirements relating to forecast depreciation for the access arrangement period	N/A
2.3.1.11	Forecast disposals in the access arrangement period	Provide in pro forma 1 amounts by asset class for each year of the access arrangement period for forecast disposals	Building Blocks Regulatory Model
2.3.1.12	Rate of inflation and adjustment to the projected capital base in the access arrangement period	(a) Provide in pro forma 1 the adjustment to the capital base to take account of the effects of inflation over the access arrangement period (b) Provide in pro forma 3 the rates of inflation used to adjust the capital base over the access arrangement period	Building Blocks Regulatory Model.
2.3.1.13	Closing projected capital base in the access arrangement period	Provide in pro forma 1 the capital base by asset class for each year of the access arrangement period	Building Blocks Regulatory Model
2.3.1.14	Rate of return for the projected capital base - Weighted average cost of capital and CAPM	(a) Provide in pro forma 2 the parameters that comprise the weighted average cost of capital (WACC) methodology and capital asset pricing (CAPM) methodology	AAI - Table 9-1 and Table 9-4
2.3.1.14	Rate of return for the projected capital base - Weighted average cost of capital and CAPM	(b) Provide in the access arrangement proposal submission a justification for each of the parameters used in the WACC derivation	N/A - alternative methodology used




			
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2.3.1.14	Rate of return for the projected capital base - Weighted average cost of capital and CAPM	(c) Provide in the access arrangement proposal submission an explanation about how the proposed rate of return complies with Rule 87.	N/A - alternative methodology used
2.3.1.14	Rate of return for the projected capital base - Method other than weighted average cost of capital and CAPM	Provide in the access arrangement proposal submission: (d) An outline of the proposed methodology for the rate of return	AAI - Section 9.6
2.3.1.14	Rate of return for the projected capital base - Method other than weighted average cost of capital and CAPM	(e) A quantification of the rate of return using this methodology including any justification for the use of parameters in this methodology	AAI - Section 9.7
2.3.1.14	Rate of return for the projected capital base - Method other than weighted average cost of capital and CAPM	(f) An explanation about how the proposed rate of return complies with Rule 87	AAI - Section 9.6 and Appendix 9.1: NERA report on Fama French cost of equity model
2.3.1.14	Rate of return for the projected capital base - Rate of return and taxation method	Provide in the access arrangement proposal submission (h) Details of the proposed method for dealing with taxation and a demonstration of how the tax allowance is calculated	AAI - Section 9.4
2.3.1.14	Rate of return for the projected capital base - Rate of return and taxation method	(i) Where a pre-tax rate of return is proposed provide an explanation of how the proposed tax rate complies with Rule 74(2)(a). Refer also to section 2.4 of this notice for further information requirements relating to the treatment of taxation.	AAI - Section 9.7.8
2.3.2	Forecast depreciation	(a) Provide in pro forma 4 i. amounts for forecast depreciation disaggregated for components by asset class for each year of the access arrangement period. The forecast depreciation should account for and identify depreciation referable to the opening capital base forecast conforming expenditure, other capital expenditure, forecast disposals and other amounts that may be added or deducted to the projected capital based under the Rules ii. details of the asset lives for each asset	(i) Building Blocks Regulatory Model and RAB Roll Forward Model  (ii) AAI - Table 10-2
2.3.2	Forecast depreciation	(b) Provide in the access arrangement proposal submission an outline of iii. how the depreciation schedule varies over time in a way that promotes efficient growth in the market for reference services iv. how each asset or group of assets is depreciated over the economic life of that group of assets v. if applicable, what adjustments have been made to reflect changes in the expected economic life of a particular asset or group of assets vi. how each asset is depreciated only once vii. how the depreciation schedule allows for the service provider's reasonable needs for cash flow to meet financing, non capital and other costs viii. how the depreciation schedules comply with the requirements in Rule 89(2)	AAI - Sections 10.1 to 10.4  Note that (v) is not applicable but note AAI section 10.1

			
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2.3.3	Estimate cost of corporate income tax	If applicable (a) Provide in pro forma 5 i. an estimate of the cost of corporate income tax over the access arrangement period	N/A. As stated in section 9.4, JGN has elected to determine its building block revenue requirement using a pre-tax approach as provided for under rule 72(1)(h). This means the rate of return used to determine the return on capital is a pre-tax rate of return.
