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# AusNet Gas Services Pty Ltd

**AER Annual Regulatory Accounts  
2011-19 Regulatory Years  
Basis of Preparation**

## Overview

This Basis of Preparation (“**BoP**”) document supports the preparation and reporting of the data presented in AusNet Gas Services Pty Limited’s (“**AusNet Gas Services**” or “**the Company**”) reports entitled ‘AusNet Gas Services 2011-2019 Regulatory Accounts - Consolidated’, ‘AusNet Gas Services 2011-2019 Regulatory Accounts - Actual’, ‘AusNet Gas Services 2011-2019 Regulatory Accounts - Estimated’ and ‘AusNet Gas services 2011-2019 Regulatory Accounts – Public version’ (“**the Reports**” or “**Regulatory Accounts**”).

The Reports have been prepared in accordance with the ‘Regulatory Information Notice issued under section Division 4 of Part 1 of Chapter 2 of the *National Gas (Victoria) Law*’ (“**RIN**”) issued by the Australian Energy Regulator (“**AER**”) on 2 March 2020.

AusNet Gas Services’ regulatory year is the period 1 January to 31 December (“**Regulatory year**”). Data included in the reports have been provided for the 2011-2019 regulatory years. All financial data is presented in whole Australian dollars, unless otherwise stated in the template. Non-financial data is stated as per the measures specified in the reports. The ultimate Australian parent entity of the company is AusNet Services Limited.

The AusNet Services’ Group (“**the Group**”) owns and operates 3 regulated networks – an electricity distribution network, a gas distribution network and an electricity transmission network, as well as unregulated businesses. Employees of the AusNet Services Group work across the 3 regulated networks and there are shared costs, overheads and other corporate costs that cannot be directly allocated to a particular network. These costs are proportioned amongst the Group’s 3 regulated networks, as well as the unregulated businesses, based on a monthly Activity Based Costing (“**ABC**”) survey process. The ABC survey is completed by all cost centre managers and in accordance with AusNet Services’ Group Cost Allocation Methodologies (“**CAM**”).

Materiality has been applied throughout the Reports and Basis of Preparation. Materiality is defined as information that if omitted, misstated, or not disclosed has the potential, individually or collectively to influence the economic decisions of users.

In conformity with AER requirements, the preparation of the Reports require the use of certain critical management estimates. For the purpose of preparing the Reports, ‘Estimated Information’ is defined as information presented in the Reports whose presentation is not materially dependent on information recorded in accounting records or other records used in the normal course of business, and whose presentation for the purpose of the RIN is contingent on judgments and assumptions for which there are valid alternatives, which could lead to a materially different presentation in the Reports.

Where estimated information has been presented, the circumstances and the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is AusNet Gas Services’ best estimate has also been set out through this BoP. Estimates are considered to be Management’s best estimate based on the data available. Estimates will often not equal the related actual results and estimates have only been made for the purpose of disclosing the information required under the RIN. Considerations of the cost and efficiency of preparation as well as the reliability and accuracy of data available have been considered in determining the best methodology to determine the estimates.

‘Actual Information’ is defined as information materially dependent on information recorded in historical accounting records or other records used in the normal course of business, and whose presentation is not contingent on judgments and assumptions for which there are valid alternatives, which could lead to a materially different presentation. Any information or allocation which has been calculated via the ABC survey process is considered actual information, as this is in accordance with the AER approved CAMs for Electricity Distribution and Electricity Transmission, which apply across the Group.

Amounts reported as ‘Audited Statutory Accounts’ are sourced from the AusNet Gas Services Pty Limited’s trial balance which reconciles in aggregate to the audited Special Purpose Financial Report (“**SPFR**”) for the calendar years 2016-19. The Financial Statements have been prepared to assist the Directors of AusNet Gas Services Pty Ltd to meet the requirements of the AER. For the calendar years 2011-15, the ‘Audited Statutory Accounts’ amounts were sourced from trial balances which were reconciled to the SPI Elec & Gas Australia Holdings Pty Ltd (2011-13) and AusNet Services Holdings Pty Ltd (2014-15) consolidated financial statements. Where the SPFR does not contain sufficient information to enable separation into the categories prescribed in the Regulatory Accounts, no amounts have been shown in the Audited Statutory Accounts column.

AusNet Gas Services adopted the new accounting standard, AASB16 – Leases which broadly changes the treatment of operating leases. Although the adoption date used by the AusNet Services Group was 1 April 2019 being the Group’s financial reporting year, AusNet Gas Services adopted this new accounting standard on 1 January 2019 because its financial reporting year for regulatory purposes is a calendar year. This means that AusNet Gas Services disclosed the impact of the new accounting standard effective 1 January 2019.

The preparation methodologies and information sources adopted in the preparation of the Reports are set out through this BoP. It is noted that, in some cases, the requirements of the RIN overlap with information previously submitted to the AER in the 2011-2017 regulatory years. In these situations, the BoP refers to ‘historical regulatory accounts’ as the source of information.

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## E1. EXPENDITURE SUMMARY

### E1.1 - Capex

Capital Expenditure (“**Capex**”) includes all costs that are directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

#### E1.1.1 - REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2011-2015	Public	Estimate	Total gross capex (including overheads) is actual data as it agrees to the Financial System. However, the allocation of capex into the prescribed drivers is estimated data as the Financial System does not capture this level of detail. An assessment of each project is performed by a suitable SME to determine the allocation, and this allocation was used to apportion the actual expenditure into the prescribed drivers.

RIN table E1.1.1 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables in the table pre-populated by the AER, were linked to table 2.2 *Capex split by driver* of template 2. *Capex* of the historical regulatory accounts and adjusted to exclude the Non-Reference Services capex.

For the period 2011-15 the capex spend against gas work codes were extracted from the Financial System at the time. Details of capex spend for each of these work codes by project were obtained and the following allocation performed:

- Each work code is allocated a percentage spend per prescribed driver (e.g. mains replacement, etc.) and regulatory asset class. This was based on an assessment by a suitable SME of the types of spend each work code incurred during the Regulatory Year.
- Using this assessment, the total capital expenditure per work code were disaggregated across the relevant driver categories.
- IT and General projects are separately analysed and allocated to each of AusNet Services' networks and the unregulated business based on an analysis by appropriate SMEs (generally the source of allocation was based on Business Case information). The information reported in this table relates to the Gas network.

The table below lists the variables that were linked (2011-2017)

Variable	Source Table
Connections	Residential new customer connections Commercial and industrial new customer connections
Mains replacement	Mains replacement
Mains augmentation	Augmentation
Telemetry	SCADA
Meter replacement	Residential meter replacement Commercial and industrial meter replacement
ICT	IT capex
Capitalised network overheads	Capital overheads
Capitalised corporate overheads	
Other capex	Gas Extensions - Energy for the Regions Other
Capital contributions <i>included in the above</i>	Customer contributions (including overheads)

Period	Type	Information	Assumption – Estimated Information
2016-2017	Public	Actual	N/A
2018-2019	Public	Actual	N/A

For the period 2016-17 the values were sourced from previously submitted regulatory accounts to the AER. The variables in the table pre-populated by the AER, were linked to table 2.2 *Capex split by driver* of template 2. *Capex* of the historical regulatory accounts.

The underlying information reported for the above periods were sourced from the financial systems of the Company. The Company records costs associated with its capex spend in cost collectors (projects) which are reviewed by an experienced Gas Subject Matter Expert (“SME”) who provides the categorisations specified in the AER’s pre-populated asset classes (listed in the table above). The capex spend is reconciled in total to the financial statements of the Company.

#### E1.1.2 – NON-REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2011-2015	Public	Estimate	The allocation of capex into the prescribed drivers is estimated data as the Financial System does not capture this level of detail. An assessment of each project is performed by a suitable SME to determine the allocation, and this allocation was used to apportion the actual expenditure into the prescribed drivers.

AusNet Gas Services sourced spreadsheets from its previous Oracle ERP financial system (which were used in the reporting of the historical RINs). Based on this information, Non-Reference Services capex was determined using a historical work code used to collect such information. This work code also contained major alteration works. These costs were removed from the data (confirmed with a SME) leaving reported Non-Reference Services costs. AusNet Gas Services used a combination Oracle and SAP data for the 2015 reporting period. The capex for these Services were included in ‘Other Capex’ in the historical RIN submissions.

#### **RECONCILIATION - PART A: GENERAL**

Section 1.4 (a) (b) requires a reconciliation of information to what was previously supplied to the AER, where information does not reconcile directly.

For the 2011-2015 period, AusNet Gas Services did not separately report Non-Reference Services in table 2.2: Capex by regulatory asset classes (including overheads) in the historical RINs. Reference Services Capex and Non-Reference Services Capex were combined in historic submissions. AusNet Gas Services has revised its reporting of this information and provided its best estimate for Non-Reference Services in table E1.1.2 of the current RIN.

Below is an unaudited table showing the reconciliation.

Previously Submitted to the AER	EXPENDITURE				
	\$0's, nominal				
	2011	2012	2013	2014	2015
E1.1.1 - REFERENCE SERVICES (CAPEX)	79,379,497	89,342,356	84,090,152	91,068,015	89,597,343
E1.1.2 - NON-REFERENCE SERVICES (CAPEX)					
<b>Total (less capital contributions)</b>	<b>79,379,497</b>	<b>89,342,356</b>	<b>84,090,152</b>	<b>91,068,015</b>	<b>89,597,343</b>

Revised Template	EXPENDITURE				
	\$0's, nominal				
	2011	2012	2013	2014	2015
E1.1.1 - REFERENCE SERVICES (CAPEX)	79,257,631	89,054,180	83,530,341	90,390,733	89,315,120
E1.1.2 - NON-REFERENCE SERVICES (CAPEX)	121,866	288,176	559,811	677,282	282,224
<b>Total (less capital contributions)</b>	<b>79,379,497</b>	<b>89,342,356</b>	<b>84,090,152</b>	<b>91,068,015</b>	<b>89,597,344</b>

Variance	EXPENDITURE				
	\$0's, nominal				
	2011	2012	2013	2014	2015
E1.1.1 - REFERENCE SERVICES (CAPEX)	121,866	288,176	559,811	677,283	282,224
E1.1.2 - NON-REFERENCE SERVICES (CAPEX)	(121,866)	(288,176)	(559,811)	(677,282)	(282,224)
<b>Total (less capital contributions)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>

Period	Type	Information	Assumption – Estimated Information
2016-2019	Public	Actual	N/A

For the period 2016-19, information reported was sourced from the financial systems of the Company. The Company records costs associated with its capex spend in cost collectors (projects) which are reviewed by an

experienced SME who provides the categorisation specified in the AER pre-populated asset classes listed in the table. The capex spend is reconciled in total to the financial statements of the Company.

## E1.2 - Opex

AusNet Gas Services allocates costs directly to opex projects and services where possible and appropriate. Where costs are not directly project costed, activity-based costing is used to allocate costs across projects and services. This is in accordance with the Group's CAM.

### E1.2.1 - REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2011-2017	Public	Actual	N/A

RIN table E1.2.1 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables in the table pre-populated by the AER, were linked to table 3.2 *Operating Expenditure* of template 3. *Opex* of the historical regulatory accounts. The template has a new category, 'Unaccounted for Gas' ("**UAFG**") and the Company sourced the information from its historical financial trial balances which was included in Network Operating costs in the historical RINs. The Company netted its UAFG values included in Network Operating Costs i.e. the rewards and penalties of the UAFG scheme were negated against each other. For this period, the Company has disclosed a net UAFG value in table E1.2.1 to ensure consistency with information previously reported in the historical RIN submissions.

In deriving the 'repairs and maintenance' costs for reference services, the company used the 'total maintenance' costs disclosed in table 3.2 from the historical RIN's and deducted 'other non-reference service' costs from it. The table below lists the variables that were linked.

Variable	Source Table
repairs and maintenance	Total maintenance costs less other non-reference service costs
marketing and retail incentives	Advertising and marketing
debt raising	Debt raising costs
equity raising	Equity raising costs
unaccounted for gas	See explanation above
jurisdictional charges	None – new RIN category
GSL payments	GSL payments
other opex	Network operating costs Customer connections Meter reading services Billing and revenue collection Regulatory costs Energy Safe Victoria levy Licence fees Other operating costs Movement in provisions

Period	Type	Information	Assumption – Estimated Information
2018-2019	Public	Actual	N/A

Information reported for this period is sourced from the financial systems of the Company. The Company records costs associated with its opex spend in cost collectors (projects & GL accounts) which are then categorised into the AER's pre-populated opex categories listed in the table. The opex spend is reconciled in total to the financial statements of the Company.

*Note:* for reporting period 2018-19 AusNet Gas Services will report its UAFG rewards in 'Other Revenue' in tables F1.1.1 - Revenue and F1.3.1 – Revenue of template F1. Income, with the corresponding penalties in table F4.1.3.

### E1.2.2 – NON-REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2011-2017	Public	Actual	N/A

RIN table E1.2.2 summarises the values sourced from previously submitted regulatory accounts to the AER. The variable in the table was linked to 'Other Non-Reference Services' in table 3.1.1: Ancillary reference services of template 3.1 ARS of the historical regulatory accounts.

Period	Type	Information	Assumption – Estimated Information
2018-2019	Public	Actual	N/A

Information reported for this period was sourced from the financial systems of the Company. The Company records costs associated with its opex spend in cost collectors (projects & GL accounts). The Company used cost collector information to identify its non-reference service costs.

## E1.3 - Capcons

### E1.3.1 - REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2011-2015	Public	Estimate	Total gross capex (including overheads) is actual data as it agrees to the Financial System. However, the allocation of capex into the prescribed drivers is estimated data as the Financial System does not capture this level of detail. An assessment of each project is performed by a suitable SME to determine the allocation, and this allocation was used to apportion the actual expenditure into the prescribed drivers.

For the period 2011-15, capital contributions (**Capcons**) were sourced from historical spreadsheets from the Company's previous Oracle ERP system. This information was used in the population of the historical regulatory accounts. The methodology of allocation to the regulatory categories is the same as described in E1.1.1 above.

Period	Type	Information	Assumption – Estimated Information
2016-2019	Public	Actual	N/A

Information reported for this period was sourced from the financial systems of the Company. The Capcons were allocated by the SME and mapped to the specified AER pre-populated asset classes listed in the table. The Capcons is reconciled in total to the financial statements of the Company.

### E1.3.2 – NON-REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2011-2015	Public	Estimated	The allocation of capex into the prescribed drivers is estimated data as the Financial System does not capture this level of detail. An assessment of each project is performed by a suitable SME to determine the allocation, and this allocation was used to apportion the actual expenditure into the prescribed drivers.

