Jemena Gas Networks (NSW) Ltd

2019-20 Response to the Regulatory Information Notice

Attachment 2

Basis of Preparation

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TABLE OF CONTENTS

Abbreviations

AER	Australian Energy Regulator
Actual Information	As defined in the RIN
Audited Statutory Accounts	As defined in the RIN, JGN's Financial Statements are Audited Statutory Accounts
BO	Business Objects
BW	Business Warehouse
Capex	Capital expenditure
Capex Category	The RIN categories for reporting capex: Mains Augex, Mains Repex, New Connections, Meter Replacement, Non-Network, ICT, Overheads, Other Capex and the sub-categories from the Regulatory Templates.
ERP	Enterprise Resource Planning
Estimated Information	As defined in the RIN
Financial Statements	JGN's Audited Statutory Accounts, refer to Overview.
GIS	Geographical Information System
I&C	Industrial and Commercial
ICT	Information & Communications Technology
IT	Information Technology
JAM	Jemena Asset Management Pty Ltd
JEM	Jemena Ltd
JGN	Jemena Gas Networks (NSW) Ltd
MAT	Maintenance Activity Type
MOP	Maximum Operating Pressure
NGL	National Gas Law
Opex	Operating expenditure
PM	Plant Maintenance
PMO	Plant Maintenance Orders
Previous Reset RIN	The RIN issued to JGN by the AER for the 2015-20 Access Arrangement Period
RIN	Regulatory Information Notice
RIN Table	This term is used in this document to refer specific tables within the Templates
RFM	Roll forward model
RY	Regulatory Year (e.g. RY2019 is equivalent to 2018-19 in the Templates)
SAP	JGN's financial system and current ERP system
SGSPAA Group	SGSP (Australia) Assets Pty Ltd group of companies
UAG	Unaccounted for Gas
WBS	Work Breakdown Structure
Zinfra	Zinfra Pty Ltd
ZNX(2)	ZNX (2) Pty Ltd

Overview

The Australian Energy Regulator (**AER**) served a Regulatory Information Notice (**RIN**) on Jemena Gas Networks (NSW) Ltd (**JGN**) under the National Gas Law (**NGL**) on 2 March 2020. The information required by the RIN to be submitted includes specific information prescribed in the written notice and in an Excel spreadsheet (Workbook 2 – Annual Performance Data). As JGN has previously complied with the Reset RIN issued by the AER on 12 December 2018, for JGN's 2020-2025 access arrangement (**AA**) proposal, JGN is not required to complete Workbook 1 – Historical Performance Data.

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

This Basis of Preparation is for the RY20 ending 30 June 2020. The Basis of Preparation is submitted together with:

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

Basis of Preparation

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

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

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

Financial Information

JGN's financial and regulatory reporting years are currently offset by six months,[1] with the financial year ending on 31 December and the RY for RIN reporting ending on 30 June. Therefore, a set of accounts for RY20 ('the **Financial Statements**) were prepared and independently audited. The Financial Statements meet the RIN definition of '**Audited Statutory Accounts'** and where the RIN refers to 'Audited Statutory Accounts' our RIN response has applied those requirements to JGN's Financial Statements.

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

[1] The year end for JGN's financial reporting over the RIN reporting period was 31 December 2019.

Table 1 Capex Reconciliation for RY20

Variable	$M nominal
JGN Financial Statement Capex	174.81
Unregulated	-17.73
Other Adjustments	-0.95
Pipeline Services Capex	**156.13**

Table 2 Opex Reconciliation for RY20

Variable	$M nominal
JGN Financial Statement Opex	183.52
Unregulated	-5.08
Other Adjustments	-0.32
Pipeline Services Opex	**178.12**

The principles underpinning the financial information presented in the RIN response are in line with JGN's statutory accounting procedures and the Australian Accounting Standards where appropriate. There are no material departures from the recognition and measurement aspects of JGN's statutory accounting procedures.

Capitalisation to JGN's asset base is in accordance with JGN's internal capitalisation procedures, which have not changed since JGN provided these as part of its 28 June 2019 Reset RIN Response.[2]

The allocation of shared and other costs to JGN is based on the Jemena Cost Allocation Methodology (**CAM**)[3] and the principles of the JGN CAM to allocate costs to pipeline services.[4]

Common methodology used to populate Workbook 2

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

- Appendix A: Cost Collection Process
- Appendix B: Overhead Expenditure
- Appendix C: Related Party Margins

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

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

Requirement	Response
Identify each difference (where the difference is equal to or greater than ±10 per cent) between the amounts reported in the *regulatory templates* and the amounts approved by	(a) The AER's final decision opex allowance was $173.47 million for RY20. This compares to actual opex