2.3.3	Estimate cost of corporate income tax	If applicable: (b) Provide in the access arrangement proposal submission details of how the estimated cost of corporate tax was calculated Refer also to section 2.4 of this notice for further information requirements in relation to the treatment of taxation.	As above
<b>2.3.4 Incentive mechanism increments or</b>			
2.3.4.1	Existing incentive mechanism in the earlier access arrangement period	Note: this requirement also applies to incentive mechanisms already in place in the earlier access arrangement period that are proposed to continue for the next access arrangement period	N/A
2.3.4.2	Proposed incentive mechanism in the access arrangement period.	Provide for each incentive mechanism in the access arrangement proposal submission (a) An outline of the incentive mechanism and its operation in the access arrangement period (b) An explanation of the rationale for any proposed incentive mechanisms including how the incentive mechanism is intended to encourage efficiency of the provision of services and is consistent with the revenue and pricing principles, with reference to those principles (c) Any relevant analyses or reports that support the proposed incentive mechanism	AAI - Section 11.4. (c) N/A
<b>2.3.5 Operating Expenditure</b>			
2.3.5.1	Operating expenditure in the earlier access arrangement period	(a) Provide in pro forma 6 actuals and estimates of operating expenditure by category for each year of the earlier access arrangement period	AAI - Table 4-7 and Forecast Data Model.
2.3.5.2	Forecast operating expenditure in the access arrangement period	(a) Provide in pro forma 6 operating expenditure forecasts by category for each year of the access arrangement period	AAI - Section 6.6 and tables 6-6 and 6-12 .
2.3.5.2	Forecast operating expenditure in the access arrangement period	(b) Provide in the access arrangement proposal submission i. Outline and explain the change in operating expenditure categories between the earlier access arrangement period and the access arrangement period	AAI - Sections 6.4, 6.5 and 6.6.



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2.3.5.2	Forecast operating expenditure in the access arrangement period	ii. Describe and explain the nature of material forecast operating expenditure in an operatingexpenditure category. This explanation should also outline if there have been changes to the operations of the pipeline from the earlier access arrangement period that have resulted in material changes to operating expenditure category and total operating expenditure in the access arrangement period. And define the materiality threshold used.	AAI - Sections 6.3, 6.4 and 6.5
2.3.5.2	Forecast operating expenditure in the access arrangement period	iii. Provide an explanation of how the proposed operating expenditure complies with Rule 91, with particular reference to operating expenditure identified in (ii.)	AAI - Section 6.7
2.3.5.2	Forecast operating expenditure in the access arrangement period	iv. Any assumptions used in deriving the forecast operating expenditure Note these may include: - the unit rates used for key items of expenditure, how these have been developed (including source material) and evidence that they reflect efficient costs - specific rates used to derive or extrapolate expenditure estimates (for example, labour and materials) Where relevant provide: - in pro forma 3 the specific rate used in each year of the access arrangement period - whether the rate is in real or nominal terms - how the derivation or extrapolation has been developed (including source material)	AAI - Sections 6.3, 6.4, 6.5 and 6.6.
2.3.5.3	Self insurance	For each self insured event provide in pro forma 6 (a) The forecast annual insurance premiums over the access arrangement period	AAI - Section 6.5.5 and Appendix 6.5: March self insurance report. Forecast Data Model.
2.3.5.3	Self insurance	Provide in the access arrangement proposal submission the following information for each self insured event (b) The name and a description of the event (c) Whether the event is in relation to a particular asset or class of assets and, if so, identify those assets	AAI - Section 6.5.5 and Appendix 6.5: March self insurance report. Forecast Data Model.
2.3.5.3	Self insurance	(e) Reasons for self insuring the event . If the event has not previously been self insured, reasons why it is now being proposed and how the risk of the event was previously accommodated in the access arrangement. If a proposed self insurance event was previously insured externally, details of existing or previous insurance policies and reasons why external insurance is not relevant in the access arrangement period.	AAI - Section 6.5.5 and Appendix 6.5: March self insurance report. Forecast Data Model.
2.3.5.3	Self insurance	(f) Details of any quotes obtained from external insurers	AAI - Section 6.5.5 and Appendix 6.5: March self insurance report. Forecast Data Model.