AusNet Gas Services sourced spreadsheets from its previous Oracle ERP financial system (which were used in the reporting of the historical RINs). Based on this information, Non-Reference Services Capcons was determined using a historical work code used to collect such information. This work code also contained major alteration works. These were removed from the previously submitted data (confirmed with a SME) leaving the reported Non-Reference Services customer contributions. AusNet Gas Services used a combination Oracle and SAP data (SAP went live in May 2015) for the 2015 reporting period. The customer contributions for these Services were included in 'Other Capex' in the historical RIN submissions.

## **RECONCILIATION - PART A: GENERAL**

Section 1.4 (a) (b) requires a reconciliation of information to what was previously supplied to the AER, where information does not reconcile directly.

For the 2011-2015 period, AusNet Gas Services did not separately report Non-Reference Services in table 2.3: Capex by regulatory asset classes (including overheads) of the historical RINs. Reference Services Capex and



Non-Reference Services were combined in historic submissions. AusNet Gas Services has revised its reporting of this information and provided its best estimate for Non-Reference Services in table E1.3.2 of the current RIN.

Below is an unaudited table showing the reconciliation.

Previously Submitted to the AER	EXPENDITURE				
	\$0's, nominal				
	2011	2012	2013	2014	2015
E1.3.1 - REFERENCE SERVICES (CAPCONS)	3,501,511	3,535,809	9,768,816	28,082,363	6,128,488
E1.3.2 - NON-REFERENCE SERVICES (CAPCONS)					
<b>Total (less capital contributions)</b>	<b>3,501,511</b>	<b>3,535,809</b>	<b>9,768,816</b>	<b>28,082,363</b>	<b>6,128,488</b>

Revised Template	EXPENDITURE				
	\$0's, nominal				
	2011	2012	2013	2014	2015
E1.3.1 - REFERENCE SERVICES (CAPCONS)	2,385,620	3,091,310	8,908,576	27,302,834	5,653,887
E1.3.2 - NON-REFERENCE SERVICES (CAPCONS)	1,115,891	444,499	860,240	779,529	474,601
<b>Total (less capital contributions)</b>	<b>3,501,511</b>	<b>3,535,809</b>	<b>9,768,816</b>	<b>28,082,363</b>	<b>6,128,488</b>

Variance	EXPENDITURE				
	\$0's, nominal				
	2011	2012	2013	2014	2015
E1.3.1 - REFERENCE SERVICES (CAPCONS)	1,115,891	444,499	860,240	779,529	474,601
E1.3.2 - NON-REFERENCE SERVICES (CAPCONS)	(1,115,891)	(444,499)	(860,240)	(779,529)	(474,601)
<b>Total (less capital contributions)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Period	Type	Information	Assumption – Estimated Information
2016-2019	Public	Actual	N/A

For the period 2016-19, information reported was sourced from the financial systems of the Company. The Company records costs associated with its capex spend in cost collectors (projects) which are reviewed by an experienced SME who provides the categorisation specified in the AER pre-populated asset classes listed in the table. The capex spend is reconciled in total to the financial statements of the Company.

## E1.4 – Capitalised Overheads

### E1.4.1 - REFERENCE SERVICES

The RIN requires that the total of table E1.4.1 should reconcile with the cumulative capital expenditure reported in capitalised network overheads and corporate overheads in table E1.1.1. AusNet Gas Services notes that in order to achieve this based on the 'Total (less capital contributions)', it would have to insert a 'null' value in the 'Capital contributions included in the above' row. AusNet Gas Services has done this in accordance with its interpretation of Part B, Section 2.1 (g) of the Notice.

Period	Type	Information	Assumption – Estimated Information
2011-2015	Public	Estimate	Total overheads is actual data as it agrees to the Financial System. However, the allocation of capex into the prescribed drivers is estimated data as the Financial System does not capture this level of detail. An assessment of each project is performed by a suitable SME to determine the allocation, and this allocation was used to apportion the actual expenditure into the prescribed drivers.

RIN table E1.4.1 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables in the table pre-populated by the AER, were linked to table 2.4.2: *Capex overheads split by capex driver* of template 2.4 *Capital Expenditure: overheads* of the historical regulatory accounts. The methodology of allocation to the regulatory categories is the same as described in E1.1.1 above.

The table below lists the variables that were linked (2011-2017)

Variable	Source Table
Connections	Residential new customer connections Commercial and industrial new customer connections
Mains replacement	Mains replacement
Mains augmentation	Augmentation

Variable	Source Table
Telemetry	SCADA
Meter replacement	Residential meter replacement Commercial and industrial meter replacement
ICT	IT capex
Capitalised network overheads	Capital overheads
Capitalised corporate overheads	
Other capex	Gas Extensions - Energy for the Regions Other
Capital contributions <i>included in the above</i>	Customer contributions (including overheads)

Period	Type	Information	Assumption – Estimated Information
2016-2017	Public	Actual	N/A
2018-2019	Public	Actual	N/A

The Company capitalises a share of network and corporate overheads to capex. The Company uses SAP functionality to apply overheads where applicable at the individual project level. Master data in SAP allows for the alignment to the RIN categories required by the table.

#### E1.4.2 – NON-REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2011-2015	Public	Estimate	The allocation of capex into the prescribed drivers is estimated data as the Financial System does not capture this level of detail. An assessment of each project is performed by a suitable SME to determine the allocation, and this allocation was used to apportion the actual expenditure into the prescribed drivers.

AusNet Gas Services decommissioned its previous Oracle ERP financial system. As a result, detailed system-based information is not presently available. Notwithstanding the lack of detailed system-based information, underlying spreadsheets extracted from the previous Oracle ERP financial system and used in compilation of previously submitted RIN's is available (Historical Workings). Accordingly, AusNet Gas Services identified the Non-Reference service capitalised overhead costs using a historical work code used to collect such information. This work code also contained major alteration works. These were removed from the previously submitted data (confirmed with a SME) leaving the reported Non-Reference Services capitalised overheads. AusNet Gas Services used a combination Oracle and SAP data for the 2015 reporting period. The capitalised overheads for these Services were included in 'Other Capex' in the historical RIN submissions.

#### **RECONCILIATION - PART A: GENERAL**

Section 1.4 (a) (b) requires a reconciliation of information to what was previously supplied to the AER, where information does not reconcile directly.

For the 2011-2015 period, AusNet Gas Services did not separately report Non-Reference Services in table 2.3: Capex by regulatory asset classes (including overheads) of the historical RIN's and was included as part of Reference Services. AusNet Gas Services has revised its reporting of this information and provided its best estimate for Non-Reference in table E1.4.2 of the current RIN.

Below is an unaudited table showing the reconciliation.

Previously Submitted to the AER	EXPENDITURE				
	\$0's, nominal				
	2011	2012	2013	2014	2015
E1.4.1 - REFERENCE SERVICES (OVERHEADS)	11,500,828	14,788,755	14,651,905	13,788,847	9,222,827
E1.4.2 - NON-REFERENCE SERVICES (OVERHEADS)					
<b>Total (less capital contributions)</b>	<b>11,500,828</b>	<b>14,788,755</b>	<b>14,651,905</b>	<b>13,788,847</b>	<b>9,222,827</b>

Revised Template	EXPENDITURE				
	\$0's, nominal				
	2011	2012	2013	2014	2015
E1.4.1 - REFERENCE SERVICES (OVERHEADS)	11,300,206	14,667,504	14,298,056	13,411,139	9,079,095
E1.4.2 - NON-REFERENCE SERVICES (OVERHEADS)	200,622	121,251	353,850	377,709	143,732
<b>Total (less capital contributions)</b>	<b>11,500,828</b>	<b>14,788,755</b>	<b>14,651,905</b>	<b>13,788,847</b>	<b>9,222,827</b>

Variance	EXPENDITURE				
	\$0's, nominal				
	2011	2012	2013	2014	2015
E1.4.1 - REFERENCE SERVICES (OVERHEADS)	200,622	121,251	353,850	377,709	143,732
E1.4.2 - NON-REFERENCE SERVICES (OVERHEADS)	(200,622)	(121,251)	(353,850)	(377,709)	(143,732)
<b>Total (less capital contributions)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>

Period	Type	Information	Assumption – Estimated Information
2016-2019	Public	Actual	N/A

For the period 2016-19, information reported was sourced from the financial systems of the Company. The Company records capitalised overheads associated with its capex spend in cost collectors (cost elements) which are reviewed by an experienced SME who provides the categorisation specified in the AER pre-populated asset classes listed in the table.

### Template Errors

AusNet Gas Services advises the AER that is an error in **cell I96** in the E1 Expenditure Summary template, where the 'total' formulae is missing. As the workbook is protected AusNet Gas Services is unable to insert the correct formula.

AusNet Gas Services also advises the AER that in template 'Business & other details' that it although the cells are 'yellow' in colour that it did not change the address fields as they contain AER pre-populated formulae.

## E.11 LABOUR

### E11.3 - Labour / Non-Labour Expenditure Split

Labour includes all expenditure used to deliver reference and non-reference services that is associated with people. Labour expenditure relates to –

- Full time, part time and casual employees;
- Ongoing and temporary employment contracts; and
- Labour hire contracts.

Labour expenditure includes wages, salaries, overtime payments, bonuses, allowances, incentive payments, superannuation contributions, taxes, termination and redundancy payments, workers compensation, training and study assistance and purchases made on behalf of employees.

AusNet Gas Services applied the RIN definitions when reporting these variables, with the Company disclosing information against 'In-house labour expenditure' and 'Non-labour expenditure' only.

AusNet Gas Services notes that the definition of labour only includes labour hire arrangements and contracts of employment with the network service provider (NSP), AusNet Gas Services. This arrangement did not result in employment contracts with the NSP and does not constitute a labour hire arrangement. On this basis, these costs are not reported as labour in Template E.11. AusNet Gas Services also has contracts with a third-party service provider for capex and opex field work. The labour services that the contractor provides as part of their contract arrangements does not require employment contracts or result in labour hire arrangements (as defined in the RIN) and therefore these field labour costs have not been reported as labour expenditure.

The Company has included an alternate table in this section of the BoP that will show the substance over form view of the contract labour arrangements.

#### Preparation Methodology:

#### E11.3.1 - OPEX

Period	Type	Information	Assumption – Estimated Information
2011-2017	Public	Actual	N/A

RIN Table E11.3.1 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables in the table pre-populated by the AER, were linked to table 5. *Cost category matrix* template 5. *Cost category matrix* of the historical regulatory accounts. The table below lists the variables that were linked. As explained in section E1.2.1 of this BoP the Company prefers not to change its historical total opex information it previously reported to the AER. This means that it has not adopted the separation of UAFG into revenue (reward) and expenditure (penalties) for this historical reporting period.

Variable	Source Table
In-house labour expenditure	Opex – Internal Labour Costs
Non-labour expenditure	Opex – Contractor costs Opex – Other costs

Period	Type	Information	Assumption – Estimated Information
2018-2019	Public	Actual	N/A

#### In-house labour expenditure

The nature of these costs are generally time writing based for non-office-based staff as these employees are required to account for their time which are recorded in projects. Office based staff costs are generally allocated to projects using the principles of the Group's CAM. The Company's current ERP system, SAP has functionality to record and report in-house labour expenditure in cost collectors.

#### Non-labour expenditure

The nature of these costs represent the remainder of costs (e.g. contractor costs) as disclosed in table F4.1.3 template F4 Opex but excludes In-house labour expenditure, including UAFG penalty expenditure.

### E11.3.2 - CAPEX

Period	Type	Information	Assumption – Estimated Information
2011-2017	Public	Actual	N/A

RIN table E11.3.2 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables in the table pre-populated by the AER, were linked to table 5. *Cost category matrix* template 5. *Cost category matrix* of the historical regulatory accounts. The table below lists the variables that were linked.

Variable	Source Table
In-house labour expenditure	Capex – Internal Labour Costs
Non-labour expenditure	Capex – Contractor costs Capex – Other costs

Period	Type	Information	Assumption – Estimated Information
2018-2019	Public	Actual	N/A

#### In-house labour expenditure

The nature of these costs are generally time writing based for employees who are required to account for their time whilst working on capex projects. The Company's SAP system has functionality to record and report in-house labour expenditure in cost collectors.

#### Non-labour expenditure

The nature of these costs represent the remainder of costs (e.g. contractor costs) as disclosed in table E1.1.1 and E1.1.2 of template E1 Expenditure Summary but excludes In-house labour expenditure.

### **Alternate unaudited Presentation of Table E11.3 - Labour / Non-Labour Expenditure Split**

'Labour Expenditure Outsourced to Related Parties' and 'Labour Expenditure Outsourced to Unrelated Parties' have been reported as \$nil in table E11.3 This is based on the definitions outlined above. AusNet Gas Services incurs expenditure from Contractors (related and unrelated) for labour services. However, the contractor arrangements do not constitute employment contracts or labour hire arrangements and as such have not been reported as Labour Expenditure. This definition differs to how AusNet Gas Services interprets 'Outsourced Labour' internally and in the Access Arrangement and therefore underestimates the total (i.e. both internal and contracted) labour costs incurred by AusNet Gas Services.

E11.3 - LABOUR / NON-LABOUR EXPENDITURE SPLIT									
	EXPENDITURE								
	\$0's, nominal								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>E11.3.1 - OPEX</b>									
In-house labour expenditure	13,485,156	14,289,386	15,620,660	12,265,975	16,860,165	22,514,572	19,966,633	16,514,090	15,793,064
Labour expenditure outsourced to related parties	6,077,000	4,726,000	5,642,000	2,042,000	-	-	-	-	-
Labour expenditure outsourced to unrelated parties	19,745,291	20,922,864	27,372,899	29,807,033	24,846,236	13,879,253	20,245,010	25,319,312	26,192,067
Non-labour expenditure	3,902,915	12,286,282	5,923,822	5,950,654	9,896,759	14,649,143	16,353,131	14,627,801	15,058,046
<b>Total</b>	<b>43,210,362</b>	<b>52,224,532</b>	<b>54,559,381</b>	<b>50,065,661</b>	<b>51,603,160</b>	<b>51,042,968</b>	<b>56,564,774</b>	<b>56,461,203</b>	<b>57,043,177</b>
<b>E11.3.2 - CAPEX</b>									
In-house labour expenditure	61,741,371	33,167,208	1,979,924	2,248,371	2,787,672	3,040,706	2,682,413	5,497,569	6,662,986
Labour expenditure outsourced to related parties	9,542,957	2,836,000	5,722,787	2,386,140	-	4,312,513	-	5,682,476	-
Labour expenditure outsourced to unrelated parties	4,813,653	42,887,943	54,826,821	67,799,301	71,678,555	61,315,388	69,649,851	68,140,062	79,040,319
Non-labour expenditure	3,281,516	10,451,205	21,560,620	18,634,202	15,131,117	13,456,293	10,909,364	14,706,552	17,728,722
<b>Total</b>	<b>79,379,497</b>	<b>89,342,356</b>	<b>84,090,152</b>	<b>91,068,015</b>	<b>89,597,344</b>	<b>82,124,900</b>	<b>83,241,628</b>	<b>94,026,658</b>	<b>103,432,027</b>

### **Template Errors**

AusNet Gas Services advises the AER that due to excel rounding issues, errors display in the formulae in rows 26 and 27. This is an AER formula that checks the totals of tables E11.3.1 and E11.3.2 against the totals of tables E1.1.1 & E1.1.2 (capex) and E1.2.1 & E1.2.2 (opex).

