

# Part 10 financial reporting template and Basis of Preparation template

Handbook

October 2023

Handbook: Part 10 financial reporting template and Basis of Preparation template –  
October 2023

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## Shortened forms and definitions

Term	Definition
AER	Australian Energy Regulator
DBVM	Depreciated book value method
Guidelines	Pipeline information disclosure guidelines
NGR	National Gas Rules
RCM	Recovered capital method, also known as recovered capital valuation
Service provider	Gas pipeline service provider
Users	current and prospective gas pipeline users and, has the meaning given in Section 5(2) of the NGL and, where relevant, a person who seeks or wishes to be provided with a facility service by means of a Part 18A facility

# 1 Template Handbook

## 1.1 Introduction

Under Part 10 of the National Gas Rules (NGR), service providers are obligated to publish specific information, such as financial data and historical demand information. The purpose of this handbook is to provide guidance on using the Basis of Preparation template and Part 10 financial reporting template, to ensure compliance with the NGR.

This handbook outlines the basic requirements for the Basis of Preparation and specific processes for meeting these requirements using the Basis of Preparation template. The handbook aims to streamline operations and ensure consistency between the Basis of Preparation template and the Part 10 financial reporting template with clear instructions and a standardised approach.

The first part of this document, prepared by the AER, incorporates a comprehensive handbook for both the Basis of Preparation template and the Part 10 financial reporting template, offering guidance on how to populate the required information and understand the specifications of the templates. Further to the handbook, the Basis of Preparation template sets out disclosure requirements that service providers are required to provide explanatory details regarding sources, assumptions, methodologies, and other related aspects that adhere to the Part 10 financial reporting template.

## 1.2 Basis of Preparation template

Service providers must publish a Basis of Preparation document, which should follow a logical structure and align with the information in the Part 10 financial reporting template. The purpose of the Basis of Preparation is to help users understand and assess the assumptions, formulas and procedures underpinning the prescribed transparency information published by service providers.

Service providers are required to demonstrate the following information with respect to the Part 10 financial reporting template in the Basis of Preparation template:

- Explanation of sources from which the service provider obtained the information provided.
- Methodology applied to provide the required information and any assumptions made.
- Where service providers have had to provide estimates.
- The rationale for not being able to provide actual information and the steps taken to try and obtain actual information.
- In absence of actual information, the basis (approach, assumptions, justification) for the estimates provided.
- Explanation if accounting policies adopted by service providers have materially changed during any regulatory year including the nature and impact of the change.

A list of the information that needs to be included for each worksheet is shown in Table 1.1. Please note that there might be some information that could be applied to multiple worksheets. The relevant information that pertains to multiple worksheets can be added in the most appropriate sheet to avoid repetitive reporting across the Basis of Preparation. For further detailed requirements, please refer to the relevant section of the Guidelines.

**Table 1.1 Information to be included in the Basis of Preparation**

Worksheet	Information to be included in Basis of Preparation
1. Pipeline information	Provide details of each of “other” pipeline service.
2. Revenue and expenses	Related party transactions where a pipeline transacts with a related party are required to be reported in the Profit & Loss statement but not the Revenues and expenses.
2.1 Profit & Loss by component	<ul style="list-style-type: none"> <li>• The reason for allocation to a particular revenue category.</li> <li>• Details of related party transactions.</li> <li>• How the direct expenses have been identified, and how they are recorded and tracked in the financial management information systems.</li> </ul>
2.2 Allocation to services	<p>The allocation methodology and the reason for the allocation:</p> <ul style="list-style-type: none"> <li>• The nature and details of the allocator or allocators used to allocate each revenue or expense item.</li> <li>• The reason for selecting the allocator or allocators for each revenue or expense item including why the allocator or allocators used are the most appropriate available.</li> <li>• The numeric quantity or percentage of the allocator or allocators applied to each revenue or expense item, including an explanation of how the numeric quantity or percentage has been calculated and the source of the data for determining this numeric quantity or percentage.</li> <li>• Where a service provider used more than one allocation methodology (whether allocating to the pipeline or to pipeline services), the reasons for this must be explained in the Basis of Preparation for each service for each pipeline.</li> </ul>
2.4 Indirect revenue	<p>For revenue and expenses that are indirect or relate to more than one pipeline and for all shared expenses:</p> <ul style="list-style-type: none"> <li>• The nature of the allocator or allocators used to allocate each revenue or expense item.</li> <li>• The reasons for selecting the allocator or allocators for each revenue or expense item, including why the allocator or allocators used are the most appropriate available.</li> <li>• The numeric quantity or percentage of the allocator or allocators to be applied to each revenue or expense item, including an explanation of how the numeric quantity or percentage has been calculated and the source of the data for determining this numeric quantity or percentage.</li> <li>• If more than one allocation methodology is used for each pipeline, the reasons for this must be explained in the Basis of Preparation for each pipeline.</li> </ul>
2.5 Shared expenses	
3.1 Depreciated Book Value	<ul style="list-style-type: none"> <li>• A schedule that sets out any revaluations to pipeline assets – note that these revaluations cannot be included in the statement of Pipeline Assets.</li> <li>• The revalued value and the reason for revaluation, where assets have been revalued upwards for reporting outside the scope of the Guidelines.</li> <li>• Details, including the value and details of any goodwill, where applicable.</li> <li>• Any other notes that the service provider wishes to provide.</li> <li>• For assets that are shared assets the service provider must disclose in the Basis of Preparation: <ul style="list-style-type: none"> <li>○ The nature and details of the allocator or allocators used for each asset.</li> <li>○ The reasons for selecting the allocator or allocators for each asset, including why the allocator or allocators used are the most appropriate available.</li> </ul> </li> </ul>