2.3.5.3	Self insurance	(h) Full details of how the premiums were calculated, including any underlying assumptions used to derive the premiums	AAI - Section 6.5.5 and Appendix 6.5: March self insurance report. Forecast Data Model.

			
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2.3.5.3	Self insurance	(i) Any expert consultant's report relied on by the service provider in deriving the estimates. Note: an expert consultant is a consultant with experience and expertise in valuing insurance events (calculating risks and estimating premiums)	AAI - Section 6.5.5 and Appendix 6.5: March self insurance report. Forecast Data Model.
1	Self insurance	(l) A resolution (including the date of the resolution) of the service provider's decision making body to self insure the event(s).	AAI - Section 6.5.5 and Appendix 6.5: March self insurance report. Forecast Data Model.
2.3.5.3	Self insurance	(m) Details of the administrative arrangements that: i. outline how the self insurance risk is to be reported if required under relevant accounting standards in the service provider's audited financial statements or equivalent iv. outline the procedure for notification and information that will be provided to the AER when the self insurance event occurs	AAI - Section 6.5.5 and Appendix 6.5: March self insurance report. Forecast Data Model.
2.3.5.4	Outsourced expenditure	For operating expenditure that is material to an operating expenditure category and forecast to be incurred in the access arrangement period but provided by a party other than the service providers (i.e. outsourced) provide in the access arrangement proposal submission (a) The name of the external party or parties and contract (b) Details of how the contract was awarded (for example, by competitive tender) (c) Details of fees and charges and a description of the goods or services provided (d) The commencement date and term of the contract (e) Reasons why the functions were outsourced	(a) AAI - Section 3.1 (b) AAI - Section 3.3.4 (c) AAI - Sections 3.3.3 and 3.3.9 (d) AAI - Section 3.3.6 (e) AAI - Section 3.3.2
2.3.5.4	Outsourced expenditure	(f) Details of the relationships with the party or parties named in 2.3.5.4(a) including if a party to the contract is an associate of any of the service providers of the pipeline (g) Define the materiality threshold used	(f) AAI - Section 3.3  (g) JGN has defined its materiality threshold as 10 per cent of a given operating cost category
2.3.6	Total revenue	Provide in pro forma 7 a summary of total revenue each year of the access arrangement period which includes each of the relevant building block components for the access arrangement period	AAI - Section 12.2. Building Blocks Regulatory Model
<b>2.4 Tax asset base</b>			
2.4	Tax asset base	Regardless of the methodology adopted for taxation provide in pro forma 5 the following information forecast as at 1 July 2010 (a) Tax standard life for each asset class (b) Remaining tax life for each asset class (c) Tax asset base or remaining tax asset value for each asset class (d) An estimate of the carry forward tax loss	(a) Building Blocks Regulatory Model (b) AAI - Appendix 9.3 table A9.3.2 (c) Building Blocks Regulatory Model (d) N/A
<b>2.5 Tariffs</b>			
2.5.1	Revenue equalisation	Provide the details contained in pro forma 8 to demonstrate that the net present value of the proposed revenue stream is equal to the net revenue stream generated from the building block approach for each reference service	AAI - Section 13.8 Pricing Model



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2.5.2	Total revenue allocation	Provide in pro forma 9 the allocation of costs to services (a) Identify and quantify cost pools according to relevant asset classes and operating cost categories for the direct costs of reference services, the direct cost of pipeline services other than reference services, other costs from building block revenue and rebateable services	Calculation - Building Blocks Regulatory Model Allocation - Pricing Model
2.5.2	Total revenue allocation	(b) Reconcile total revenue for pipeline services allocated to reference services and other services	AAI - Sections 13.7 and 13.8  See Building Block Regulatory Model and Pricing Model
2.5.2	Total revenue allocation	Provide in the access arrangement proposal submission (c) An outline of the nature of the allocation keys used to allocate relevant cost pools, explain why these allocation provide the best estimate and provide analysis to support their derivation	AAI - Section 13.7
2.5.2	Total revenue allocation	(d) Supporting information and derivation for any allocation key use to allocate total revenue	AAI - Section 13.7 and Appendix 6.2: PWC Cost Allocation Review
2.5.2	Total revenue allocation	(e) For rebateable services, a description of the mechanism that the service provider will use to apply an appropriate portion of the revenue generated from the sale of rebateable services to price rebates (or refunds) to users of reference services)	N/A