## E.21 ANCILLARY REFERENCE SERVICES

Ancillary Reference Services are services where the customer pays a prescribed fee for the services. These include the following in relation to Distribution Supply Points at which Gas is withdrawn by or in respect of a Residential Customer:

- a) On-site meter and gas installation test: testing to check the accuracy of a Meter and the soundness of a Gas Installation, to determine whether the Meter is accurately measuring the Quantity of Gas delivered.
- b) Disconnection Service - Disconnection by the carrying out of work being: removal of the Meter at a Metering Installation, or the use of locks or plugs at a Metering Installation in order to prevent the withdrawal of Gas at the Distribution Supply Point.
- c) Reconnection Service – Reconnection by turning on Supply, including the removal of locks or plugs used to isolate Supply or reinstallation of a Meter if it has been removed, performance of a safety check and the lighting of appliances where necessary.
- d) Special Meter Reading Service – meter reading for a DSP in addition to the scheduled meter readings that form part of the Haulage Reference Services.

Preparation Methodology:

### E21.1 - VOLUMES

Period	Type	Information	Assumption – Estimated Information
2011-2017	Public	Actual	N/A

RIN table E21.1 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables in the table pre-populated by the AER, were linked to the 'volume (number)' column in table 3.1.1: *Ancillary reference services* in template 3.1. *Operating expenditure: Ancillary reference services* of the historical regulatory accounts. The table below lists the variables that were linked.

Variable	Source Table
ARS - Reconnections	Reconnections
ARS - Disconnections	Disconnections
ARS - Meter and Gas Installation test	Meter and Gas Installation test
ARS - Special Meter Reads	Special Meter Reads
ARS - Other Non-Reference Services	Other Non-Reference Services

Period	Type	Information	Assumption – Estimated Information
2018-2019	Public	Actual	N/A

The volume information was obtained from billing information sourced from the Company's Billing system, (Kinetiq). Each month, an extract of this data is stored in an SQL database for use in company reporting. This extract includes, amongst other things, the number of ancillary reference services provided and charged to each retailer. To report the volume information in the RIN, the relevant table in the database is queried and the total number of each ancillary reference service provided in the regulatory year is reported in the RIN.

Whenever there is a reversal of a previous charge (which can arise for various reasons), the billing system processes this by multiplying a negative price against the volume to be reversed. Therefore, the volume stays positive, but the overall charge is negative. Therefore, when adding up the volume of charges, we need to build this into the query. If we did not do this, we would add the original volume (e.g. 1) and the reversal (e.g. 1) as positive numbers, resulting in a total of 2, when in fact, the actual number of services provided (and billed) was zero.

### E21.2 - EXPENDITURE

Period	Type	Information	Assumption – Estimated Information
2011-2015	Public	Actual	N/A

Period	Type	Information	Assumption – Estimated Information
		(Special Meter Read)	
2011-2015	Public	Estimate	Financial System does not capture such expenditure into this level of detail with a suitable SME used to populate the prescribed Categories. Because of this the 'Indirect allocated costs' and "directly allocated costs" for these services are also estimated information.
2016-2017	Public	Actual	N/A

RIN table E21.2 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables in the table pre-populated by the AER, were linked to the 'total costs' column in table 3.1.1: *Ancillary reference services* in template 3.1. *Operating expenditure: Ancillary reference services* of the historical regulatory accounts. The table below lists the variables that were linked.

For Special Meter Reads, the total cost information is extracted from the General Ledger from one project. The remaining Ancillary Reference Services, the total cost is based on work code information. Analysis of costs incurred per work code is completed by a suitable SME to populate the prescribed Categories which is considered management's best estimate of the required data, given the SME's expertise and knowledge of the works undertaken. In addition, indirect/overhead costs are calculated by applying the labour on-cost percentage to the total labour expense component within the maintenance work codes which capture these Ancillary Reference Services. The direct component is the residual.

Variable	Source Table
ARS - Reconnections	Reconnections
ARS - Disconnections	Disconnections
ARS - Meter and Gas Installation test	Meter and Gas Installation test
ARS - Special Meter Reads	Special Meter Reads
ARS - Other Non-Reference Services	Other Non-Reference Services

Period	Type	Information	Assumption – Estimated Information
2018-2019	Public	Actual	N/A

The expenditure information by category was sourced from SAP using Opex project, work breakdown structure (**WBS**) and work code information. All Ancillary Reference Service costs reported are direct project costs and no indirect costs were included.

## N.1 DEMAND

### Preparation Methodology:

#### N1.1 – DEMAND – BY CUSTOMER TYPE

Period	Type	Information	Assumption – Estimated Information
2011-2017	Public	Actual	N/A

RIN table N1.1 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables in the table pre-populated by the AER, were linked to the 'volume of gas GJ' column in table 8.1: *Reference services demand* in template 8. *Demand* of the historical regulatory accounts. The table below lists the variables that were linked.

Variable	Source Table
Residential	Tariff V residential
Commercial	Tariff V commercial and industrial
Industrial	Tariff D & Tariff M

Period	Type	Information	Assumption – Estimated Information
2018-2019	Public	Actual	N/A

The volume of gas was sourced from the billing system (Kinetiq) and accruals calculation. The accruals are based on an algorithm in a Microsoft SQL database. The algorithm is essentially a regression that determines the relationship between billed volumes (from Kinetiq) and weather. It then applies this relationship to the unbilled period, using actual weather where available and average weather for the period between the day when the accrual is generated and the end of the month.

The data is then categorised into the demand by customer type and the relevant demand by Tariff.

#### N1.2 - DEMAND - BY TARIFF

Period	Type	Information	Assumption – Estimated Information
2011-2017	Public	Actual	N/A

RIN table N1.2 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables in the table pre-populated by the AER, were linked to the 'volume of gas GJ' column in table 8.1: *Reference services demand* in template 8. *Demand* of the historical regulatory accounts. The table below lists the variables that were linked.

Variable	Source Table
Tariff V Central Domestic	Tariff V residential Central
Tariff V Central Non-Domestic	Tariff V commercial and industrial Central
Tariff V Adjoining Central Domestic	Tariff V residential New Central
Tariff V Adjoining Central Non-Domestic	Tariff V commercial and industrial New Central
Tariff V West Domestic	Tariff V residential West
Tariff V West Non-Domestic	Tariff V commercial and industrial West
Tariff V Adjoining West Domestic	Tariff V residential New West
Tariff V Adjoining West Non-Domestic	Tariff V commercial and industrial New West
Tariff D Central	Tariff D Central
Tariff D Adjoining Central	Tariff D New Central
Tariff D West	Tariff D West
Tariff D Adjoining West	Tariff D New West
Tariff M Central	Tariff M Central
Tariff M Adjoining Central	N/A
Tariff M West	Tariff M West
Tariff M Adjoining West	N/A



Period	Type	Information	Assumption – Estimated Information
2018-2019	Public	Actual	N/A

The volume of gas was sourced from the billing system (Kinetiq) and accruals calculation. The accruals are based on an algorithm in a Microsoft SQL database. The algorithm is essentially a regression that determines the relationship between billed volumes (from Kinetiq) and weather. It then applies this relationship to the unbilled period, using actual weather where available and average weather for the period between the day when the accrual is generated and the end of the month.

The data is then categorised by the relevant demand by Tariff.

## N.2 NETWORK CHARACTERISTICS

### Preparation Methodology:

#### N2.1 - NETWORK LENGTH - BY PRESSURE AND ASSET TYPE (N2.1-3 LOW, MEDIUM, HIGH PRESSURE)

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

This variable was determined using AusNet Gas Services' GIS system, SDMG. The information for each pipe included material, pressure, installation date, abandoned date and length.

The GIS data does not disaggregate the pipe types into the same categories as the RIN. The table below lists which AusNet Gas Service Codes were categorised with which RIN pipe types.

Length of mains has been calculated based on filtering date ranges and the following operating pressures:

- High (140 to 1050kPa) (including High1 140-515kPa and High2 515-1050kPa)
- Medium (MP) (15 to 140kPa)
- Low pressure (up to 3kPa)

Below is a mapping table which maps the AusNet Gas Services' service codes to that listed in the pre-populated AER table.

RIN Pipe Types	AusNet Gas Service Codes
Cast Iron	C2, C3, C4, C5, C6, C7, C8, C9, C10
PVC	P3
Polyamide	This is not in AusNet Gas Services Network
High density polyethylene (80)	P8
High density polyethylene (100)	P9, P10
High density polyethylene (250)	P4
High density polyethylene (575)	P2
Medium density polyethylene	N/A – none reported
Other polyethylene	P5, P6, P7
Unprotected steel	S2, S5
Protected steel	S3, S4, S6, S11, S7, S8, S9, S10, S20, S21, S22, S23, S24
Other	W2

#### N2.1 - NETWORK LENGTH - BY PRESSURE AND ASSET TYPE (N2.1.4 TRANSMISSION)

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

This variable was determined using AusNet Gas Services' GIS system, SDMG. Transmission minimum operating pressure is 1050kPa. Data was extracted into an excel file 'Transmission'. The length of transmission pipes was determined by filtering by relevant years of installation and abandoned date.

#### N2.2 – CITY GATES

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

This variable was determined using AusNet Services asset management system (SAP). Data was extracted into an excel file: CITY GATE-REGULATOR INSTALLATION DATE. The number of city gates was determined by filtering on the 'user status' and 'start-up date' columns of the Regulators of each City Gate. To establish when a city gate was installed the following method was used:

1. Create a pivot table
2. Select 'Functional Location' as the main row

3. Filter by 'technical obj type' selecting only 'REGBOWL' and 'REGSLEEVE'
4. Filtering by all 'user status'
5. Filtering by 'start-up date'
6. Any city gate start-up date in 2011 or prior was classified as in use as of 2011
7. Any start-up date included in 2012-2019 was classed as a city gate installed in that specific year

To establish when a field or district regulator was abandoned, disposed or placed out of service the following method was used:

1. Create a pivot table
2. Filter by 'technical obj' selecting only 'REGBOWL' and 'REGSLEEVE'
3. Selecting only user status of 'OOS'
4. Filtering by change-on date
5. Any changed-on date to the above user statuses between 2011-2019 was classed as a city gate no longer in use in that specific year and was excluding from the count

## N2.2 – REGULATORS

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

This variable was determined using AusNet Services asset management system (SAP). Data was extracted into an excel file: DISTRICT REGULATORS (SAP IHO8) 230720 and FIELD REGULATORS (SAP IHO8) 230720. The number of District and Field Regulators was determined by using a pivot table. To establish when a field or district regulator was installed the following method was used:

1. Create a pivot table
2. Select 'Functional Location' as the main row
3. Filter by 'technical obj type' selecting only 'REGBOWL' and 'REGSLEEVE'
4. Filtering by all 'user status'
5. Filtering by 'start-up date'
6. Any field or district regulator start-up date in 2011 or prior was classified as in use as of 2011
7. Any start-up date included in 2012-2019 was classed as a regulator installed in that specific year

To establish when a field or district regulator was abandoned, disposed or placed out of service the following method was used:

1. Create a pivot table
2. Filter by 'technical obj' selecting only 'REGBOWL' and 'REGSLEEVE'
3. Selecting only user status of 'ABDN', 'DISP' and 'OOS'
4. Filtering by change-on date
5. Any changed-on date to the above user statuses between 2011-2019 was classed as a regulator no longer in use in that specific year and was excluding from the count

### Template Errors

AusNet Gas Services advises the AER that in the AER designed table N2.2 City Gates/Regulators, that the 'Year' headings are incorrect. AusNet Gas Services has assumed these to represent the years required by the Notice i.e. 2011 to 2019.

## S1. CUSTOMER NUMBERS

Preparation Methodology:

### S1.1 – CUSTOMER NUMBERS – BY CUSTOMER TYPE

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

This table is a summary of the data reported in S1.2. AusNet Services' tariffs are split into Residential, Commercial and Industrial categories; therefore, this table is populated by summing:

1. Residential Tariff V tariffs for the Residential category
2. Commercial Tariff V tariffs for the Commercial category
3. Tariff D and Tariff M tariffs for the Industrial category.

## S1. CUSTOMER NUMBERS

### Preparation Methodology:

#### S1.2 – CUSTOMER NUMBERS – BY TARIFF

Customer numbers are sourced from AusNet Services' outage management system PowerOn Gas ("POG"). A monthly extract from POG is stored on an internal database and the December extract for each year going back to 2010 was sourced and consolidated. Each unique MIRN's postcode was used to map to AusNet Services' network tariff zones and the customer type field was used to determine whether the customer was commercial or residential. Since the commercial field in POG does not distinguish between Tariff V, D and M, the billing system (Kinetiq) was used to allocate the commercial MIRNs into those categories. All MIRNs billed as Tariff D or Tariff M since January 2011 were extracted from the billing database. This provides a comprehensive list of Tariff D and Tariff M MIRNs in the RIN reporting period. When the POG data was mapped to the RIN categories, these MIRNs were specified as Tariff D or Tariff M, leaving the remaining commercial MIRNs in POG to be allocated to Tariff V.

Since not every MIRN will be billed in every month, POG is treated as the system which has the comprehensive list of connected MIRNs. For the avoidance of doubt, to the extent that fewer customers have been billed than are recorded in POG for any given month, the number of customers reported in the RIN reflects the number of customers connected in POG.

##### S1.2.1 - CUSTOMER NUMBERS AS AT 1 JANUARY

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

The information disclosed in the table is designed by the AER where it contains formulae that links to table S1.2.2 Customer Numbers as at 31 December from 2012-19. For Regulatory Year 2011, these are prepared on the same basis as S1.2.2, but for 31 December 2010. This means that the number of MIRNs as at 1 January 2011 is the equivalent of the number of MIRNs as at 31 December 2010.

##### S1.2.2 - CUSTOMER NUMBERS AS AT 31 DECEMBER

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

The December extract from POG, together with the Kinetiq extracts, contains the information required to allocate each MIRN into the relevant tariff. The number of MIRNs report includes all MIRNs connected to the network, both commissioned and decommissioned. It does not include MIRNs which have been abolished (extinct).

##### S1.2.3 - TOTAL CUSTOMER CONNECTIONS

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

Total customer connections is the difference between (1) the MIRNs as at 31 December of the relevant year and (2) the MIRNs as at 1 January of the relevant year, plus the number of MIRNs disconnected in the year.

This table is populated from the formula {S1.2.2 – S1.2.1 + S1.2.4}.