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

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

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

Requirement	Response
the *AER* in the final decision *PTRM* for the relevant *regulatory year*: (a) total actual operating expenditure and total forecast operating expenditure; (b) total actual capital expenditure and total forecast capital expenditure; and (c) total volume of gas distributed throughout the gas distribution network and total volume of gas forecast to be distributed throughout the gas distribution network.	incurred of $178.02 million, which is $4.55 million or 2.6% above the allowance. (b) The AER's final decision gross capex allowance was $175.80 million for RY20. Actual gross capex was $156.13 million, which is $19.67 million or 11% less than the allowance. (c) The AER's final decision PTRM does not contain the forecast volume of gas distributed throughout the gas distribution network (as the demand market is largely billed based on capacity rather than throughput). The AER's final decision does contain a forecast annual throughput of 35.00 PJ for the volume market. Actual volume market demand is 14% higher at 39.73 PJ (see table N1.2) in RY20.
The *pipeline service provider* must explain in the *basis of preparation* the reasons for each difference identified in the response to paragraph 1.5. If applicable, these reasons should include details of: (a) any changes or delays in the pipeline service provider's planned work program for the relevant regulatory year; (b) any changes or delays in the pipeline service provider's planned projects for the relevant regulatory year; (c) any increase or decrease in the expenditure incurred by the pipeline service provider for labour, materials or overheads when compared to the budgeted expenditure for the relevant regulatory year; and (d) any expansion or extension to the pipeline service provider's gas distribution network for the relevant regulatory year.	Capital expenditure The AER's allowance for 2020 capital expenditure was set based on a forecast we submitted to the AER in June 2014. In the subsequent six years we have made a number of changes to our investment plans to respond to opportunities and mitigate risks that have arisen. Our spend over the 2015-20 period was driven by Sydney's housing boom. This required us to dramatically increase connections capex and to re-prioritise spend from other areas. For instance, in 2017-18 we almost connected as many dwellings as all of the UK gas businesses combined (who have about 27 million connections). Although the peak of the housing boom has passed, this pattern continued in 2020. We spent more on connections than forecast (although to a smaller extent than previous years) while the cost efficiencies we had achieved in earlier years continued to be realised. For instance, we have been able to reduce meter replacement costs (by extending the life of our meters (based on meter test accuracy results) and have contained augmentation capex by cancelling the Northern Primary Main and taking advantage of changing circumstances to reduce investment in installing additional capacity. Further details on other areas of capex are detailed in Appendix 5.1 of our 2020 Plan. It is these cost efficiencies which have enabled us to spend $19.67 million less than allowed. Gas volumes The variance of actual gas volumes against the forecast is due to the combination of average consumption per connection for volume market customers being higher than forecast, and a higher number of new connections over the 2015-20 AA period than forecast in the AER's final decision for that AA period. Further information on the difference between our 2015-20 demand forecast and actuals (up to RY19) is available in section A7 of Attachment 8.2 of our 2020 Plan submitted to the AER on 30 June 2019.

E1. Expenditure Summary

E1.1 – Capex

E1.1.1 – Reference Services

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

E1.1.2 – Non-Reference Services

JGN had no capex for non-reference services in the reporting period. For this reason, RIN Table E1.1.2 has been completed with values of zero.

E1.2 – Opex

E1.2.1 – Reference Services

JGN completed this RIN Table using information sourced from Jemena's SAP system. The following variables were completed with values of zero:

- Debt raising
- Equity raising
- GSL payments

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

E1.2.2 – Non-Reference Services

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
Maintenance	Estimate Public	JGN provided non-reference services to three or fewer customers. [redacted]	The information reported in this RIN Table is estimated information because actual expenditure was not available [redacted]

E1.3– Capcons

E1.3.1 – Reference Services

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

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

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

E1.3.2 – Non-Reference Services

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

E1.4 – Capitalised Overheads

E1.4.1 – Reference Services

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

- Telemetry
- ICT

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

E1.4.2 – Non-Reference Services

JGN had no capital contributions for non-reference services in the reporting period. For this reason, RIN Table E1.4.2 has been completed with values of zero.

