

Jemena Gas Networks (NSW) – Access Arrangement Information – Appendix 7.3

Alternative capex categorisations

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1 Introduction

To comply with the Australian Energy Regulator (**AER**) access arrangement (**AA**) consolidation and regulatory information notice under national gas rule (**RIN**) requirements, this Appendix categorises Jemena Gas Network (NSW) Ltd (**JGN**) capex presented in chapters 4 and 7 into major pipelines and historic asset categories.

1.1 Historic capex

1.1.1 Allowance

Table 1-1: Historic capital expenditure allowance by major pipelines/asset category over the current AA

Capital expenditure	2005-06	2006-07	2007-08	2008-09	2009-10	Total
Trunk Wilton-Newcastle	2.8	0.1	0.9	1.0	0.1	5.0
Trunk Wilton-Wollongong	1.2	-	-	-	-	1.2
Country TRS	0.1	0.3	0.1	0.1	0.1	0.8
Metering	27.2	30.7	27.9	30.9	29.9	146.6
Local network	110.3	86.5	84.2	66.4	62.4	409.8
Total	141.5	117.7	113.2	98.5	92.5	563.4

Source: Adapted from Table 7.7 of IPART (2005).¹

Also, this expenditure is further classified by program:

Table 1-2: Historic capital expenditure allowance by program over current AA period

Capital expenditure	2005-06	2006-07	2007-08	2008-09	2009-10	Total
Non-system assets						
Plant and equipment	1.2	1.2	1.2	1.2	1.2	5.8
Motor vehicles	2.3	2.3	2.3	2.3	2.3	11.5
Information technology	5.7	5.8	5.8	5.8	5.8	29.0
Access arrangement	-	-	-	1.4	2.0	3.3
Total non-system assets	9.2	9.2	9.3	10.7	11.2	49.6
Market expansion						
Mains	14.7	14.0	12.1	12.3	12.3	65.4
Services	29.5	29.1	29.3	29.2	29.4	146.4
Meters	19.1	19.0	19.4	19.6	19.8	96.9

¹ IPART, April 2005, Revised Access Arrangement for AGL Gas Networks, Final Decision.

Capital expenditure	2005-06	2006-07	2007-08	2008-09	2009-10	Total
Total market expansion	63.2	62.1	60.8	61.1	61.6	308.8
System upgrade						
Mains	45.9	29.1	28.1	11.9	6.9	122.0
Services	8.5	3.5	3.3	0.2	0.3	15.9
Programmed rehabilitation meters	8.2	11.7	8.5	11.2	10.0	49.7
Fixed plant	6.5	2.2	3.1	3.3	2.4	17.5
Total system upgrade	69.1	46.4	43.1	26.8	19.7	205.1
Total	141.5	117.7	113.2	98.6	92.6	563.4

Source: Adapted from Table 7.7 of IPART (2005).²

1.1.2 Actual spend

This expenditure is further classified into major pipelines and asset categories:

Table 1-3: Actual capital expenditure by major pipelines / asset category (2005-06 to 2009-10)

Capital expenditure	2005-06	2006-07	2007-08	2008-09	2009-10	Total
Trunk Wilton-Newcastle	-	-	-	-	-	-
Trunk Wilton-Wollongong	-	-	-	-	-	-
Country TRS	-	-	-	-	-	-
Metering	24.8	20.4	18.0	25.6	29.7	118.5
Local network	74.8	111.3	90.3	75.7	85.9	438.1
Total	99.6	131.7	108.3	101.3	115.6	556.6

Also, this expenditure is further classified by program:

Table 1-4: Actual capital expenditure by program over the current AA period

Capital expenditure	2005-06	2006-07	2007-08	2008-09	2009-10	Total
Non-system assets						
Plant and equipment	0.4	0.1	0.0	0.1	1.5	2.1
Motor vehicles	1.7	0.6	1.7	4.0	1.7	9.7
Information technology	0.1	0.0	12.5	7.0	7.1	26.7
Land, buildings and leasehold	0.0	0.0	5.5	0.2	1.5	7.3
Access arrangement	-	-	-	1.4	2.0	3.5
Total non-system assets	2.2	0.7	19.7	12.8	13.9	49.3

² IPART, April 2005, Revised Access Arrangement for AGL Gas Networks, Final Decision.

Capital expenditure	2005-06	2006-07	2007-08	2008-09	2009-10	Total
Market expansion						
Mains	11.4	8.0	9.3	10.2	13.8	52.7
Services	22.7	20.6	21.8	26.0	28.3	119.5
Meters	15.6	11.7	10.8	12.7	11.8	62.5
Total market expansion	49.7	40.4	41.9	48.9	53.9	234.8
System upgrade						
Growth capacity development	2.8	0.8	3.6	9.5	14.1	30.8
Security of supply	13.6	64.2	18.2	0.6	-	96.5
Mines subsidence	3.6	7.9	5.3	3.1	1.9	21.7
Mains & services renewal	8.9	6.0	5.7	3.1	2.9	26.6
Facilities renewal & upgrade	9.0	2.7	6.4	9.6	10.3	38.0
Meter renewal & upgrade	9.2	8.7	7.3	12.9	18.0	56.0
Government authority work	0.6	0.4	0.3	0.8	0.6	2.7
Total system upgrade	47.7	90.7	46.7	39.6	47.8	272.5
Total	99.6	131.7	108.3	101.3	115.6	556.6

1.2 Forecast capex

Table 1-5 further classifies the forecast capex into major pipelines and asset categories.

Table 1-5: Forecast capital expenditure by major pipelines / asset category over the next AA period

Capital expenditure	2010-11	2011-12	2012-13	2013-14	2014-15	Total
Trunk Wilton-Newcastle						
Trunk Wilton-Wollongong						
Country TRS						
Metering	29.6	37.5	39.0	46.1	45.5	197.7
Local network	143.5	129.7	128.8	134.8	150.7	687.5
Total	173.1	167.1	167.8	181.0	196.2	885.2

Source: JGN Asset Management Plan (2009).

Table 1-6 further classifies the expenditure by program.

Table 1-6: Forecast capital expenditure by program over next AA period

Capital expenditure	2010-11	2011-12	2012-13	2013-14	2014-15	Total
Non-system assets						
Land / building / lease	0.5	-	-	0.1	0.3	0.9
Plant and equipment	0.2	0.3	0.3	0.3	0.5	1.6
Office furniture	-	-	-	-	-	-
Motor vehicles	3.1	3.3	4.4	8.2	3.6	22.8
Information technology	21.8	16.5	13.4	25.6	30.6	107.9
Access arrangement	-	-	-	-	-	-
Total non-system assets	25.7	20.1	18.1	34.2	35.0	133.2
Non-system assets						
Mains	16.4	18.7	19.8	18.9	18.0	91.8
Services	34.6	39.9	41.7	39.8	37.6	193.6
Meters	13.7	16.9	19.2	18.1	17.6	85.6
Total market expansion	64.7	75.6	80.7	76.8	73.2	371.0
System upgrade						
Mains	6.9	11.3	8.6	12.1	18.6	57.5
Services	3.6	9.9	12.3	7.7	5.5	39.0
Programmed rehabilitation meters	24.0	22.4	27.1	27.6	32.5	133.7
Fixed plant	48.1	27.9	21.0	22.5	31.3	150.8
Total market expansion	82.7	71.4	69.0	69.9	88.0	381.0
Total	173.1	167.1	167.8	181.0	196.2	885.2

Source: JGN Asset Management Plan (2009).