##### S1.2.4 - TOTAL CUSTOMER DISCONNECTIONS

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

Disconnected MIRNs are assigned a MIRN\_STATUS of 'DR' in POG. An extract of all MIRNs with the status 'DR' was obtained from POG back to Jan 2011. These MIRNs were allocated into each tariff on the same basis as described above in S1.2.

**Template Errors**

AusNet Gas Services advises the AER that in the AER designed tables S1.2.3 and S1.2.4, that the 'Year' headings are incorrect. AusNet Gas Services has assumed these to represent the years required by the Notice i.e. 2011 to 2019.

## S10. SUPPLY QUALITY

### Preparation Methodology:

#### S10.1 – PRESSURE FAULTS

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Estimated	It is assumed that if there is a poor pressure event on AusNet Gas Services pipes there is also a poor pressure event in AusNet Gas Services main pipes.

#### Variable: Poor Pressure Events – mains

This variable was determined using pressure results from fringe pressure monitors installed on service pipes within AusNet Gas Services network.

Poor pressure events are defined as any known breaches in the minimum obligated pressure as defined by the Gas Distribution System Code (GDSC). Minimum obligated network pressure as per the GDSC is as follows:

- High pressure minimum 140kPa
- Medium pressure minimum 15kPa
- Low pressure minimum 1.4kPa

The number of poor pressure events listed in the RIN table is collected from the number of minimum obligated network pressure breaches noted in section 5.4 of the internal gas winter performance document endorsed by AusNet Gas Services' Asset Management Committee. The number of breaches noted within section 5.4 of the winter performance document was exported from SCADA via OSI Pi (a reporting tool for SCADA data) into a spreadsheet format and was plotted as a chart in excel. Additionally, a single constant line showing the minimum obligated pressure of 140kpa was added to show the instances where the minimum obligated network pressure was breached. Every instance where minimum pressure was breached was classed as a poor pressure event.

AusNet Gas Services is evaluating the capture of data to determine whether Actual information can be provided in future years.

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

#### Variable: Poor Pressure Events – services

This variable was determined using pressure results from fringe pressure monitors installed on service pipes within AusNet Gas Services network.

Poor pressure events are defined as any known breaches in the minimum obligated pressure as defined by the Gas Distribution System Code (GDSC). Minimum obligated network pressure as per the GDSC is as follows:

- High pressure minimum 140kPa
- Medium pressure minimum 15kPa
- Low pressure minimum 1.4kPa

The number of poor pressure events listed in the RIN table is collected from the number of breaches noted in internal gas winter performance document endorsed by AusNet Gas Services Asset Management Committee.

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

#### Variable: Poor Pressure Events – meters

AusNet Gas Services has reported a zero value for this variable because it does not measure poor pressure events on meters and has no basis to make an estimate. Reporting zero values would indicate that AusNet Gas Services has no poor pressure events on meters.

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

Variable: Pressure events impacting 5+ customers

This variable was determined using AusNet Gas Services 'Trouble Order data set', from its 'PowerOn' Gas system.

Pressure events were defined by any incident reported that resulted in customer minutes off supply. The data was filtered by year of interest and the number of customers affected for each incident, that being affecting 5 or more customers.

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

Variable: Pressure events with >12 hr resolution

This variable was determined using AusNet Gas Services 'Trouble Order data set', from its 'PowerOn' Gas system. Pressure events > 12 hours were determined by creating a new column to distribute the CMOS evenly across the number of affected customers. The formula used was CMOS/ number of customers. This new column was then filtered to find events that lasted 720 minutes or longer.



## S11. NETWORK RELIABILITY

### Preparation and Methodology:

#### S11.1 - NETWORK OUTAGES

##### S11.1.1 – PLANNED

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

#### Variable: Count of outage events

This information was extracted from the PowerOn Gas system using a SQL script. Count of planned outages was determined by the count of "AMFM\_PLANNED\_OUTAGE\_ID" from PO\_REQUEST TABLE. Only planned outages with "complete" status are used in counting. The "START\_TIME" from PO\_OUTAGE TABLE is used for calculating calendar year of each outage.

#### Variable: Outages affecting 5+ customers

This information was extracted from the PowerOn Gas using a SQL script. Count of planned outages was determined by the count of "AMFM\_PLANNED\_OUTAGE\_ID" from PO\_REQUEST TABLE. Only planned outages with "complete" status are used in counting. To determine the number of customers impacted the count the count of "Location\_desc" from PO\_ORDER TABLE was used. Only outages with status in "closed" were used in counting. The "START\_TIME" from PO\_OUTAGE TABLE is used for calculating calendar year of each outage.

#### Variable: Outages with >12 hr supply interruption

This information was extracted from the PowerOn Gas using a SQL script. Count of planned outages was determined by the count of "AMFM\_PLANNED\_OUTAGE\_ID" from PO\_REQUEST TABLE. Only planned outages with "complete" status are used in counting. To determine the number of outages longer than 12 hours the "TIME\_RESTORED" from PO\_RESTITUTION is used for outage end time and the "START\_TIME" from PO\_OUTAGE TABLE is used for outage start time. The "START\_TIME" from PO\_OUTAGE TABLE is used for calculating calendar year of each outage.

##### S11.1.2 – UNPLANNED

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

#### Variable: Count of outage events

This variable was determined using AusNet Gas Services 'Trouble Order data set', from its 'PowerOn' Gas system. An outage was defined by any incident reported that resulting in customer minutes off supply.

#### Variable: Outages affecting 5+ customers

This variable was determined using AusNet Gas Services 'Trouble Order data set', from its 'PowerOn' Gas system. An outage was defined by any incident reported that resulted in customer minutes off supply. The data was filtered by year of interest and the number of customers affected for each incident.

#### Variable: Outages with >12 hr supply interruption

This variable was determined using AusNet Gas Services 'Trouble Order data set', from its 'PowerOn' Gas system. An outage was defined by any incident reported that resulted in customer minutes off supply Pressure events longer than 12 hours were determined by creating a new column to distribute the CMOS evenly across the number of affected customers. The formula used was CMOS/number of customers. This new column was then filtered to find events that lasted 720 minutes or longer.

#### S11.2 - LEAKS - BY ASSET TYPE AND CAUSE OF LEAK

##### S11.2.1 - LOW PRESSURE

##### S11.2.2 - MEDIUM PRESSURE

##### S11.2.3 - HIGH PRESSURE

Period	Type	Information	Assumption – Estimated Information
2011-2015	Public	Estimated	The information reported in this RIN table is estimated information because it was sourced from data samples from the decommissioned 'Q4' system archives.

These variables were determined using AusNet Gas Services saved records of the decommissioned 'Q4' archived data. The archive data was matched with AusNet Gas Services GIS System data to determine pipe pressure and material type. The data was disaggregated by multiplying the average percentage of leaks per category per pressure per material type between 2016 to 2019 by the total number of leaks recorded for each specific year between 2011 to 2015.

The count of leaks was divided by the number of km's per pressure per material type noted in section N2.

Cells that are empty mean no leaks were recorded within that category. This exclude medium pressure other polyethylene other category, where 1 and 3 leaks were recorded for 2011 and 2013. However there is not recorded length in this category for those years and as a result this were recorded as "-".

Period	Type	Information	Assumption – Estimated Information
2016-2019	Public	Estimated	The selection of the leak cause code via our Delivery Partner is not always reported accurately and hence the data is classified as estimated

These variables were determined using AusNet Gas Services asset management system, SAP, and GIS system, SDMG. The data from SAP was corrective maintenance work order data that relates to gas leakages and the data from SDMG was pipe material type.

Using SDMG and the pipe IDs for the work order data pipe types were established. The table 1 below lists which AusNet Gas Services material type codes were categorised against the RIN pipe types. It should be noted unlike template N2, Network Characteristics, this template does not provide an 'other' material type option. As a result, all 'other' material types where categorised under 'other polyethylene'.

When AusNet Gas Services delivery partner is entering leak data a drop-down option is available to select to assist with categorising each leak.

Table 2 below lists which AusNet Gas Services leak description were categorised as which RIN leak type.

The count of leaks was divided by the number of km's per pressure per material type noted in N2.

Cells that are empty mean no leaks were recorded within that category

**Table: 1**

RIN Pipe Types	AusNet Gas Service Codes
PVC	P3
Polyamide	This is not in AusNet Gas Services Network
High density polyethylene (80)	P8
High density polyethylene (100)	P9, P10
High density polyethylene (250)	P4
High density polyethylene (575)	P2
Medium density polyethylene	N/A – none reported
Other polyethylene	P5, P6, P7, W2 and #N/A
Unprotected steel	S2, S5
Protected steel	S3, S4, S11, S6, S7, S8, S9, S10, S20, S21, S22, S23, S24
Cast Iron	C2, C3, C4, C5, C6, C7, C8, C9, C10

**Table: 2**

RIN Pipe Types	AusNet Gas Service Codes
Broken pipe - cracked	Cracked
Broken pipe – full break	Broken
Corroded	Corroded
Joint leak	
Physical Damage	3 <sup>rd</sup> party damage
Identified water in the main	
No damage found	Other
Seized	Other
Faulty	Other
Not passing	Other

AusNet Gas Services is evaluating the capture of data for leak by asset type to determine whether Actual information can be provided in future years.

### S11.3 - UNACCOUNTED FOR GAS - TRANSMISSION AND DISTRIBUTION

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

Unaccounted for gas for the years up to and including 2017 reflects the final UAFG settlement amounts, as agreed between AusNet Services, AEMO and retailers. These values have been prepared in accordance with AEMO's *Wholesale Market Distribution UAFG Procedures (Victoria)*. This document is available on AEMO's website here:

<https://www.aemo.com.au/-/media/files/gas/dwgm/2016/wholesale-market-distribution-uafg-procedures-vic-ver30-effective-1-january-2016.pdf>

Injections data, withdrawals data for interval meter sites (usually large industrial customers) and price data is obtained from AEMO via the Market Information Bulletin Board (**MIBB**). Withdrawals (i.e. consumption) from basic (accumulation) meters is derived from the billing system (Kinetiq). These data are used in accordance with the above procedure to produce the UAFG volumes.

UAFG settlements for 2018 and 2019 have not yet been finalised. Nevertheless, these values have been prepared based on the same process outlined in the above procedure document.

#### Template Errors

AusNet Gas Services advises the AER that in the AER designed table S11.3 - Unaccounted for Gas - Transmission and Distribution that the 'Year' headings are incorrect. AusNet Gas Services has assumed these to represent the years required by the Notice i.e. 2011 to 2019.

## S14. NETWORK INTEGRITY

### Preparation and Methodology:

#### S14.1 - LOSS OF CONTAINMENT

##### S14.1.1- MAINS

##### S14.1.2 - SERVICES

Period	Type	Information	Assumption – Estimated Information
2011-2015	Public	Estimated	<p>The information reported in this RIN table is estimated information because it was sourced from data samples from the decommissioned 'Q4' system archives.</p> <p>For the <i>Variable: Mains – Length of network subject to survey</i>, AusNet Gas Services was not able to source some of the historical delivery partner spreadsheets (2011, 2012, 2013, 2014 and Nov 15) that contain the data for this period.</p>

#### Variable: Number of leaks publicly reported

This variable was determined using AusNet Gas Services saved records of Q4 archive data. The archived data was not disaggregated between mains and services, as well as publicly reported and found through survey. AusNet Gas Services calculated the average repaired mains and services leak percentage calculated from 2016-19 and applied the result to estimate the break-down of mains and service leaks for the period 2011-15 (18.271% of total reported leaks were mains leaks and 81.729% of total reported leaks were services leaks).

#### Variable: Number of leaks found through leakage survey

AusNet Gas Services was unable to reliably disaggregate this variables information from Number of Leaks - publicly reported data and did not disclose this information for both mains and services.

#### Variable: Repaired Leak

Total repaired leaks = Number of Leaks - publicly reported

#### Variable: Mains – Length of network subject to survey

Although leakage survey data was sourced from spreadsheets that AusNet Gas Services receives monthly from their delivery partner that details length of network surveyed, there were few years where it could not source the monthly information. AusNet Gas Services contacted its delivery partner who provided total length information (via email) for the period 2011-2014. For the 2015 period Nov 2015 was missing, with AusNet Gas Services estimating it by using an average of November data between 2014 to 2017 meaning the 2015 became as estimate.

Given the missing source data AusNet Gas Services considered the data reported in this period to be an estimate.

#### Variable: Number of services subject to survey

AusNet Gas Services only survey mains, there is no information reported for this section. Reported service leaks found through survey are leaks identified during surveys conducted on nearby mains.

AusNet Gas Services is evaluating the capture of data to determine whether Actual information can be provided in future years.

Period	Type	Information	Assumption – Estimated Information
2016-2019	Public	Actual	N/A

#### Variable: Number of leaks publicly reported

This variable was determined by using the asset management system module of the AusNet Gas Services' SAP system. The data from SAP was corrective maintenance work order data that relates to gas leakages. Table 3 below lists which AusNet Gas Service work order description was categorised as which RIN leak type. Data was extracted from SAP into an excel file. The number of leaks was determined by filtering the 'gas leak type' and 'description' columns in an excel file MA-036\_GAS\_LEAKS\_REPORT\_-\_2016:2017:2018:19.

#### Variable: Number of leaks found through leakage survey

This variable was determined by using the asset management system module of the AusNet Gas Services' SAP system. The data from SAP was corrective maintenance work order data that relates to gas leakages. Table 3 below lists which AusNet Gas Service work order description was categorised as which RIN leak type. Data was extracted from SAP into an excel file. The number of leaks was determined by filtering the 'gas leak type' and 'description' columns in an excel file MA-036\_GAS\_LEAKS\_REPORT\_-\_2016:2017:2018:19.

Variable: Repaired Leak

Total repaired leaks = Number of Leaks - publicly reported+ Number of Leaks - found through survey

Variable: Mains – Length of network subject to survey

Leakage survey data was sourced from spreadsheets that AusNet Gas Services receives monthly from their delivery partner (Downer) that details length of network surveyed

**Table: 3**

RIN Pipe Types	AusNet Gas Service Codes
Leak – publicly reported	3rd Party Damage SERVICE Non C/W Unpaved
Leak – publicly reported	3rd Party Damaged MAIN C/W (sealed)
Leak – publicly reported	3rd Party Damaged MAIN C/W (Unpaved)
Leak – publicly reported	3rd Party Damaged SERVICE C/W (sealed)
Leak – publicly reported	3rd Party Damaged SERVICE C/W (Unpaved)
Leak – publicly reported	3rd Party Damaged MAIN Non C/W (Unpaved)
Leak – publicly reported	3rd Party Damaged MAIN Non C/W (sealed)
Leak – found through survey	Leak repair after Leakage Survey
Leak – found through survey	Leak repair after Leakage Survey main
Leak – found through survey	Leak repair after Leakage Survey service
Leak – publicly reported	Repair Leak on main - corrosion fault
Leak – publicly reported	Repair of Corrosion Faults
Leak – publicly reported	Repair Reported Leak DISTRIBUTION VALVE
Leak – publicly reported	Repair Reported Leak on MAIN (Sealed)
Leak – publicly reported	Repair Reported Leak on MAIN (Unpaved)
Leak – publicly reported	Repair Reported Leak on SERVICE (Sealed)
Leak – publicly reported	Repair Reported Leak on SERVICE Unpaved

S14.1.3 - METERS

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

Variable: Number of leaks publicly reported

This variable was determined using AusNet Gas Services trouble order system, PowerOn Gas. Data was extracted to an excel file 'TROUBLE ORDERS (GAS) 2011 ... 2019'. The number of leaks was determined by filtering the 'Cause' column for '10. Gas Meter'.