E11.Labour

E11.3 – Labour/Non–Labour Expenditure Split

E11.3.1 – Opex and E11.3.2 – Capex

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
In-house labour expenditure:	Actual Public	JGN applied the substance over form principle for this variable as JGN's internal labour is actually provided by JAM, a related party, and not by JGN itself. The nature of these costs are generally time writing based, as a portion of employees are required to account for their time via time writing, and time writing surveys are also carried out to determine the split of capex and opex for employees who do not time write. The employee's time and cost are recorded against activity codes e.g. networks or plant maintenance (**PM**) orders. JGN's ERP system captures the labour cost using internal cost collectors (cost elements).	Information reported in this RIN Table is actual information, sourced from Jemena's SAP System.
Labour expenditure outsourced to related parties	Estimated Public	JGN outsources work to Zinfra and ZNX(2). Both of these entities are related parties of JGN. JGN has sourced from Zinfra and ZNX(2) the labour cost that is applicable to JGN and disclosed it in this section of the table.	The information reported this RIN Table is estimated information because the margin expenditure has been sourced from ZNX(2) and Zinfra records.
Labour expenditure outsourced to unrelated parties	No reported information	JGN is unable to provide an estimate for this variable as it does not have a reasonable basis to make an estimate. This is because we cannot identify the components of labour and non-labour that our contractors incur in provider services to JGN. Therefore this variable remains blank.	No reported information
Non-labour expenditure	Estimated Public	This value is calculated as the residual expenditure that is not in-house labour expenditure and is not labour expenditure outsourced to related parties.	The information reported this RIN Table is estimated information because it is partially based on estimated information, being labour expenditure outsourced to related parties reported in the same RIN Table.

E21. Ancillary Reference Services

E21.1 – Volumes

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

E21.3 – Expenditure

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
All variables	Estimate Public	JGN estimated the costs as it does not collect costs at project level. It was estimated using the cost and time booked to each project by external contractors and internal employees in Jemena's SAP system by using work orders.	The information in this RIN Table is estimated information because of the unit rates used were built up using an estimate of the cost of each of the activities as the actual expenditure was not available in Jemena's SAP system.

N1. Demand

N1.1 – Demand – By Customer Type

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

N1.2 – Demand – By tariff

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public (Tariffs with less than 3 customers or on a Prudent Discount are Confidential)	Information for volume tariffs by rate category by consumption month was sourced from Jemena's SAP system. Information for industrial and commercial customers (i.e. Demand Customers) was sourced from Jemena's SAP system by rate category by consumption month. A separate category is included in the template – "Prudent Discount". Data for this tariff category comes from specific discounted tariff related to those customers. Consumption from each prudent discount customer is deducted from the relevant tariff's consumption. This is because they do not pay the full reference tariffs, instead they pay a discounted tariff and hence these customers volumes are put in the separate category called "Prudent Discount".	The information reported in this RIN Table is actual information because it was sourced from Jemena's SAP system.

N2. Network Characteristics

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

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

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	Data for all network pipes with a maximum operating pressure (**MOP**) pressure of ≤1,050 kPa was extracted from GIS (subject to further explanations below). The information for each pipe included postcode, material, pressure, installation date, status and length. The GIS data was not complete for all pipes. Where this was the case the attributes were manually based on engineering judgement and assumptions informed by the location of the pipe, Gas Service Technician reports, and other factors such as the types of pipes installed in the vicinity. Length of mains has been calculated based on filtering date ranges and the following maximum operating pressures: • High pressure (1,050 kPa) • Medium pressure (>7 to <1,050 kPa) • Low pressure (≤7 kPa) The GIS data did not disaggregate polyethylene pipes into the RIN categories, which have been populated based on installations dates: • PE Other : ≤1980 or unknown • PE (80) : ≥1981 and ≤1990 • PE(100): ≥1991. In some cases, an installation date was not available. It was assumed that these mains were in service prior to RY2020 and have been included in the network length for each regulatory year. It is assumed that all high and medium pressure steel mains are coated steel as detailed in Jemena's Construction and Operational Field Manuals. Medium pressure steel mains with a maximum allowable operating pressure (MAOP) of 1,050 kPa that is considered	The information reported in this RIN Table is actual information because it was sourced from JGN's GIS System or based on based on judgement and assumptions, for which there are not valid alternatives.

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
		critical main has been assumed to be protected as it has cathodic protection. All other medium and low pressure steel mains are considered to be protected by plastic coating but may or may not have cathodic protection. JGN does not capture the decommissioning dates of pipes and we do not have a basis to make an adjustment to our data. Therefore, our network length does not include the length of pipe that was in service for part of the year but decommissioned before the end of the year.	

N2.1.4 – Transmission

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

N2.2 – City Gates/Regulators

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	The data is obtained from Jemena's Pipeline GIS. JGN's trunk receiving stations (**TRS**), trunk bulk metering stations (**MS),** packaged offtake stations (**POTS**) and primary regulating stations (**PRS**) are defined as City Gates in this report. JGN's district regulator sets (**DRS**) and secondary regulator sets (**SRS**) are all reported as district regulators in the RIN Table as they meet the RIN definition. The RIN definition of 'field regulators' overlaps with the definition of 'district regulators'. Therefore, to avoid double counting, where JGN's asset meets the definition of district regulator it has not been reported as a field regulator as well. Consequently, JGN has reported zero field regulators.	The information reported in this RIN Table is actual information because it was sourced from JGN's GIS System.