2.5.2.1	Tariff classes	In the access arrangement proposal submission (a) Provide a description of each tariff class for each reference service	AAI - Section 14.3
2.5.2.1	Tariff classes	(b) Explain how tariff classes identified in 2.5.2.1(a) are comprised for each reference service	AAI - Section 14.3
2.5.2.1	Tariff classes	(c) In explaining the response in 2.5.2.1(b) the service provider needs to provide information about the basis for grouping customers in a tariff class and how this grouping is economically efficient	AAI - Section 14.4
2.5.2.1	Tariff classes	(d) In explaining the response in 2.5.2.1(b) the service provider needs to provide information about the type of transaction costs it has considered in determining tariff classes, what transaction costs are relevant to the proposed tariff classes and what transaction costs have been avoided. This explanation may include a quantification of the transaction costs that relate to the tariff class and those transaction costs avoided	AAI - Section 14.3
2.5.2.1	Expected revenue for each tariff class	In the access arrangement proposal submission (e) Define the stand alone cost for each tariff class of each reference service which should outline what costs comprise the stand alone cost of providing each reference service to customers in each tariff class	AAI - Section 14.4
2.5.2.1	Expected revenue for each tariff class	(f) Define the avoidable cost for each tariff class of each reference service which should outline what costs comprise the avoidable cost of providing each reference service to customers in each tariff class	AAI - Section 14.4



Final RIN Notice Attch 2 Source	RIN Title	RIN Final Version Text	Where addressed in AA/AI
2.5.2.1	Expected revenue for each tariff class	(h) Demonstrate that expected revenue recovered for each tariff class for each reference service lies on or between stand alone cost and avoidable cost	AAI - Section 14.4
2.5.2.1	Charging parameters	In the access arrangement proposal submission (i) Define long run marginal cost for each reference service or for each element of the service to which the charging parameter relates, whichever is relevant. The definition of long run marginal cost needs to outline what costs comprise long run marginal cost	AAI - Section 14.4
2.5.2.1	Charging parameters	(j) Demonstrate how the relevant long run marginal cost has been taken into account in determining a tariff for a tariff class or the charging parameters within a tariff class. This may include a quantification of the long run marginal cost (and its components) that relate to the reference service or element of the reference service to which the charging parameters relate	AAI - Section 14.4
2.5.2.1	Charging parameters	(k) Explain how the tariff or charging parameters that comprise a tariff have been determined with regard to relevant transactions costs. In doing so, the service provider needs to provide information about the type of transaction costs associated with the tariff or charging parameters of the tariff. This explanation may include a quantification of the transaction costs that relate to the tariff class and those transaction costs avoided	AAI - Section 14.3
2.5.2.1	Charging parameters	(l) Explain how the tariff or charging parameters that comprise a tariff have been determined with regard to how customers may respond to price signals. This explanation should include analysis (preferable quantified) about customers' responsiveness to price signals relevant to the tariff or charging parameters.	AAI - Section 14.3
2.5.2.1	Charging parameters	(m) Provide any relevant analyses or reports that support the answers for charging parameters	N/A
2.5.2.1	Under-recovery of revenue	In circumstances where expected revenue across all tariff classes for a reference service is lower than total revenue allocated to that reference service, in the access arrangement proposal submission (n) Quantify the difference in revenue by reference to the expected revenue for each reference service and total revenue allocated to each reference service	N/A
2.5.2.1	Under-recovery of revenue	(o) Demonstrate how the shortfall for each reference service is allocated across each tariff class and where relevant across each charging parameter in a tariff class for that reference service and how this was done with minimum distortion to efficient patterns of consumption	N/A
2.5.3	Prudent discounts	In the access arrangement proposal submission (a) Provide full details and justification of all prudent discounts. (b) Demonstrate that a discount is necessary to respond to competition or maintain efficient use of the pipeline. (c) Demonstrate (by quantifying the effect) that without the discount, reference tariffs would be higher than what they would be with the discount	AAI - Section 14.5.  Note: This section is confidential
2.5.4	<b>Reference tariff variations</b>		



Final RIN Notice Attch 2 Source	RIN Title	RIN Final Version Text	Where addressed in AA/AI