Variable: Number of leaks found through leakage survey

AusNet Gas Services only surveys mains, there is no data available for the number of services surveyed.

Variable: Repaired Leak

Total repaired leaks = Number of Leaks - publicly reported

Variable: Mains – Length of network subject to survey

AusNet Gas Services only survey mains, there is no data available for the number of meters surveyed.

S14.2 – INSTANCES OF DAMAGE

Period	Type	Information	Assumption – Estimated Information
2011-2015	Public	Estimated	The information reported in this RIN table is estimated information because it was sourced from data samples from the decommissioned 'Q4' system archives.

### Mains and Services

This variable was determined using AusNet Gas Services saved records of Q4 archive data. Archive data was not disaggregated between services and mains repair. AusNet Gas Services calculated the average instances of damage between the mains and services. A percentage was calculated using actual information from 2016 to 2019 and applied the result to the total damages. (4.3325% of damages were mains and 95.6675% of damages were services).

AusNet Gas Services is evaluating the capture of data to determine whether Actual information can be provided in future years.

Period	Type	Information	Assumption – Estimated Information
2016-2019	Public	Actual	N/A

### Mains and Services

This variable was determined by using the asset management system module of the AusNet Gas Services' SAP system. The data from SAP was corrective maintenance work order data that relates to gas leakages.

The data was disaggregated into the following two cause variables:

- a leak caused by a 3<sup>rd</sup> party activity
- a leak caused by other

Table 4 below lists which AusNet Gas Services leak description were categorised as which RIN leak type. Data was extracted to an excel file MA-036\_GAS\_LEAKS\_REPORT\_-\_2016 .....19. The number of instances of damage was determined by filtering the 'gas leak type' and 'description' columns.

Table 4

RIN Pipe Types	AusNet Gas Service Codes
3rd Party Damages	AusNet Gas Services Codes
3rd Party Damages	3rd Party Damage SERVICE Non C/W Unpaved
3rd Party Damages	3rd Party Damaged MAIN C/W (sealed)
3rd Party Damages	3rd Party Damaged MAIN C/W (Unpaved)
3rd Party Damages	3rd Party Damaged SERVICE C/W (sealed)
3rd Party Damages	3rd Party Damaged SERVICE C/W (Unpaved)
3rd Party Damages	3rd Party Damaged MAIN Non C/W (Unpaved)
Other	3rd Party Damaged MAIN Non C/W (sealed)
Other	Leak repair after Leakage Survey
Other	Leak repair after Leakage Survey main
Other	Leak repair after Leakage Survey service
Other	Repair Leak on main - corrosion fault
Other	Repair of Corrosion Faults
Other	Repair Reported Leak DISTRIBUTION VALVE
Other	Repair Reported Leak on MAIN (Sealed)
Other	Repair Reported Leak on MAIN (Unpaved)
Other	Repair Reported Leak on SERVICE (Sealed)

### Meters

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

This variable was determined using AusNet Gas Services trouble order system, PowerOn Gas. Data was extracted to an excel file 'TROUBLE ORDERS (GAS) 2011 ... 2019. The number of instances of damage was determined by filtering the 'Cause' column for '10. Gas Meter' and the 'Cause Category' column for '20 – Damage'

## F1. INCOME

### F1.1 - AUDITED STATUTORY ACCOUNTS

The accounting terms used in this template have the same meaning as is used for the preparation of the SPFR.

#### Preparation Methodology:

- F1.1.1 – REVENUE
- F1.1.2 – EXPENDITURE
- F1.1.3 - PROFIT

Period	Type	Information	Assumption – Estimated Information
2011-2017	Confidential	Actual	N/A

RIN table F1.1 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables in the table pre-populated by the AER, were linked to the 'Statutory accounts base amount' column of table 1. *Income Statement* of template 1. *Income* of the historical regulatory accounts. Note table F1.1.3 Profit contains AER formulae for Profit before and after tax, with the resultant amounts agreeing to the historical 1 *Income* template. While the description of the variables used in the historical RINs generally match to those in the current RIN, 'Maintenance and Operating expenses' were aggregated into 'Operating expenditure'.

*Note:* for the period 2011-15, AusNet Electricity Services and AusNet Gas Services were combined in the financial systems of the AusNet Services Group. Functionality existed in the financial system to enable the separation of the financials associated with the two business.

Period	Type	Information	Assumption – Estimated Information
2018-2019	Confidential	Actual	N/A

Data reported in all three tables were sourced from the trial balance which reconciles in aggregates to the audited SPFRs and mapped to the AER pre-populated categories.

### F1.2 – ADJUSTMENTS

- F1.1.1 - REVENUE
- F1.1.2 - EXPENDITURE
- F1.1.3 - PROFIT

#### Net Financing Charges

Period	Type	Information	Assumption – Estimated Information
2011-2015	Confidential	Estimated	The finance charges weighting process means information is estimated, as these are not separately captured in the General Ledger.

For the period 2011-15 Finance Charges: obtained via weighting the actual debt raising costs from the General Ledger across networks based on the Regulated Asset Based ("RAB") value of each network.

Period	Type	Information	Assumption – Estimated Information
2016-2017	Confidential	Actual	N/A

#### All other Adjustments - excluding Net Financing Charges

Period	Type	Information	Assumption – Estimated Information
2011-2017	Confidential	Actual	N/A

RIN table F1.2 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables in the table pre-populated by the AER, were linked to the 'Adjustments' column of table 1. *Income Statement* of template 1. *Income* of the historical regulatory accounts. Note table F1.1.3 Profit contains AER formulae for Profit before and after tax, with the resultant amounts agreeing to the historical 1. *Income* template.

## All items

Period	Type	Information	Assumption – Estimated Information
2018-2019	Confidential	Actual	N/A

Adjustments reported are the difference between the audited SPFR amounts and the Regulated Business amounts. These differences arise due to the following:

- Certain accounts, such as tax balances, capitalised finance charges, customer contributions revenue, intercompany amounts and impairment, are outside the scope of the Regulatory Accounts per Regulatory Guidelines; and
- Differences between accounting depreciation (i.e. calculated on a straight-line basis) and Regulatory depreciation (i.e. approved 'return of capital' allowance for the period).

All amounts reported were extracted from SAP General Ledger accounts, billing information or from another Templates within the Regulatory Accounts, except as detailed below:

- *Depreciation expenses*: For regulatory reporting, depreciation charges reflect the approved 'return of capital' allowance for the period (as contained in the Access Arrangement). These figures have been adjusted for CPI.
- *Finance Charges*: obtained via weighting the actual debt raising costs from the General Ledger across networks based on the Regulated Asset Based ("RAB") value of each network. As Interest costs are not brought to the Distribution businesses an adjustment is required to exclude it.

Distribution Revenue includes amounts relating to an under recovery from previous years.

### F1.3 - DISTRIBUTION BUSINESS

This table does not require any data population by AusNet Gas Services as it has pre-determined formulae by the AER were linked to the 'Regulated business base amount' column of table 1. *Income Statement* of template 1. *Income* of the historical regulatory accounts. Note table F1.1.3 Profit contains AER formulae for Profit before and after tax, with the resultant amounts agreeing to the historical 1 *Income* template.

#### **RECONCILIATION - PART A: GENERAL**

Section 1.4 (a) (b) requires a reconciliation of information to what was previously supplied to the AER, where information does not reconcile directly.

During the preparation of Template F1. Income, AusNet Gas Services identified an error in the reporting of debt raising costs in historical RINs in the 2015-2017 period. AusNet Gas Services has revised its reporting of debt raising costs. In addition, AusNet Gas Services identified an amount for UAFG that was incorrectly reported in 2015. These amounts have been corrected in template F1 income of the current RIN submission. The net impact of the below adjustments is not considered material.

Below is an unaudited table showing the reconciliation.



Template	Table	2015	2016	2017
1. Income	Table 1: Income statement	50,478,162	49,365,754	55,409,250
F1 Income	F1.3.2 - EXPENDITURE	50,999,711	51,042,968	56,564,774
<b>Difference</b>		<b>(521,549)</b>	<b>(1,677,214)</b>	<b>(1,155,524)</b>

#### Comments

UAFG Expense not reported in previous submission	(521,549)		
Correction of the reporting of debt raising costs		(1,677,214)	(1,155,524)

Template	Table	2015	2016	2017
3. Opex	Table 3.2: Operating expenditure	51,603,158	51,042,968	56,564,774
F4 Opex	F4.1.3 - DISTRIBUTION BUSINESS	50,999,711	51,042,968	56,564,774
<b>Difference</b>		<b>603,447</b>	<b>-</b>	<b>-</b>

#### Comments

UAFG Expense not reported in previous submission	(521,549)		
Correction of the reporting of debt raising costs	1,124,997		

**603,447**

#### Schedule of Adjustments

As required by Part B: Section 2.11 (c) a schedule of adjustments between the F1.1 Audited Statutory Accounts and F1.3 Distribution Business tables is disclosed in Appendix A.

## F2. CAPEX

Capital Expenditure (“**Capex**”) includes all costs that are directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management. AusNet Gas Services capitalises overhead expenditure that is directly attributable to bringing an asset to its intended in-service state. This template discloses the gross capex by asset class applicable in the Access Arrangement’s AER final decision PTRM and includes customer contributions.

### F2.4 - CAPEX BY ASSET CLASS

#### Preparation and Methodology

#### F2.4.2- ACTUAL - AS INCURRED

Period	Type	Information	Assumption – Estimated Information
2011-2015	Public	Estimate	Total gross capex is actual data as it agrees to the Financial System. However, the allocation of capex into the asset classes is estimated data as the Financial System does not capture this level of detail. An assessment of each project is performed by a suitable SME to determine the allocation, and this allocation was used to apportion the actual expenditure into the asset classes.

Asset information was determined using data extracts from the previous Oracle ERP system by project/work code. A SME reviewed the data by project/work code and allocated them into the prescribed Regulatory Asset Classes. The data presented is gross capex. The reconciliation between the ‘Total capex allocation to regulatory asset classes’ to ‘Total allocation to Statutory Asset Base assets’ is derived based on information from previous Oracle ERP system and the SPFR.

RIN table F2.4.2 summarises the values sourced from previously submitted regulatory accounts to the AER based on the above methodology. The variables listed in table are those specified in the Access Arrangement of the Company. The variables in the table were linked to the ‘Purchase of Assets and Customer Contribution’ columns of table 2.3: *Capex by regulatory asset classes (including overheads)* of template 1. *Capital Expenditure* of the historical regulatory accounts. The table below lists the variables that were linked.

Variable	Source Table
Transmission Pipelines	Transmission Pipelines
Distribution Pipelines	Distribution Pipelines
Service Pipes	Service Pipes
Cathodic Protection	Cathodic Protection
Supply Regulators / Valve Stations	Supply Regulators / Valve Stations
Meters	Meters
SCADA and remote control	SCADA and remote control
Other - IT	Other - IT
Other - non-IT	Other - non-IT
Non-approved asset class - Non- Network Leasehold Land & Buildings - CY19	Not applicable
Land	Not applicable

### **RECONCILIATION - PART A: GENERAL**

Section 1.4 (a) (b) requires a reconciliation of information to what was previously supplied to the AER, where information does not reconcile directly.

For the 2011-2015 period, AusNet Gas Services did not separately report Non-Reference Services in table 2.3: Capex by regulatory asset classes (including overheads) in the historical RIN’s. Reference Services Capex and Non-Reference Services Capex were combined in historic submissions. AusNet Gas Services estimated and removed the impact of Non-Reference Service Capex and revised its reporting of this information in table F2.4.2 of the current RIN.

Below is an unaudited table showing the reconciliation.

	EXPENDITURE				
	S0's, nominal				
	2011	2012	2013	2014	2015
CAPEX BY ASSET CLASS (As per the submission)	82,881,008	92,878,165	93,858,968	119,150,378	95,725,832
CAPEX BY ASSET CLASS (Revised Template - F2.4.2- ACTUAL - AS INCURRED)	81,643,251	92,145,490	92,438,917	117,693,567	94,969,007
Variance	1,237,757	732,675	1,420,051	1,456,812	756,825

The variance is attributable to Non-Reference Service capex.

Period	Type	Information	Assumption – Estimated Information
2016-2017	Public	Actual	N/A
2016-2017	Public	Estimate	Total gross capex is actual data as it agrees to the Financial System. However, the allocation of capex into Customer Contributions for Distribution Pipelines, Service Pipes, Supply Regulators / Valve Stations and Meters, asset classes is estimated data as the Financial System does not capture this level of detail. An assessment of each project is performed by a suitable SME to determine the allocation, and this allocation was used to apportion the actual expenditure into the asset classes.

All asset classes other than Distribution Pipelines, Service Pipes, Supply Regulators / Valve Stations and Meters, asset classes are actual information.

Asset information was determined using data extracts from SAP by project/work code. A SME reviewed the data by project/work code and allocated them into the prescribed Regulatory Asset Classes. The data presented is gross capex. The reconciliation between the 'Total capex allocation to regulatory asset classes' to 'Total allocation to Statutory Asset Base assets' is derived based on information from SAP and the SPFR.

RIN table F2.4.2 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables listed in table are those specified in the Access Arrangement of the Company. The variables in the table were linked to the 'Purchase of Assets and Customer Contribution' columns of table 2.3: *Capex by regulatory asset classes (including overheads)* of template 1. *Capital Expenditure* of the historical regulatory accounts. The table below lists the variables that were linked.

Variable	Source Table
Transmission Pipelines	Transmission Pipelines
Distribution Pipelines	Distribution Pipelines
Service Pipes	Service Pipes
Cathodic Protection	Cathodic Protection
Supply Regulators / Valve Stations	Supply Regulators / Valve Stations
Meters	Meters
SCADA and remote control	SCADA and remote control
Other - IT	Other - IT
Other - non-IT	Other - non-IT
Non-approved asset class - Non- Network	Not applicable
Leasehold Land & Buildings - CY19	
Land	Not applicable

Period	Type	Information	Assumption – Estimated Information
2018-2019	Public	Actual	N/A

Data reported was sourced from SAP based on Capex master data project information. Classifications were determined using project work codes. This data was reviewed by an experienced SME and any necessary project reclassifications were made. The SME also reviewed and allocated the data by project into the prescribed regulatory asset classes. The amounts disclosed in the table F2.4.2 is gross capex and includes any associated customer contributions. Information is reported in the asset classes specified in the applicable access arrangement's AER final decision PTRM. AusNet Gas Services adopted the new accounting standard, AASB16 – Leases which broadly changes the treatment of operating leases. Although the adoption date by the AusNet Services Group was 1 April 2019, under the transition, the adoption date was 1 January 2019. This means that AusNet Gas Services disclosed the impact of the new accounting standard effective 1 January 2019.