S1. Customer Numbers

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

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	JGN's number of volume and demand customers were sourced from SAP billing records, which were extracted as the list of customers who were billed for consumption on 30 June each year, this amount was carried forward as the opening number of customers for the following year. This extract was run on 1 October 2020. Customers that were connected at the beginning of the year but not at the end of the year were counted as a disconnection and customers that existed at the end of the year but not at the beginning were counted as a new connection. RIN Table S1.1 for demand customers was created as the sum of the relevant tariff level information from RIN Table S1.2.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

S10. Supply Quality

S10.1 – Pressure Faults

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

S11. Network Reliability

S11.1 – Network Outages

S11.1.1 – Planned

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Count of outage events	Actual Public	The count of outage events was taken from work orders, based on certain work codes, generated in Jemena's SAP system that relate to Planned Maintenance activities that require a customer outage in order to carry out work.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Outages affecting 5+ customers	Actual Public	Outage events were grouped together by address and date to determine specific outage events that affected 5 or more customers.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Outages with >12 hr supply interruption	Actual Public	Work orders include information on the time spent on job by field staff. These fields were used to determine which jobs resulted in >12hr duration. This dataset does not include planned network rehab projects, because these work orders are not timestamped and therefore outage duration cannot be measured.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

S11.1.2 – Unplanned

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Count of outage events	Actual Public	The count of outage events was taken from work orders in Jemena's SAP system that were: • generated using the work code 201 "No supply" • finalised with 201 suffix 0, 1 or 5. All other work orders that were finalised with a different suffix have been excluded from the data set.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Outages affecting 5+ customers	Actual Public	The information used is sourced from the "Incident Brief" reports that are generated from JGN's ASPIRE Incident Management database and reported monthly for internal purposes.	The information reported in these RIN Tables is actual information because it was sourced from JGN's ASPIRE Incident Management system.

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Outages with >12 hr supply interruption	Actual Public	This data is a subset of "Count of outage events" Work orders include information on the time spent on job by field staff. The calculation used to measure outages with >12hr duration is: "Interruption Elapsed = Time-Left-Job minus Time-Service Order-Created"	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

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

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

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Low Pressure and Medium Pressure Variables	Estimate Public	The information in these RIN Tables is sourced from Jemena's SAP system. The data extracted was corrective maintenance work order data that relates to gas leakages. Where the work order was confirmed to be related to a leak the data was disaggregated into the following two variables: • a leak caused by 3rd party activities • a leak caused by other. JGN's systems do not enable data to be further broken down into the other variables listed in the RIN. JGN's system do not allow us to attribute the work order to the specific asset and we have had to attribute the leak to the asset type based on the standard characteristics of the network in the suburb in which the activity occurred. JGN's systems cannot distinguish between different classes of polyethylene. All leaks on polyethylene have therefore been reported against 'High density polyethylene (80)'. JGN's systems cannot distinguish between protected and unprotected steel. All leaks attributed to steel mains have therefore been reported against Unprotected Steel. JGN's network does not contain any PVC, so this variable has been completed with values of zero. The number of leaks per asset types and cause determined above is then divided by the respective lengths reported in Table	The information reported in these RIN Tables is estimated information because of the assumption regarding the proportions of 2020 materials and 2020 pipe pressures being applied in all years. An alternative reasonable assumption (but not the best estimate in the circumstances) would be to weight the leakage data to materials and pressures based on material type failure rates, which would lead to materially different values being reported

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
		N2.1 Network Length – By Pressure and Asset Type to convert to Number of Leaks per Km.	
High Pressure	Actual Public	Jemena has assumed the term “high pressure” to mean assets operating at 1,050kPa (our secondary network). Leaks on the secondary network are recorded against two work codes: • 692 REPAIR SECONDARY MAIN • 691 REPAIR SECONDARY SERVICE. Data for the medium and low pressure network was also reviewed to ensure that no high pressure work orders were wrongly assigned to medium or low pressure networks. The number of leaks per asset types and cause determined above is then divided by the respective lengths reported in Table N2.1 Network Length – By Pressure and Asset Type to convert to Number of Leaks per Km.	The information reported in these RIN Tables is actual information because it was sourced from Jemena’s SAP system.

