

# Draft Information Disclosure Guidelines





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# Overview

<b>Purpose</b>	<ul style="list-style-type: none"><li>• new Part 10 of the National Gas Rules</li><li>• usable, accessible and transparent information</li><li>• informed assessment of the reasonableness of offers and negotiation</li></ul>
<b>Summary</b>	<p>The guidelines specify the requirements for publishing:</p> <ul style="list-style-type: none"><li>• financial and historical demand information</li><li>• the methods, principles and inputs used to calculate asset values, depreciation, cost allocation and return on capital</li><li>• the methodology used to calculate standing prices</li><li>• actual prices payable information</li></ul>



**Documents**

-  Pipeline information disclosure guidelines and Part 18A price reporting guidelines
-  Part 10 financial reporting template and Part 10 pricing template
-  Part 10 financial reporting template handbook and basis of preparation template
-  Part 18A actual prices payable template



Submissions open

Workshop

Submissions close

Guidelines published

Information published

26 July 2023

15 August 2023

23 August 2023

By 31 October  
2023

22 December 2023

The AER publish the draft guidelines and templates and invite interested stakeholders to make written submissions in response.

The AER host a workshop to provide stakeholders with an opportunity to discuss the draft guidelines and templates ahead of making written submissions.

The opportunity for stakeholders to provide written submissions on the draft guidelines and templates closes.

The AER to publish the final guidelines and templates.

We expect services providers to publish on websites the information outlined in the guidelines and templates.

# Standardised templates

To make disclosed information accessible and usable.

## Part 10 financial reporting template

- pipeline information, financial information, asset values and historical demand information
- greater requirement to allocate revenues, costs and assets to pipeline services
- removed weighted average price information requirement
- added historical demand information requirement

## Pricing template

- provides a range of reasonable prices based on costs, revenues and depreciated asset value
- two benchmarks calculated by deriving minimum and maximum values for fixed operating costs, return of capital and return on capital using different methodologies and asset valuation methods

## Basis of preparation template

- closely aligns with the Part 10 financial reporting template
- allows users to easily access information
- assists the AER to monitor compliance
- gives service providers flexibility to provide details for their particular circumstances

## Actual prices payable template

- for use by Part 18A service providers
- allow users to quickly compute and compare the prices payable under similar terms offered to other users

# Financial statements

Issue	AER Position	Reason
<p><b>Rate of return</b></p> <p>Issues raised with proposal to prescribe a methodology for rate of return.</p>	<p>We consider that the methodology provides sufficient flexibility, and that group level information is relevant to the actual costs incurred by the service provider in providing pipeline services on the pipeline.</p>	<p>Standardised approach outlined in the guidelines enables the rate of return to more clearly convey differences in systematic risk between pipelines and over time.</p>
<p><b>Tax liabilities</b></p> <p>Difficulties raised in calculating actual tax liabilities relating to a specific pipeline when operating within a consolidated group structure.</p>	<p>Position amended to allow estimates of actual net tax liabilities.</p>	<p>While we encourage stakeholders to include actual net tax liabilities, we acknowledge the difficulties raised by stakeholders and have therefore included this option.</p>
<p><b>Reconciliation of asset values</b></p> <p>Concerns raised that it is unclear how to reconcile values between the depreciated book value and recovered capital methods.</p>	<p>High-level responses are sufficient in most circumstances. Quantitative reconciliation is required only for values common between asset valuation methods, such as capex and disposals. Reconciliation may be at the aggregated (pipeline) level.</p>	<p>The purpose of this reconciliation process is to help users understand the differences between asset valuation methods.</p>

# Financial statements

Issue	AER Position	Reason
<p><b>Pipeline expansion and extension costs</b></p> <p>Concerns raised about providing forecasts, including forecasting uncertainty and confidentiality concerns.</p>	<p>Service providers now required to report on planned projects only after they have reached the final investment decision to proceed.</p>	<p>We acknowledge concerns raised. We consider this position provides useful information to users while avoiding risk of publishing commercially sensitive information.</p>
<p><b>Historical costs</b></p> <p>Concerns raised about accessing historical data for asset valuation.</p>	<p>The guidelines will allow service providers to estimate historical costs, after taking all reasonable steps to identify actual costs.</p>	<p>We acknowledge stakeholder concerns and difficulties in providing actual historical data, and have therefore included this option if all reasonable steps to identify actual costs have been exhausted.</p>
<p><b>Decommissioning costs</b></p> <p>Stakeholders considered decommissioning costs as legitimate expenses that must be accounted for.</p>	<p>The guidelines will allow service providers to include decommissioning costs in the cost base.</p>	<p>We acknowledge stakeholder concerns that decommissioning costs are legitimate expenses.</p>

# Financial statements















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<p><b>Opening asset value</b></p> <p>Stakeholders proposed that non-scheme pipelines previously under full regulation should be allowed to roll-forward the historical regulated asset value.</p>	<p>Where a non-scheme pipeline was previously under full regulation and a determination made on the asset values, the service provider may use the closing regulatory asset base as the opening asset value balance for the calculation under the <u>depreciated book value method</u>, and rolled forward using the method set out in section 2.4.1 of the guidelines.</p>	<p>The NGR requires non-scheme service providers to set the opening asset value using the construction cost of the pipeline.</p> <p>We acknowledge that it may be appropriate to allow RAB values to set opening asset values under these circumstances.</p>

## Overview of other guideline sections

Section	Summary / key points
<b>Standing terms</b>	The standing price methodology must be explained at a sufficient level of detail to enable users to replicate the calculations to arrive at the standing price.
<b>Actual prices payable information</b>	Service providers must publish actual prices payable and non-standing non-price terms for each pipeline service under access contract, unless gas procured is less than 10 TJ/year.
<b>How and where to publish information</b>	All up to date information must be readily accessible on a single webpage. The AER may grant exemptions to publishing requirements at the AER's discretion.
<b>Certification</b>	Information must be true and fair in accordance with the guidelines, NGR, and the Australian Auditing and Assurance Standards.
<b>Publication of user access guide</b>	Service providers must publish a user access guide containing the information set out in Rule 105C(6) of the NGR on the service provider's home webpage.
<b>Compliance and enforcement</b>	The AER will monitor, investigate and enforce compliance with the NGL, NGR, Compliance Procedures and Guidelines and the information disclosure guidelines.
<b>Price reporting guidelines for a Part 18A facility</b>	Part 18A price reporting guidelines are included in the Part 10 information disclosure guidelines.



# AER gas reforms work

-  Pipeline regulatory determinations and elections guide  September 2023
-  Pipeline information disclosure guidelines and templates  October 2023
-  Access dispute guideline  Late 2023
-  Annual compliance guideline  Early 2024
-  (Revised) Regulatory information order (RIO)  Early 2024
-  Compliance procedures and guidelines  Late 2024
-  Gas pipeline monitoring report to Energy Ministers  Every 2 years (first due in March 2025)

# Questions?

Additional queries can be directed to [AERgasreform@aer.gov.au](mailto:AERgasreform@aer.gov.au)

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