## Template Errors

AusNet Gas Services advises the AER that in the AER designed table 'F2.4.2- Actual - As Incurred' that the 'Year' headings are incorrect. AusNet Gas Services has assumed these to represent the years required by the Notice i.e. 2011 to 2019.

#### F2.4.3 - MOVEMENT IN PROVISIONS ALLOCATED TO AS-INCURRED CAPEX

Period	Type	Information	Assumption – Estimated Information
2011-2017	Public	Estimated	This information is considered estimated information as the allocation between opex and capex movement were based on a labour calculation.

RIN table F2.4.3 summarises the values sourced from submitted regulatory accounts to the AER. The variables listed in table are those specified in the Access Arrangement of the Company. The variables in the table were linked to the 'Regulated business segment base amount' column of table 4.2: Allocation of movements in provisions of template 4. Movements in provisions of the historical regulatory accounts. The table below lists the variables that were linked.

Variable	Source Table
Transmission Pipelines	Transmission Pipelines
Distribution Pipelines	Distribution Pipelines
Service Pipes	Service Pipes
Cathodic Protection	Cathodic Protection
Supply Regulators / Valve Stations	Supply Regulators / Valve Stations
Meters	Meters
SCADA and remote control	SCADA and remote control
Other - IT	Other - IT
Other - non-IT	Other - non-IT
Buildings	Not applicable
Non-approved asset class - Non- Network Leasehold Land & Buildings - CY19	Not applicable
Land	Not applicable

#### RECONCILIATION - PART A: GENERAL

Section 1.4 (a) (b) requires a reconciliation of information to what was previously supplied to the AER, where information does not reconcile directly.

For the 2013-2015 period, AusNet Gas Services included Non-Reference Services in table 4.1 Total movements in provisions of the historical RIN's. AusNet Gas Services has removed the estimated impact of movements in provisions relating to Non-Reference Services and revised its reporting of this information in table F2.4.3 of the current RIN.

Below is an unaudited table showing the variance by asset class of the revised RIN compared to the previous AER submissions.

Variance Revised vs Previous submission	EXPENDITURE \$0's, nominal		
	2013	2014	2015
Transmission Pipelines	(400)	(1,715)	(540)
Distribution Pipelines	(532)	282	152
Service Pipes	248	817	(80)
Cathodic Protection	19	9	9
Supply Regulators / Valve Stations	76	85	155
Meters	69	180	(96)
SCADA and remote control	20	7	20
Other - IT	489	333	365
Other - non IT	11	1	16
Non-approved asset class - Non- Network Leasehold Land & Buildings - CY19	-	-	-
Buildings	-	-	-
Land	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

Period	Type	Information	Assumption – Estimated Information
2018-2019	Public	Estimated	Movements in provisions are not recorded by the categories of this table in the financial systems of AusNet Gas Services. The Company adopted an allocation methodology as described below.

AusNet Gas Services has provision obligations for which it is liable. The table below lists the provisions recorded in the financial statements of this business and which provisions have opex and capex movement components.

Provision Name	Opex Movements	Capex Movements
Provision for Doubtful Debts	Yes	No
Employee Entitlements	Yes	Yes
Uninsured Losses Provision	Yes	No
Environmental Provision	Yes	No
Superannuation Provision	Yes	Yes
Miscellaneous Provision	Yes	No

This table requires movements in provisions applicable to Capex and how they are applied to the prescribed RIN categories. As AusNet Gas Services does not record movements in provisions as required by the template it estimated the capex allocation to these categories.

The capex movement component for each Provision was sourced from the 'F7 Provision' template which was aggregated and then allocated to the prescribed capex categories on a pro rata basis using the asset class category amounts in table F2.4.2.

### Template Errors

AusNet Gas Services advises the AER that in the AER designed table 'F2.4.3 - Movement in Provisions Allocated to As-Incurred' Capex that the 'Year' headings are incorrect. AusNet Gas Services has assumed these to represent the years required by the Notice i.e. 2011 to 2019.

## F2.5 - CAPITAL CONTRIBUTIONS BY ASSET CLASS

### Preparation and Methodology

#### F2.5.1 - ACTUAL - AS INCURRED

Period	Type	Information	Assumption – Estimated Information
2011-2015	Public	Estimate	Total gross capex is actual data as it agrees to the Financial System. However, the allocation of capex into the asset classes is estimated data as the Financial System does not capture this level of detail. An assessment of each project is performed by a suitable SME to determine the allocation, and this allocation was used to apportion the actual expenditure into the asset classes.

A SME reviewed the data by project/work code and allocated them into the prescribed Regulatory Asset Classes. Details of customer contributions were extracted from previous Oracle ERP system by project. The same project allocations applied to projects for the Assets, as described in section 2.4.2 were applied to the corresponding Customer Contributions to determine the Regulatory Asset Classes.

RIN table F2.5 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables listed in table are those specified in the Access Arrangement of the Company. The variables in the table were linked to the 'Customer contributions' column of table 2.3: *Capex by regulatory asset classes (including overheads)* of template 1. *Capital Expenditure* of the historical regulatory accounts. The table below lists the variables that were linked.

Variable	Source Table
Transmission Pipelines	Transmission Pipelines
Distribution Pipelines	Distribution Pipelines
Service Pipes	Service Pipes
Cathodic Protection	Cathodic Protection
Supply Regulators / Valve Stations	Supply Regulators / Valve Stations

Variable	Source Table
Meters	Meters
SCADA and remote control	SCADA and remote control
Other - IT	Other - IT
Other - non-IT	Other - non-IT
Non-approved asset class - Non- Network Leasehold Land & Buildings - CY19	Not applicable
Land	Not applicable

## RECONCILIATION - PART A: GENERAL

Section 1.4 (a) (b) requires a reconciliation of information to what was previously supplied to the AER, where information does not reconcile directly.

For the 2011-2015 period, AusNet Gas Services did not separately report Non-Reference Services in table 2.3: Capex by regulatory asset classes (including overheads) in the historical RINs. Reference Services Capex and Non-Reference Services Capex were combined in historic submissions. AusNet Gas Services removed the estimated impact of Non-Reference Services and revised its reporting of this information in table F2.5.1 of the current RIN.

Below is an unaudited table showing the reconciliation.

	EXPENDITURE				
	\$0's, nominal				
	2011	2012	2013	2014	2015
CAPITAL CONTRIBUTIONS BY ASSET CLASS (As per the submission)	3,501,511	3,535,809	9,768,816	28,082,363	6,128,488
CAPITAL CONTRIBUTIONS BY ASSET CLASS (Revised Template - F2.5.1- ACTUAL - AS INCURRED)	2,385,620	3,091,310	8,908,576	27,302,834	5,653,887
Variance	1,115,891	444,499	860,240	779,529	474,601

The variance is attributable to Non-Reference Service capital contributions.

Period	Type	Information	Assumption – Estimated Information
2016-2017	Public	Actual	N/A
2016-2017	Public	Estimate	The allocation of customer contributions for Distribution Pipelines, Service Pipes, Supply Regulators / Valve Stations and Meters, asset classes is estimated data as the Financial System does not capture this level of detail. An assessment of each project is performed by a suitable SME to determine the allocation, and this allocation was used to apportion the actual expenditure into the asset classes.

All asset classes other than Distribution Pipelines, Service Pipes, Supply Regulators / Valve Stations and Meters, asset classes are actual information.

A SME reviewed the data by project/work code and allocated them into the prescribed Regulatory Asset Classes. Details of customer contributions were extracted from SAP by project. The same project allocations applied to projects for the Assets, as described in section 2.4.2 were applied to the corresponding Customer Contributions to determine the Regulatory Asset Classes.

RIN table F2.5 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables listed in table are those specified in the Access Arrangement of the Company. The variables in the table were linked to the 'Customer contributions' column of table 2.3: Capex by regulatory asset classes (including overheads) of template 1. Capital Expenditure of the historical regulatory accounts. The table below lists the variables that were linked.

Variable	Source Table
Transmission Pipelines	Transmission Pipelines
Distribution Pipelines	Distribution Pipelines
Service Pipes	Service Pipes
Cathodic Protection	Cathodic Protection
Supply Regulators / Valve Stations	Supply Regulators / Valve Stations
Meters	Meters
SCADA and remote control	SCADA and remote control

Variable	Source Table
Other - IT	Other - IT
Other - non-IT	Other - non-IT
Non-approved asset class - Non- Network Leasehold Land & Buildings - CY19	Not applicable
Land	Not applicable

Period	Type	Information	Assumption – Estimated Information
2018-2019	Public	Actual	N/A

Data reported was sourced from SAP based on customer contribution master data project information. Classifications were determined using project work codes. This data was reviewed by an experienced SME and any necessary project reclassifications were made. The SME also reviewed and allocated the data by project into the prescribed regulatory asset classes.

### Template Errors

AusNet Gas Services advises the AER that in the AER designed table 'F2.5 - Capital Contributions by Asset Class' that the 'Year' headings are incorrect. AusNet Gas Services has assumed these to represent the years required by the Notice i.e. 2011 to 2019.

## F2.6 - DISPOSALS BY ASSET CLASS

### Preparation and Methodology

#### F2.6.2 - ACTUAL

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

AusNet Gas Services disposed of a non-IT asset (Land) during 2018. This information was sourced from the financial systems of the Company.

### Template Errors

AusNet Gas Services advises the AER that in the AER designed table 'F2.6 - Disposals by Asset Class' that the 'Year' headings are incorrect. AusNet Gas Services has assumed these to represent the years required by the Notice i.e. 2011 to 2019.

## F2.7 - IMMEDIATE EXPENSING CAPEX

#### F2.7.1 - ACTUAL - AS INCURRED

The AusNet Gas Services entity does not submit an individual tax return. It is included as part the Group's annual tax return. The Group's tax return is based on its reporting year being April to March which differs from the AusNet Gas Services' Regulatory year, which is calendar year based.

Period	Type	Information	Assumption – Estimated Information
2011-2012	Confidential	Estimate	The estimation is derived from the conversion of information from the AusNet Services' Group's reporting year to a calendar year. In addition, AusNet Gas Services also allocated its immediate expensing of capex using the ratio of capex spend in table F2.4.2 to the asset classes. See below for further detail.

For this reporting period the Group included the following capex items as immediate expensing of capex in its tax return.

### Capitalised Overheads (Overheads)

- These overheads were sourced from historical tax fixed asset register reports previously extracted from AusNet Gas Services' decommissioned financial system. The overheads included in the tax return were based on when the asset was commissioned or placed in service.

### Capitalised Financing costs (CFC's)

- These CFC's were sourced from historical tax fixed asset register reports previously extracted from AusNet Gas Services' decommissioned financial system. The CFC's included in the tax return were based on when the asset was commissioned or placed in service.
- Although these are immediately expensed for tax purposes, they are excluded from capex additions reported in the RINs.

#### **Assets with a tax useful life of less than 1-year**

- These assets were sourced from historical tax fixed asset register reports previously extracted from AusNet Gas Services' decommissioned financial system. The data sourced was filtered in the year to date depreciation and for assets that had zero 'life years' for financial years FY11 and FY12 respectively.

Table 2.7.1 requires that the pipeline service provider must report its immediate expensing of capex on an 'as incurred' basis. As the AusNet Services Group bases its immediate expensing of capex (*capitalised overheads and Assets with a tax useful life of less than 1-year*) on when the asset was commissioned, it estimated the amounts for this table using the following methodology. This is regarded as Management's best estimate.

#### Preparation and Methodology

##### **Capitalised Overheads**

As noted above AusNet Gas Services sourced the overheads from historical tax fixed asset registers. It checked the overheads were the same as used in the Group's tax return support schedules. As the tax return is based on a different reporting period to that of the AusNet Gas Services' regulatory year, it applied the following ratio to convert the overhead amounts to a calendar year.

#### Conversion to a calendar year

Period	Methodology
Calendar Year 2011	Applied 75% (9 months) of the Apr 11 - Mar 12 and 25% (3 months) of the Apr 10 – Mar 11 overhead and assets with a useful life of less than 1-year amounts.
Calendar Year 2012	Applied 75% (9 months) of the Apr 12 - Mar 13 and 25% (3 months) of the Apr 11 – Mar 12 overhead amounts. CY12, only includes 25% of FY12 as the practice of deduction assets with a tax useful life of < 1year stopped at the end of FY12.

The result of the calculation above, created the total estimated overhead amounts. The estimated amounts were allocated to the PTRM asset class categories using the ratio of the amounts in each asset class to the total capex spend reported in table F2.4.2, excluding Non-approved asset class - Non- Network Leasehold Land & Buildings - CY19 which does not attract overheads.

#### **Assets with a tax useful life of less than 1-year**

As noted above AusNet Gas Services sourced these amounts from historical tax fixed asset registers. These amounts are included in the tax depreciation values of the Group's tax return support schedules. The tax register spreadsheet was filtered by the AusNet Gas Services company code (143), life years (zero value) and date placed in service for FY11 and FY12, respectively (two separate years). The result becomes the value of assets with a tax useful life of less than 1 year and incurred during FY11 and FY12, respectively.

The result of the calculation above, created the total estimated overhead amounts. The estimated amounts were allocated to the PTRM asset class categories using the ratio of the amounts in each asset class to the total capex spend reported in table F2.4.2, excluding Non-approved asset class - Non- Network Leasehold Land & Buildings - CY19 which does not attract overheads.

Period	Type	Information	Assumption – Estimated Information
2013-2019	Confidential	Estimate	The estimation is derived from the conversion of information from the AusNet Services Group reporting year to a calendar year. In addition, AusNet Gas Services also allocated its immediate expensing of capex using the ratio of capex spend in table F2.4.2 to the asset classes. See below for further detail.

For this reporting period the Group included the following capex items as immediate expensing of capex in its tax return.

#### **Capitalised Overheads (Overheads)**



- These overheads were sourced from historical tax fixed asset register reports previously extracted from AusNet Gas Services' decommissioned financial system for the period 2013 to May 2015. Post this period information is sourced from its current financial system (SAP).
- The overheads included in the tax return were based on when the asset was commissioned or placed in service up to FY19. The Group's policy changed to an incurred basis from FY20.

#### **Capitalised Financing costs (CFC's)**

- These CFC's were sourced from historical tax fixed asset register reports previously extracted from AusNet Gas Services' decommissioned financial system for the period 2013 to May 2015. Post this period information is sourced from its current financial system (SAP).
- The CFC's included in the tax return were based on when the asset was commissioned or placed in service up to FY19. The Group's policy changed to an incurred basis from FY20.
- Although these are immediately expensed for tax purposes, they are excluded from capex additions reported in the RINs.