S11.3 – Unaccounted for Gas – Transmission and Distribution

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

S14. Network Integrity

S14.1 – Loss of Containment

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

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Number of Leaks - publicly reported	Actual Public	Data was sourced from Jemena's SAP system as all public reported leaks are assigned to one of the certain work codes.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Number of Leaks - found through survey	Actual Public	Leakage survey data was sourced from the spreadsheet that was used to manage the leakage survey planning. This spreadsheet contains details and links to every survey sector, along with the number of leaks reported in each sector. The number of leaks found through survey can be split by mains and meters. Leaks on services are no longer measured due to a change in work scope.	The information reported in this RIN Table is actual information as the data was sourced from JGN's records, i.e. spreadsheet used to manage surveys. This data is a used to pay leakage survey contractors.
Repaired Leaks	Estimate Public	Total repaired leaks = repaired public reported leaks + repaired leaks found through survey. The information in the RIN Template was sourced from service orders from Jemena's SAP system for repairs for leaks found through survey were raised against specific work codes. It was assumed that all publicly reported leaks were repaired.	As Jemena's SAP system does not included data on whether the leaks occurred on mains, services or meters, this split was estimated using historical records (which contained this split). As a result, this information is estimated information.
Length of network subject to survey Number of Services subject to Survey Number of Meters Subject to Survey.	Actual Public	Leakage survey data was sourced from the spreadsheet that was used to manage the leakage survey planning. Contractors measure length of the network via map tiles and report this length to JGN as part of their contract deliverable. As JGN only surveys mains, zero was reported for meters and services..	The information reported in this RIN Table is actual information as the data was sourced from JGN's records, i.e. spreadsheet used to manage surveys. This data is a used to pay leakage survey contractors.

S14.2 – Instances of Damage

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Mains	Actual Public	Data is collated using a number of relevant work codes that raise corrective maintenance activities relating to asset damage. The data was filtered to remove duplicates. Filters were based	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

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

F1. Income

F1.1 – Audited Statutory Accounts

F1.1.1 – Revenue

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	JGN sourced its revenue from the income statement in the Financial Statements. JGN only populated the 'distribution revenue' line item as its Financial Statements reflects a consolidated view of all its revenue categories e.g. Tariff, Demand, Contract, Capital Contributions, Profit on sale of Fixed Assets, Ancillary and Unregulated revenue.	The information in this RIN Table is actual information because it was sourced from the Financial Statements, which were audited.

F1.1.2 – Expenditure

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	JGN sourced all items for this table from its Jemena's SAP system. **Operating expenditure:** JGN has consolidated and disclosed all of its opex into this line item of this table. **Depreciation**: reflects accounting depreciation for JGN's assets. **Net finance expenses**: reflects net amount of financing instruments. **Loss from sale of fixed asset**: reflects the net amount of fixed asset scrapping. **Impairment losses:** no impairment losses were recorded. **Other expenses** : no other expenses were recorded	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

F1.1.3 – Profit

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Income tax expenses (/benefit)	Actual Public	**Income tax expenses (/benefit):** is from JGN's Financial Statements.	The information in this RIN Table is actual information because it was sourced from the Financial Statements, which were audited.

F1.2 – F1.2 – Adjustments

F1.2.1 – Revenue

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	Adjustments are made to the audited financial statements, using data from Jemena's SAP system, to arrive at JGN's 'distribution business' regulatory amounts which reflects the amounts as per the AER's RIN.. The adjustments reflect the differing recognition or measurement requirements of Australian Accounting Standards. The adjustment table forms part of the reconciliation required by the notice, with the difference (in total) essentially being unregulated revenue ($39.10M) for non-pipeline services and customer contribution (-$3.68M) is not shown as a separate line item in table 1.1.1.	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system
Distribution Revenue	Actual Public	The information used to populate this table was sourced from Jemena's internal SAP system. Internal General Ledger Account codes were used to identify distribution revenue .	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system
Customer Contributions	Actual Public	The information used to report Customer Contributions in this table was sourced from Jemena's SAP system. JGN used internal General Ledger Account Codes, MAT Codes and WBS Project Definition to categorise project costs into the Customer Contributions variable. JGN's cost collection and financial recording methodology used for the underlying data reported in the Regulatory Templates are explained in the appendices: • Refer to Appendix A: Cost Collection Process	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system.