2.5.4.1	Tariff variation mechanism	In the access arrangement proposal submission (a) Outline the proposed reference tariff variation mechanism and the basis for any parameters used in the mechanism.	AAI - Sections 15.3, 15.4 and 15.5
2.5.4.1		(b) Justify the reference tariff variation mechanism and address the factors contained in Rule 97(3) Note: In doing so the service provider needs to establish a materiality level for events that will be passed-through for the AER to have regard to the possible effects of the reference tariff variation mechanism on the administrative costs of the AER, the service provider and users or potential users.	AAI - Sections 15.3, 15.4 and chapter 16
2.5.4.1		(c) Outline how the reference tariff mechanism gives the AER adequate oversight or powers of approval over variation of the reference tariff (Rule 97(4)) Note: In order to address the requirements in Rule 97(4) the service provider will need to outline the administrative arrangements for periodic reviews of tariffs including timing of notifications to the AER.	AAI - Sections 15.4 and 15.5 AA - clauses 1.15 and 1.16
2.5.4.2	Cost pass through mechanism	In the access arrangement proposal submission (a) Clearly define and describe each cost pass through event	AAI - Section 16.6
2.5.4.2		(b) Justify cost pass through mechanism and address the factors contained in Rule 97(3) Note: In doing so the service provider needs to establish a threshold level of costs to be passed through which considers the administrative costs of the AER, the service provider and users or potential users (Rule 97(3)(b)).	AAI - Section 16.6
2.5.4.2	Cost pass through mechanism	(c) Explain how each cost pass through event is relevant to a building block component in Rule 76 and is uncontrollable and is not included in forecasts for total revenue.	AAI - Sections 16.1 and 16.6
2.5.4.2		(d) Explain how the cost pass through mechanism gives the AER adequate oversight or powers of approval over variation of the reference tariff (Rule 97(4)) Note: In order to address the requirements in Rule 97(4) and Rule 97(3) the service provider will need to outline the administrative arrangements for cost-pass throughs events and their relationship to other periodic reviews for other tariff variation mechanisms (especially timing of notifications to the AER).	AA - clauses 3.4 and 3.5
<b>2.6 Other information to be made available on</b>			
2.6.1	Other information to be provided		



Final RIN Notice Attch 2 Source	RIN Title	RIN Final Version Text	Where addressed in AA/AAI
2.6.1.1	Models and user manuals	The access arrangement proposal submission must include all financial models including, but not limited to, tariff, revenue, cost allocation and demand forecasts, along with user manuals that underlie and support the access arrangement proposal and access arrangement information. The models provided should not include information that is hard-coded unless it is referenced to source documentation or information. Wherever possible information contained in models that is based on derived data or inputs should be linked to that derived data or input.	Models
2.6.1.2	Consultant's reports	The access arrangement proposal submission must include: (a) Copies of consultants' or external expert reports relied on to support or justify components of the access arrangement proposal and the access arrangement information (b) Terms of reference for each consultancy identified in (a)	Appendices
2.6.2	Index of information	The access arrangement proposal submission must include an index of information outlining where the information to be provided in Attachment 2 is contained in the access arrangement proposal submission. It should do this with reference to the number attached to information request in Attachment 2.	AAI - Appendix 1.3 : RIN Requirements Index
2.6.3	Information to be maintained at service provider's premises	(a) Except in cases where it would be impractical, the information should be kept in an electronic format (b) The service provider in section 2.1.1 of this notice must maintain at its business address the following information and documentation that is relied on in the access arrangement proposal submission. This needs to be made available for inspection or in a form that can be provided to the AER on request i. Procurement and contracting out policies ii. Associate contracts iii. Consultants reports, other than those specifically requested to be provided to the AER in this notice iv. Data, models, internal policies and any other supporting information and documentation, other than those specifically requested to be provided to the AER in this notice (c) The service provider in section 2.1.1 of this notice must maintain at its business address the Asset Register per clause 9.1 in the Access Arrangement for NSW Network dated June 2005. (d) The service provider in section 2.1.1 of this notice must maintain at its business address the Capital Contributions Database per clause 9.2 in the Access Arrangement for NSW Network dated June 2005.	N/A