Table 2.7.1 requires that the pipeline service provider must report its immediate expensing of capex on an 'as incurred' basis. As the AusNet Services Group bases its immediate expensing of capex on when the asset was commissioned, it estimated the amounts for this table using the following methodology. This is regarded as Management's best estimate.

#### Preparation and Methodology

##### **Capitalised Overheads**

As noted above, AusNet Gas Services sourced the overheads from historical tax fixed asset registers. It checked, the overheads were the same as used in the Group's tax return support schedules. As the tax return is based on a different reporting period to that of the AusNet Gas Services' regulatory year, it applied the following ratio to convert the overhead amounts to a calendar year.

#### Conversion to a calendar year

<b>Period</b>	<b>Methodology</b>
Calendar Year 2013-19	Example: applied 75% (9 months) of the Apr 19 - Mar 20 and 25% (3 months) of the Apr 18 – Mar 19 overhead amounts. This method was applied retrospectively to the prior reporting periods.

The result of the calculation above, created the total estimated overhead amounts. The estimated amounts were allocated to the PTRM asset class categories using the ratio of the amounts in each asset class to the total capex spend reported in table F2.4.2, excluding Non-approved asset class - Non- Network Leasehold Land & Buildings - CY19 which does not attract overheads.

## F3. REVENUE

### F3.1 - REFERENCE SERVICES

#### Preparation and Methodology

#### F3.1.1 - REVENUE - BY TARIFF

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

Revenue from Reference Services was sourced from the billing system (Kinetiq) and the accruals calculation. The accruals are based on an algorithm in a Microsoft SQL database. The algorithm determines the relationship between billed volumes (from Kinetiq) and weather. It then applies this relationship to the unbilled period, using actual weather where available and average weather where unavailable (usually for the period between when the accrual is run and the last day of the month).

Revenue therefore reflects the amounts billed to retailers for each Reference Service, plus any accrued (unbilled) revenue which has been earned in the relevant year, but not yet billed.

The data is then categorised into the demand by customer type and the relevant demand by Tariff.

### F3.2 - ANCILLARY REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2011-2017	Public	Actual	N/A

RIN table F3.2 summarises the values sourced from previously submitted regulatory accounts to the AER.

Period	Type	Information	Assumption – Estimated Information
2018-2019	Public	Actual	N/A

Revenue for 2018-19 for each type of Ancillary Reference Service is derived from the billing system (Kinetiq) and reflects the services charged to retailers in the relevant regulatory year. This approach is consistent with the preparation methodology for years 2011-17 above which has been previously reported.

### F3.3 - REBATEABLE SERVICES

AusNet Gas Services does not provide these services.

### F3.4 - NON-REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2011-2017	Public	Actual	N/A

RIN table F3.4 summarises the values sourced from submitted regulatory accounts to the AER.

Period	Type	Information	Assumption – Estimated Information
2018-2019	Public	Actual	N/A

The information reported in the table was sourced from the financial and billing systems of AusNet Gas Services based on the services supplied to customers.

### F3.5 - TOTAL REVENUE

This table is derived by AER created formulae and requires no direct input.

### F3.6 - REWARDS AND PENALTIES FROM INCENTIVE SCHEMES

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual	N/A

The efficiency carryover incentive scheme was the only incentive scheme which led to an increase or decrease in regulated revenue over the 2011-2019 period.

Efficiency carryover revenue or penalties were calculated in the following manner:

1. Sum the nominal efficiency carryover allowance contained within each five-year GAAR determination (2008-2012, 2013-2017, 2018-2022).
2. Profile each five-year total within the relevant GAAR period by the smoothed revenue forecast approved in that period. For example, if the five-year total for the efficiency carryover allowance was \$10M and the smoothed revenue forecast allowed for \$200M per year of revenue, the \$10M would be allocated equally to each of the five years (\$2M p.a.). If the smoothed revenue profile was more 'back ended', then the efficiency carryover revenue allocated to the end of the five-year period would be higher than was allocated at the start of the period.
3. Using steps (1) and (2) above, the amount of revenue earned in a given year from the efficiency carryover scheme was reported in table F3.6.

Below is a table that shows a reconciliation for material differences between the Revenue amounts reported in the F1 Income template (table F1.3.1) and the F3 Revenue template (table 3.5).

<b>Revenue Reconciliations</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
F1.3.1 - Total Revenue	212,067,473	215,981,851	203,342,000	209,494,393
F3.5 - Total Revenue	202,718,129	215,197,012	196,659,164	206,478,825
<b>Difference</b>	<b>9,349,344</b>	<b>784,839</b>	<b>6,682,836</b>	<b>3,015,568</b>
Historical billing corrections adjustments	9,474,963	658,481	-	-
UAFG revenue (does not affect F3 template)	-	-	2,119,039	3,015,166
Miscellaneous Revenue	(125,619)	125,619	4,563,797	-
Other		739		402
<b>Total Difference</b>	<b>9,349,344</b>	<b>784,839</b>	<b>6,682,836</b>	<b>3,015,568</b>

**The difference represents:**

- Prior period billing adjustments which were reflected in the statutory and regulatory accounts. AusNet Gas Services did not amend the billing at a detailed tariff level as the underlying historical information was readily available.
- AusNet Gas Services changed its reporting from disclosing Net UAFG in Opex to disclosing its rewards as Revenue and penalties as Opex.
- Miscellaneous revenue from a connection that is not customer contribution in nature.

## F4. OPERATING EXPENDITURE

### F4.1 - OPEX - BY PURPOSE

#### Preparation and Methodology

#### F4.1.1 - AUDITED STATUTORY ACCOUNTS

Period	Type	Information	Assumption – Estimated Information
2011-2017	Confidential	Actual	N/A

RIN table F4.1.1 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables in the table pre-populated by the AER, were linked to the 'Statutory accounts base amount' column of table 3.2 *Operating Expenditure* of template 3. *Operating Expenditure* of the historical regulatory accounts. *Note:* Unaccounted for Gas is a category that was not separately disclosed in the historical Opex template and was included in Network operating costs. AusNet Gas Services sourced this cost from its trial balance which reconciles to the audited SPFR in aggregate.

*Note:* for the period 2011-15, AusNet Electricity Services and AusNet Gas Services were combined in the financial systems of the AusNet Services Group. Functionality existed in the financial system to enable the separation of the financials associated with the two business.

Period	Type	Information	Assumption – Estimated Information
2018-2019	Confidential	Actual	N/A

Data reported was sourced from the trial balance which reconciles in aggregate to the audited SPFR and an internal Operating Expense Allocation model which is also used to map opex items to the AER pre-populated categories.

#### F4.1.2 - ADJUSTMENTS

Period	Type	Information	Assumption – Estimated Information
2011-2017	Confidential	Actual	N/A

RIN table F4.1.2 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables in the table pre-populated by the AER, were linked to the 'Adjustments' column of table 3.2 *Operating Expenditure* of template 3. *Operating Expenditure* of the historical regulatory accounts.

Period	Type	Information	Assumption – Estimated Information
2018-2019	Confidential	Actual	N/A

Adjustments reported are the differences between the audited SPFR amounts and the Regulated Business amounts. A schedule of the differences are disclosed appendix B in accordance the RIN requirements.

*Note:* for this reporting period AusNet Gas Services will not report net value for UAFG. UAFG rewards will be reported in 'Other Revenue' in tables F1.1.1 - Revenue and F1.3.1 – Revenue of template F1. Income. The corresponding UAFG penalties will be reported as expenditure in tables F4.1.1 – Audited Statutory Accounts and F4.1.3 - Distribution Business of template F4. Opex.

#### F4.1.3 - DISTRIBUTION BUSINESS

Period	Type	Information	Assumption – Estimated Information
2011-2017	Public	Actual	N/A

RIN Table F4.1.3 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables in the table pre-populated by the AER, were linked to the 'Regulated business segment base amount' column of table 3.2 *Operating Expenditure* of template 3. *Operating Expenditure* of the historical regulatory accounts.

*Note:* Unaccounted for Gas is a category that was not separately disclosed in the historical Opex template and was included in Network operating costs. AusNet Gas Services sourced this cost from its trial balance which reconciles in aggregate to the audited SPFR.

Period	Type	Information	Assumption – Estimated Information
2018-2019	Public	Actual	N/A

AusNet Gas Services records costs directly to projects and services where possible and appropriate. Where costs are not directly project costed, activity-based costing is used to allocate costs across projects and services.

SAP uses work codes to record costs against the relevant pre-populated categories in the table.

**Schedule of Adjustments**

As required by Part B: Section 2.14 (b) a schedule of adjustments between the F4.1 Audited Statutory Accounts and F4.3 Distribution Business tables is disclosed in Appendix B.

## F6. RELATED PARTY TRANSACTIONS

### F6.1 - AusNet (Gas) PAYMENTS GREATER THAN \$1,000,000 MADE TO RELATED PARTY

#### F6.1.1 – EXPENDITURE

##### Preparation Methodology:

Related Party transaction amounts were determined based on a report generated in the financial systems of the Company using the related party vendor data. Transactions shown are the aggregate amounts for related parties where the total of the transactions in the Regulatory Year exceeds \$1,000,000.

Period	Type	Information	Assumption – Estimated Information
2011-2017	Confidential	Actual	N/A

RIN table F6.1.1 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables in the table were linked to table 6.1: *Related party transactions greater than \$1,000,000 - payments* of template 6. *Related Parties* of the historical regulatory accounts.

Period	Type	Information	Assumption – Estimated Information
2018-2019	Confidential	Actual	N/A

Related Party transaction amounts were determined based on a report generated from the financial systems of the Company using the related party vendor data. Transactions shown are the aggregate amounts for related parties where the total of the transactions in the Regulatory Year exceeds \$1,000,000.

#### F6.1.2 - CORRESPONDING EXPENSES INCURRED BY RELATED PARTY

Period	Type	Information	Assumption – Estimated Information
2011-2019	Confidential	Estimate	As the corresponding expenses and margins were not confirmed by related parties, AusNet Gas Services assumed that the cost it incurred is a reasonable representation of its related parties' expenses. It also deducted estimated margins for applicable related parties from the assumed corresponding expenses.

##### Preparation Methodology:

As the corresponding expenses and margins were not confirmed by related parties, AusNet Gas Services assumed that the cost it incurred is a reasonable representation of its related parties' expenses. It also deducted estimated margins for applicable related parties from the assumed corresponding expenses.

### F6.2 - AusNet (Gas) PAYMENTS GREATER THAN \$1,000,000 RECEIVED FROM RELATED PARTY

#### F6.2.1 – REVENUE

Period	Type	Information	Assumption – Estimated Information
2011-2019	Confidential	Actual	N/A

##### Preparation Methodology:

AusNet Gas Services did not have such transactions.

#### F6.2.2 - CORRESPONDING EXPENSES INCURRED BY AusNet (Gas)

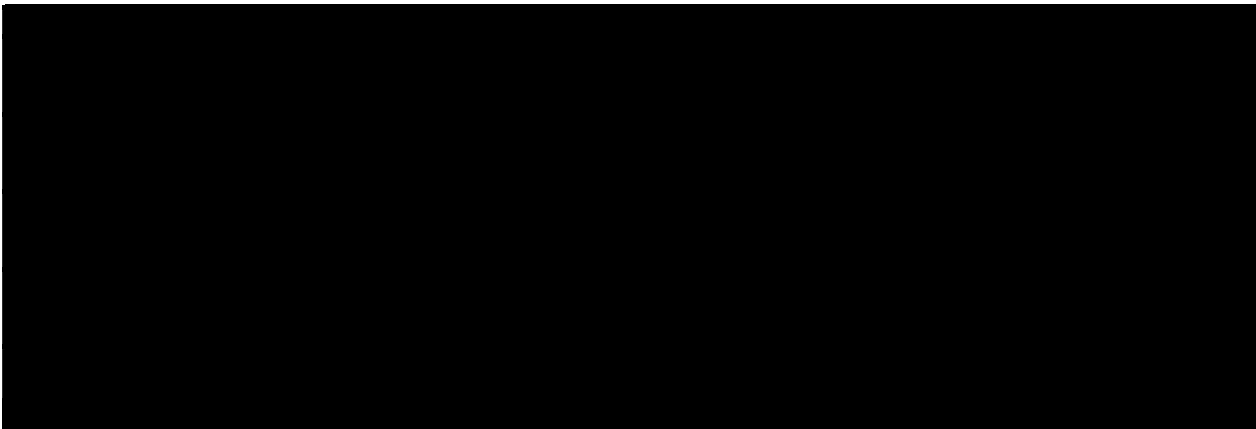
Period	Type	Information	Assumption – Estimated Information
2011-2019	Confidential	Actual	N/A

##### Preparation Methodology:

AusNet Gas Services did not have such transactions.

F6.3 - RELATED PARTY MARGIN EXPENDITURE - BY CATEGORY

Where AusNet Gas Services does not have visibility of related party margins, a nil value is reported. The table below shows AusNet Gas Services' estimated Related Party Margins incurred (\$k) but based the margins on in related party contracts.



F6.3.1 – CAPEX

Period	Type	Information	Assumption – Estimated Information
2011-2019	Confidential	Estimated	As AusNet Gas Services was unable to confirm the actual margins from the related parties, it assumed the margins to be consistent with the margins listed in related party contracts with these entities.

Preparation Methodology:

As AusNet Gas Services was unable to confirm the actual margins from some of their related parties, it assumed the margins to be consistent with the margins listed in related party contracts with these entities (ZNX (2) Pty Ltd). AusNet Gas Services calculated the margins on the costs charged by the related party and applied the margins to capex work codes in which they were recorded. The margins in the work codes are mapped to the categories listed in the table.

F6.3.2 – OPEX

Period	Type	Information	Assumption – Estimated Information
2011-2019	Confidential	Actual	N/A

Preparation Methodology:

AusNet Gas Services did not have any related party margins with these related parties.

F6.4 - PER CENTAGE OF CAPEX OUTSOURCED TO RELATED PARTY

Period	Type	Information	Assumption – Estimated Information
2011-2015	Confidential	Estimate	As the previous Financial System did not capture this level of detail. The capex categories used in the calculation of the percentage capex outsourced to related parties and disclosed in table E1.1.1, is estimated information making the percentages for this period an estimate. Refer to section E1.1.1 for further disclosure about the nature of the estimated information.

**Related Parties (Jemena, CLM, Zinfra and SPI Management Services)**

The previous Financial System did not capture the level of detail required by this table. Based on the capex cost component for each of these related parties, AusNet Gas Services calculated a percentage by dividing the total related party capex for these entities, by the of the sum of the capex category (sourced from table E1.1.1 excluding ICT capital contributions and capitalised overhead) for which capex services were provided. The resultant

percentage was applied to the individual capex categories that formed part of the calculation above with the outcome being the estimated capex cost by capex category and associated related party. These were summated by capex category e.g. connection, mains replacement, etc. and divided by its total associated capex cost category disclosed in table E1.1.1, to form the percentage disclosed in table F6.4. The capex categories used in the calculation of the percentage capex outsourced to related parties and sourced from table E1.1.1, is estimated information making the percentages for this period an estimate.