F1.2.2 – Expenditure

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables except depreciation	Actual Public	Adjustments are made to the audited financial statements (using information sourced from Jemena's SAP system) to arrive at JGN's 'distribution business' regulatory amounts which reflects the amounts as per the AER's RIN. The adjustments reflect the differing recognition or measurement requirements of Australian Accounting Standards Refer to F4.1.2 – Adjustments for the explanations relating to the adjustments for the opex variables. Note that F4.1.1 reports an opex amount of $183.52M made up of opex of $182.56M and loss from sale of fixed assets of $0.96M). The remaining adjustments are explained below. **Net Finance Expenses:** An adjustment of $1.30M has been made to reflect that the net finance expenses were incurred for an unregulated service. **Loss from sale of Fixed Asset:** An adjustment of $0.96M has been made to reflect that these costs are unregulated (as no adjustment to the RAB is being made and JGN does not earn any profit from the sale of any fixed assets sold). **Impairment losses:** There is no recording of impairment losses. **Other Expenses:** There is no recording of other expenses.	Information reported in this RIN Table is actual information, sourced from Jemena's SAP system.
Depreciation	Estimate Public	**Depreciation:** The depreciation adjustment of $1.67M reflects a calculated depreciation value of unregulated assets. As the unregulated assets cannot be identified from the fixed asset register JGN has provided its best estimate. The estimate is based on the known capex additions by regulatory year and depreciated using the useful lives of the Mains assets class of 47 years. JGN uses this asset class to record unregulated asset additions.	The information in this RIN Table is estimated information as the depreciation has been apportioned to unregulated services and there is no amount in Jemena's SAP system that could be reported as actual information.

F1.2.3 – Profit

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Income tax expenses (/benefit)	Estimate Public	The adjustment of Income tax expense was calculated by applying a tax rate of 30% to the calculated profit before tax in Table F1.2.3.	The information provided is estimated information as there is no amount in Jemena's SAP system which could be reported as actual information.

F1.3 Distribution Business

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

F1.3.3 – Profit

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Income tax expenses (/benefit)	Estimate Public	Income tax expense has been calculated using a tax rate of 30%.	The information provided is estimated information as there is no amount in Jemena's SAP system which could be reported as actual information.

F2. Capex

F2.4 – Capex by Asset Class

F2.4.2 – Actual – As Incurred

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

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

No movements in provisions allocated to as-incurred capex.

F2.5 – Capital Contributions by Asset Class

F2.5.1 – Actual

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

F2.6 – Disposals by Asset Class

F2.6.2 – Actual

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Disposals by Asset Class	Actual Public	JGN bases its disposals on two components. First the amount 'cash' it receives for the disposal. The amount is sourced from a relevant general ledger account in Jemena's SAP system. In addition to proceeds from the sale of assets we have included rebates received as a result of a defect claim. We have included	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
		rebates to ensure that we report the substance over the form of these transactions.	

F2.7 – Immediate Expensing Capital Expenditure

JGN has no immediate expensing capital expenditure to report and accordingly has entered each cell with zero.

JGN has not changed and does not intend to change its tax policy on immediate expensing of capital expenditure.

F3. Revenue

F3.1 – Reference Services

F3.1.1 – Revenue – By Tariff

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

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

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

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

F3.2 – Ancillary Reference Services

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

F3.3 – Rebateable Services

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

F3.4 – Non–Reference Services

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

F3.5– Total Revenue

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

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

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

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

Table F3.5 in contrast is completed by running a report at a much later stage (in the case of this RIN response the report was run on 27 October 2020 – being more than 3 months since the end of June). This report, while taking data from the same system, is based on the latest billing information and includes all meter reads for consumption up until the end of 30 June.

Table 0–1: Reconciliation between Table F1.3.1 and Table F3.5 ($millions)

Element	Value
Table F1.3.1 – Revenue reported in JGN's financial statements related to JGN's pipeline services	528.92
Plus difference between stat accounts and actual revenue due to accruals and timing differences	*13.15*
Table F3.5 – Actual revenue	542.07

F3.6– Rewards and Penalties from Incentive Schemes

JGN did not receive any rewards or penalties from incentive schemes so this RIN Table has been completed with values of zero.

F4. Opex

F4.1 – Opex – By Purpose

F4.1.1 – Audited Statutory Accounts

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	The information reported in this RIN Table was sourced from the Financial Statements	The information in this RIN Table is actual information because it was sourced from the Financial Statements, which were audited.

F4.1.2 – Adjustments

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
All variables	Actual Public	The following adjustments were made to the operating expenditure reported in the Financial Statements: 1. Remove unregulated expenditure (-$5.08 million) for non-pipelines services provided. These costs were identified using information from Jemena's SAP system, such as specific projects set up for un-regulated services. 2. Reallocated expenditure that has been identified as capital in nature (+$0.62 million) but is captured as operating expenditure in the base accounts. This expenditure has been identified based on MAT codes. Adjustments will be made in the RY21 base accounts. Further a corresponding but opposite adjustment will also be made in the RY21 RIN. 3. Remove asset scrapping costs and associated rebate revenue (-$0.95 million). Asset scraping costs are unregulated while rebate revenue is captured as an asset disposal. 4. Allocate the remaining opex to each category using information from Jemena's SAP system, as the financial statements do not split operating expenditure into the categories set out in this table.	The information in this RIN Table is actual information because it was sourced from the Financial Statements, which were audited, and Jemena's SAP system.

F4.1.3 – Distribution Business

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

F6. Related Party Transactions

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

JGN has disclosed related party margin information from entities with whom it materially transacted. The parties are Zinfra Pty Ltd (**Zinfra**), ZNX (2) Pty Ltd (**ZNX(2)**) and Jemena Asset Management (**JAM**), all of which are, like JGN, within the **SGSPAA Group**. JGN did not disclose information about other related parties where it was not required by the RIN (e.g. where services were not related to pipeline services).

F6.1.1 – Expenditure

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Jemena Asset Management Pty Ltd	Actual Public	JAM, a related party to JGN, provides various services to JGN. JAM collects costs in cost collectors and transfers applicable costs to JGN via its SAP ERP systems. JGN receives JAM costs and records them into SAP, with a liability created in its accounting records. No margins are applicable on these JAM transactions. JGN has disclosed the related party costs, including margins, from JAM for reference services. The data is obtained from the JAM accounting records. As JGN does not operate a bank account, no cash is exchanged between JGN and its related party entities.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
ZNX(2) Pty Ltd	Actual Public	ZNX(2), a related party to JGN, has its own financial recording SAP ERP system that collects costs (similar to the process of used by Jemena entities) and invoices JAM for costs incurred on behalf of JGN. JGN records JAM costs inclusive of any ZNX(2) related party costs and margins into its SAP system. JGN has disclosed the ZNX(2) related party costs incurred by JAM for reference services.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Zinfra Pty Ltd	Actual Public	Zinfra, a related party to JGN, has its own financial recording SAP ERP system that collects costs (similar process to that used by Jemena entities and the same system as ZNX(2) and invoices JAM for costs incurred on behalf of JGN. JGN records JAM costs inclusive of any Zinfra related party costs and margins into its SAP system. JGN has disclosed the Zinfra related party costs incurred by JAM for JGN's reference services.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

F6.1.2 – Corresponding Expenses Incurred by Related Party

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Related Party - JAM	Actual Confidential	JAM collects costs in cost collectors and transfers applicable costs to JGN via their respective SAP ERP systems. No margins are applicable on JAM transactions. Therefore, the corresponding cost incurred by JAM equates the expenditure incurred by JGN.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Related Party – ZNX(2)	Estimate Confidential	ZNX(2) has its own SAP ERP system that collects costs. Corresponding expenses incurred by ZNX(2) for JGN's reference services are reported as expenditure net of margins sourced from ZNX(2).	The information reported this RIN Table is estimated information because the margin expenditure has been sourced from ZNX(2) and Zinfra records.
Related Party – Zinfra	Estimate Confidential	Zinfra has its own financial recording SAP ERP system that collects costs (the same system as ZNX(2). Corresponding expenses incurred for JGN's reference services by Zinfra are reported as expenditure net of margins sourced from Zinfra.	The information reported this RIN Table is estimated information because the margin expenditure has been sourced from ZNX(2) and Zinfra records.

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

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

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

F6.3 – Related Party Margin Expenditure – By Category

F6.3.1 – Capex and F6.3.2 – Opex

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
All variables	Estimate Confidential	Related party margin sourced from Zinfra and ZNX(2) were allocated across capex and opex categories based on the services provided to JGN.	The information reported this RIN Table is estimated information because the margin expenditure has been sourced from ZNX(2) and Zinfra records.