**Related Parties (EB Services)**

EB Services provided IT services. The previous Financial System did not capture the level of detail required by this table. Based on the capex cost component of this related party, AusNet Gas Services calculated capex outsourced to related party percentage by dividing the total related party capex for this entity, by the ICT capex category (sourced from table E1.1.1) to form the percentage disclosed in table F6.4. The ICT capex category used in the calculation of the percentage capex outsourced to related parties and sourced from table E1.1.1, is estimated information making the percentages for this period an estimate.

Period	Type	Information	Assumption – Estimated Information
2016-2019	Confidential	Actual	N/A

AusNet Gas Services was able to trace the actual related party capex costs to work codes which map to the RIN table categories in the table.

**F6.5 - PER CENTAGE OF OPEX OUTSOURCED TO RELATED PARTY**

Period	Type	Information	Assumption – Estimated Information
2011-2019	Confidential	Actual	N/A

Based on the opex costs from its related parties AusNet Gas Services calculated a percentage of the total opex costs.



## F7. PROVISIONS

Provisions are recognised when AusNet Gas Services has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount of the provision can be measured reliably. Provisions are not recognised for future operating losses. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the relevant reporting date, considering the risks and uncertainties surrounding the obligations. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

### Preparation and Methodology

The information disclosed in the template is sourced from the financial statements of the Company meaning the opening and closing balances are Actual Information. However, the movements in provisions attributed to Capex and Opex is considered Estimated Information as the level of disaggregation into these categories are not separately captured in SAP. To determine the proportion of the provisions that should be classified as Capex and Opex, AusNet Gas Services used its labour costs sourced from its overheads opex and capitalised opex project costs for the relevant periods and calculated a percentage split of labour opex and capex to the total labour costs. AusNet Gas Services applied the resultant percentage to the applicable provisions movements to estimate the split into Capex and Opex. This is considered Management's best estimate based on the data available. The provision movements classified as "Other" are movements to the balance sheet and Environmental Provisions is because of changes in the discount rates.

Period	Type	Information	Assumption – Estimated Information
2011-2017	Public	Actual Estimate	Opening and closing balances As described in above methodology, the split between capex and opex movement in provisions are estimated.

RIN table F7 summarises the values sourced from previously submitted regulatory accounts to the AER. The variables in the table pre-populated by the AER, were linked to the 'Regulated business segment base amount' column of table 4.3: *Provisions accounts* of template 4. *Movements in Provisions* of the historical regulatory accounts.

Period	Type	Information	Assumption – Estimated Information
2018-2019	Public	Actual Estimate	Opening and closing balances To determine the proportion of the provisions that should be classified as Capex and Opex, AusNet Gas Services used its labour costs sourced from its overheads opex and capitalised opex project costs for the relevant periods and calculated a percentage split of labour opex and capex to the total labour costs. AusNet Gas Services applied the resultant percentage to the applicable provisions movements to estimate the split into Capex and Opex.

As described above, the opening and closing balances of the provisions are Actual Information as they are sourced from the financial systems of the Company with the split of the provision movements between capex, opex and other considered Estimated Information.

Based on the nature of the data requested, this will always be reported as 'Estimated' in future submissions.

Below is a table that shows which provision has opex and capex allocations.

Provision Name	Opex Movements	Capex Movements
Provision for Doubtful Debts	Yes	No
Employee Entitlements	Yes	Yes
Uninsured Losses Provision	Yes	No
Environmental Provision	Yes	No
Superannuation Provision	Yes	Yes
Miscellaneous Provision	Yes	No

## F9. PASS THROUGH

### F9.1 - PASS THROUGH EVENT EXPENDITURE

On 11 August 2016, AusNet Gas Services submitted a pass-through application that was approved by the AER during September 2016 for mains replacement. AusNet Gas Services' application was for costs to complete 85 km of mains replacement in addition to that approved in its 2013–17 access arrangement. The AER approved amount of the incremental replacement program was \$14.8M (real 2012 dollars). The application was to replace low pressure distribution mains with high pressure polyethylene mains. The replacement was to mitigate safety risk, reduce operating costs and improve supply reliability. The responsible replacement of aging mains, on a safety risk prioritisation basis, was a key mitigation control set out in AusNet Services Gas Safety Case.

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Estimate	AusNet Gas Services estimated these costs by using the forecast capex less the AER approved capex information contained in the model used to support the pass-through application. AusNet Gas Services believes this is its best estimate and further that the revised forecast was approved by the AER.

#### Preparation and Methodology

As part of the application a financial model was developed to support the cost of the incremental 85 kms of mains replacement. The forecast information was based information sourced from a variety of sources and based on the need by the applicable post code where the replacement program applied.

The template requires the actual costs incurred in relation to the approved pass through amount. AusNet Gas Services is unable to source this historical actual cost it incurred for the incremental mains laid. This in mainly due to the data being captured in its decommissioned financial systems. As required by the Notice, AusNet Gas Services estimated these costs by using the forecast capex less the AER approved capex information contained in the model used to support the pass-through application. AusNet Gas Services believes this is its best estimate and further that the revised forecast was approved by the AER.

AusNet Gas Services converted the approved pass through amount of \$14.8M (real 2012 dollars) to nominal dollars as required in the template.

#### **Additional Kms**

Source	2013	2014	2015	2016	2017	Total
Final Decision	90	90	90	90	55	415
Planned	108	123	98	85	83	500
Incremental	18	33	8	(2)	28	85

Source: Gas Access Arrangement 2013-17 Cost Pass Through Application Pg.9 of 17.

#### **Approved Pass Through Amount (Real 2012 Dollars)**

Source	2013	2014	2015	2016	2017	Total
Capex included in access arrangement	104.1	106.1	102.9	92.3	83.5	488.8
AusNet's revised total proposed capex	106.6	110.4	103.1	92.4	91.1	503.6
Pass-Through Approved (Real \$2012)	2.5	4.3	0.3	0.2	7.6	14.8
Pass-Through Approved (Nominal)	2.5	4.5	0.3	0.2	8.3	15.8

Source: AusNet Services gas mains replacement cost pass through - AER decision September 2016.

## F10. ASSETS

### F10.1 - CAPITAL BASE VALUES

This table is based on Regulatory methodology which although uses some accounting sourced financial information, it does not follow accounting concepts.

#### **Example:**

The additions reported in the F10 table is regarded as actual information for regulatory purposes. The AER's view is it considers the movement in capitalised provisions during the regulatory control period should be adjusted from capex inputs to the RFM. This approach means capitalised costs related to these provisions are only included in the RAB when they are paid out (incurred) by the business.

#### Preparation and Methodology

### F10.1 - CAPITAL BASE VALUES

Period	Type	Information	Assumption – Estimated Information
2011-2019	Public	Actual Estimate	N/A – additions (regulatory principle based) and disposals (accounting based) are actual information. AER confirmed that the RAB roll forward must use forecast straight-line depreciation (adjusted for inflation) rather than actual depreciation. As the depreciation is an estimate the Opening, Inflation and Closing amounts become estimates.

#### Preparation and Methodology

The RAB roll forward 2011 to 2019 has been prepared in accordance with the RIN instructions. The roll forward is a nominal roll forward approach using the AER's roll forward model (Version 2) for DNSP's.

#### Methodology

The 2011 opening RAB value, 2011 actual net capex, depreciation and inflation addition were sourced from the 2007-2012 ESC Final Decision RFM model for SP AusNet (Gas Distribution). There were no proceeds from sale of assets recorded in 2011.

For the roll forward commencing from 2012, actual gross capex, customer contributions and proceeds from sale of assets by RAB class were sourced from the annual regulatory accounts for 2012 through to 2019. In accordance with the RIN instructions, forecast final year capex was replaced with actual for years 2012 and 2017. Therefore, no end of period true ups were necessary for final year capex in the previous control period.

In accordance with the AER's standard approach, actual gross capex inputs (as-incurred) were sourced from the annual regulatory accounts and adjusted to remove capitalised provision movements (as-incurred basis).

Real straight-line depreciation by RAB class was sourced from the final decision Post Tax Revenue Model (PTRM) for the 2012-2017 and 2018-2022 control periods. These include 'SP AusNet PTRM - Final decision (Public)' and 'AusNet Services - PTRM - Final Decision - 2021 RoD update - Public.xlsm' respectively. Both determinations made by the AER confirm that the RAB roll forward must use forecast straight-line depreciation (adjusted for inflation) rather than actual depreciation.

Opening RAB indexation was applied using 1-year lagged inflation consistent with the all-lagged inflation approach in the Distribution RFM model.

## APPENDIX A – F1 INCOME TEMPLATE ADJUSTMENTS.

Part B Section 2.11 (c) (i) (ii) of Appendix E requires that for each adjustment made in table F1.2 the pipeline service provider must in the basis of preparation, specify the amount of the adjustment and describe the nature and basis of each adjustment. Below is a schedule of adjustments. There are some immaterial rounding items, which were not adjusted.

<b>F1.2.1 ADJUSTMENTS</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>F1.2.1 - INCOME</b>									
Prior Year billing adjustments									
Exclude Interest Income									
Exclude Non AusNet Gas Entities - 'Distribution Revenue'									
<b>Net UAFG disclosed as Dist Rev in Stat but Opex in Reg</b>									
<b>Total Distribution Revenue Adjustments</b>									
<b>Capital contributions - not carried to Reg Accounts</b>									
<b>Exclude Non AusNet Gas Entities - 'Other Revenue'</b>									
<b>TOTAL ADJUSTMENTS PER TABLE F1.2.1</b>									
<b>F1.2.2 ADJUSTMENTS</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>F1.2.2 - EXPENDITURE</b>									
Prior Year Stat. Account adj. (billing refunds, IT & utilities)									
Exclude UAFG penalties									
Exclude non-gas entity & intercompany mgmt fees									
<b>Operating expenditure adjustments total</b>									
<b>Adjusting to report Regulatory Depreciation in Reg Accounts</b>									
<b>Exclude Interest costs and non-gas entities</b>									
<b>Exclude Non AusNet Gas Entities &amp; Minor item</b>									
<b>Exclude Impairment Losses:</b>									
<b>TOTAL ADJUSTMENTS PER TABLE F1.2.2</b>									

**APPENDIX B – F4 OPEX TEMPLATE ADJUSTMENTS.**

Part B Section 2.14 (b) (i) (ii) of Appendix E requires that for each adjustment made in table F4.1.2 the pipeline service provider must in the basis of preparation, specify the amount of the adjustment and describe the nature and basis of each adjustment. Below is a schedule of adjustments. There are some immaterial rounding items, which were not adjusted.

<b>F4.1.2 - ADJUSTMENTS</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>F4.1.2 - OPEX</b>									
<b>Exclude Non Gas Entities - Maintenance</b>									
Prior Year Stat. Account adj. (billing refunds, IT & utilities)									
Exclude unaccounted for gas costs									
Exclude debt raising									
Exclude Non Gas Entities - marketing and retail incentives									
Exclude Non Gas Entities - GSL payments									
Exclude Non Gas Entities - netw ork operating costs									
Exclude Non Gas Entities - customer service									
Exclude Non Gas Entities - meter reading services									
Exclude Non Gas Entities - reg adjustments									
Exclude Non Gas Entities - billing & revenue corrections									
Exclude Non Gas Entities - out of scope entities									
<b>Operating expenditure adjustments total</b>									
<b>TOTAL ADJUSTMENTS PER TABLE F4.1.2</b>									

## APPENDIX C – SCHEDULE 1 VARIANCE VS PTRM

Schedule 1 section 1.6 requires the pipeline service provider to explain in the basis of preparation the reasons for each difference identified in section 1.5. The following unaudited tables and explanations present the actual outcomes recorded in the 2018 and 2019 RINs with amounts expressed in nominal (2019) dollars.

### Explanation of variances +/- 10% compared to Approved PTRM

#### Operating and Maintenance Expenditure (\$M)

Year	Item	Actual	PTRM	Variance	Variance (%)
2018	Operating and Maintenance expenditure	56.2	52.6	3.5	6.7
2019	Operating and Maintenance expenditure	53.8	53.3	0.5	0.9
	<b>TOTAL</b>	<b>110.0</b>	<b>105.9</b>	<b>4.0</b>	<b>7.6</b>

#### 2018

Operating and Maintenance Expenditure was \$56.2M compared to the approved PTRM of \$52.6M. As the percentage variance of 6.7% is below the threshold of  $\pm 10\%$ , no explanation is required.

#### 2019

Operating and Maintenance Expenditure was \$53.8M compared to the approved PTRM of \$53.3M. As the percentage variance of 0.9% is below the threshold of  $\pm 10\%$ , no explanation is required.

#### Capital Expenditure (\$M)

Year	Item	Actual	PTRM	Variance	Variance (%)
2018	Capital expenditure	93.4	104.1	(10.7)	(10.3)
2019	Capital expenditure	103.0	103.0	0.0	0.0
	<b>TOTAL</b>	<b>196.4</b>	<b>207.1</b>	<b>(10.7)</b>	<b>(5.2)</b>

#### 2018

Capital Expenditure was \$93.4M compared to the approved PTRM of \$104.1M. The 10.3% underspend is mostly attributable to the following:

- Underspend in Augmentation projects by \$6.4M. These projects have been deferred to calendar year 2020.
- Underspend in capex expenditure on IT projects by \$5.2M
- Overspend in connections by \$6.7M. This is mostly attributable to new residential customer growth connections.
- Increased customer contributions - which exceed the allowance by \$1.9M and is mostly driven by new residential customer growth connections.

#### 2019

Capital Expenditure was \$103M compared to the approved PTRM of \$103M. As the percentage variance of 0% is below the threshold of  $\pm 10\%$ , no explanation is required.

#### Total Volume of Gas Distributed (TJ)

Note the AER only approves a forecast for Tariff V volumes, this means that the table below does not include Tariff D/M volumes.

Year	Item	Actual	PTRM	Variance	Variance (%)
2018	Volume of Gas Distributed	37,845	37,799	46	0.1%
2019	Volume of Gas Distributed	38,805	38,054	751	2.0%
	<b>TOTAL</b>	<b>76,650</b>	<b>75,853</b>	<b>797</b>	<b>1.1%</b>

#### 2018

Total volume of gas distributed was 37,845 TJ compared to the approved PTRM of 37,799 TJ. As the percentage variance of 0.1% is below the threshold of  $\pm 10\%$ , no explanation is required.

**2019**

Total volume of gas distributed was 38,805 TJ compared to the approved PTRM of 38,054 TJ. As the percentage variance of 2.0% is below the threshold of  $\pm 10\%$ , no explanation is required.