F6.4 – Percentage of Capex Outsourced to Related Party

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

F6.5 – Percentage of Opex Outsourced to Related Party

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

F7. Provisions

Variable	Information	Source, Methodology & Assumptions	Actual & Estimated Information
Other current provisions	Actual Confidential	This provision reflects customer claims from customer and actual payments made to customers. A provision is initially raised based on JGN's assessment of the claim. JGN's will raise the provision based on various criteria and the likelihood of the claim being settled. Once settled the provision reduces. Timing differences will occur between the increase/decrease in provisions and what is charged to opex. There are no customer claims provisions that are charged to capex, as these claims are opex in nature.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Doubtful debt provision	Actual Public	The data is extracted from the relevant General Ledger accounts. Doubtful debts — which reflect JGN's assumed write-off (or un-recovery) of amounts owed to JGN by its debtors. This may be due to dispute over supply, delivery, or the condition of JGN's supply services or financial distress faced by a customer. There are no doubtful debt provisions that are charged to capex, as they are opex in nature.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.
Provision for claims	Actual Confidential	This provision is to provide the potential claims by 3rd parties and individuals for damages to their property (below our insurance deductible), generally caused by JGN's • Asset failures • Gas leaks – for example damages to customer's lawn • Restoration work that caused damage to people or property Once the claim is received it is provided for whilst it is being assessed by JGN. Should JGN agree to it, we pay the person/organisation.	The information reported in these RIN Tables is actual information because it was sourced from Jemena's SAP system.

F9. Pass Throughs

F9.1 – Pass Through Event Expenditure

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

F10. Assets

F10.1 – Capital Base Values

Variable	Information	Methodology & Assumptions	Actual & Estimated Information
Opening value	Actual Public	JGN sourced Opening RAB for RY11 from the 2015-20 Final Decision Remittal PTRM. Opening RAB for RY12 to RY15 are calculated by rolling forward the RY11 Opening RAB using the variables below and reconciled with the 2015-20 Final Decision Remittal PTRM. JGN sourced the Opening RAB for RY16 from the 2020-25 Final Decision roll-forward model (RFM). Opening RAB values for RY17 to RY20 are calculated by rolling forward the RY16 Opening RAB using the variables below and reconciled with the 2020-25 Final Decision RFM.	Actual information from AER's final decision.
Inflation addition	Actual Public	JGN calculates the Inflation Addition for RY11 to RY15 consistent with AER's final decision for this regulatory period. JGN calculates the Inflation Addition for RY16 to RY20 consistent with AER's final decision for this regulatory period.	Actual inflation data is from AER's final decision RFM using ABS data (A2325846C).
Straight line depreciation	Actual Public	JGN sources the Depreciation values for RY11 to RY15 from the 2015-20 Final Decision Remittal PTRM. JGN sources the Depreciation values for RY16 to RY20 from the 2020-25 Final Decision RFM.	Actual information from AER's final decision.
Actual additions (recognised in RAB)	Actual Public	JGN calculates Actual Additions (recognised in RAB) for RY11 to RY15 from gross capex, capital contributions and RAB adjustments data in the 2015-20 Final Decision Remittal PTRM. JGN calculates Actual Additions (recognised in RAB) for RY16 to RY19 from gross capex, capital contributions and RAB adjustments data in the 2020-25 Final Decision RFM. JGN obtains Actual Additions (recognised in RAB) for RY20 from the F2.4 and F2.5 templates. JGN obtains pigging and inline inspection costs from Jemena's SAP system. JGN used its work breakdown structure (WBS) Project Definition to identify these costs.	See F2.4 and F2.5
Disposals	Actual Public	JGN obtains Disposals for RY11 to RY15 from 2015-20 Final Decision Remittal PTRM.	Actual information from AER's final decision. See section F2.6

		JGN obtains Disposals for RY16 to RY19 from the 2020-25 Final Decision RFM. JGN obtains Disposals (recognised in RAB) for RY20 from the F2.6 template.	
Closing value	Actual Public	Closing Value is calculated in the template.	This information is calculated directly from the above variables.

Appendix A: Cost Collection Process

Network and Non-Network Capex

JGN outsourced the delivery of its distribution network capex to JAM, a related entity. As the group entity that collects costs and transfers them on behalf of other related entities within the Jemena Group[5]. JAM uses a SAP ERP system to capture costs (Jemena's SAP system).

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

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

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

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

Overhead Costs

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

Opex

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

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

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

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

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

Appendix B: Overhead Expenditure

JGN capitalises a portion of its overhead costs incurred for:

- network activities (e.g. Capital Program Management, Stores, Property, Non-Labour), and
- corporate activities (e.g. IT, Procurement and Health & Safety).

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

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

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

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

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

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

Corporate Overheads: Capitalised corporate overheads are based on various drivers that support JGN's capex program. The recovery percentage is calculated and loaded into the 'costing' sheet functionality of SAP. For these reporting periods overheads were applied at the JAM entity level. The overheads were applied on the basis of total direct capex costs.

Appendix C: Related Party Margins

Related party margin: JGN's ERP systems do not record related party margin expenditure. JGN relies on its related parties to report this information. Related party margin information is sourced from ZNX2 and Zinfra. No margins are applicable on JAM transactions with JGN.

The related party expenditure information is estimated information as the margins have been sourced from the related parties and it was allocated across projects on the basis of project direct related party contractor costs.