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Worksheet	Information to be included in Basis of Preparation
	<ul style="list-style-type: none"> <li>○ The numeric quantity or percentage of the allocator or allocators applied to each asset, including an explanation of how the numeric quantity or percentage has been calculated and the source of the data for determining this numeric quantity or percentage.</li> <li>○ Where a service provider used more than one allocation methodology (whether allocating to the pipeline or to pipeline services), the reasons must be explained in the Basis of Preparation for each service for each pipeline.</li> <li>● Inventories and deferred tax should be reported as shared assets to the extent that they are considered shared assets. Alternatively, to the extent that they can be identified as direct pipeline assets, they should be included under “Other non-depreciable assets”.</li> </ul>
3.2 Regulatory Asset Base	<ul style="list-style-type: none"> <li>● A schedule of asset values adjusted for indexation.</li> <li>● Any other notes that the service provider wishes to provide.</li> <li>● For assets that are shared assets the service provider must disclose in the Basis of Preparation: <ul style="list-style-type: none"> <li>○ The nature and details of the allocator or allocators used for each asset.</li> <li>○ The reasons for selecting the allocator or allocators for each asset, including why the allocator or allocators used are the most appropriate available.</li> <li>○ The numeric quantity or percentage of the allocator or allocators applied to each asset, including an explanation of how the numeric quantity or percentage has been calculated and the source of the data for determining this numeric quantity or percentage.</li> </ul> </li> <li>● An explanation of any additional relevant information.</li> <li>● The allocation of shared supporting assets must be consistent with the current access arrangement determination.</li> </ul>
3.3 Asset useful life	<ul style="list-style-type: none"> <li>● The date of acquisition must be reported where acquisition cost is used.</li> <li>● Where an asset life for an asset class is different to that set out in Appendix B of the Guidelines, an explanation for using the alternative asset life.</li> </ul>
3.4 Asset impairment	<p>Where assets are impaired, the reasons for impairment should be disclosed. Where impairments are reversed, the reasons for reversal should be disclosed. The reasons for reversal must be in accordance with the AASB.</p> <p>Impairment losses may only be attributed to a pipeline and not shared expenses. However, impairment losses may be recorded as other expenses.</p>
3.5 Depreciation amortisation	<ul style="list-style-type: none"> <li>● Where assets are revalued by the service provider outside the scope of the Guidelines, these revaluations can be disclosed.</li> <li>● The useful life of the asset and the reason for choosing this useful life is required to be disclosed.</li> </ul>
3.6 Shared supporting assets	<ul style="list-style-type: none"> <li>● The allocation methodology and the reason for the allocation: <ul style="list-style-type: none"> <li>○ The nature and details of the allocator or allocators used to allocate each asset item.</li> <li>○ The reason for selecting the allocator or allocators for each asset item including why the allocator or allocators used are the most appropriate available.</li> <li>○ The numeric quantity or percentage of the allocator or allocators applied to asset item, including an explanation of how the numeric quantity or percentage has been calculated and the source of the data for determining this numeric quantity or percentage.</li> <li>○ Where a service provider used more than one allocation</li> </ul> </li> </ul>

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Worksheet	Information to be included in Basis of Preparation
	<p>methodology (whether allocating to the pipeline or to pipeline services), the reasons must be explained in the Basis of Preparation for each service for each pipeline.</p> <ul style="list-style-type: none"> <li>• The allocation of shared supporting assets must, as far as practicable, be made in accordance with the allocation principles set out in Section 2.3 of the Guidelines. Where it does not, a service provider must explain these differences.</li> </ul>
4. Recovered Capital	<ul style="list-style-type: none"> <li>• Service providers must demonstrate how they arrived at certain values concerning the return on capital, including providing all relevant models, parameters, calculations, and allocation methods in their Basis of Preparation.</li> <li>• The source of information used in the calculation of the value of the capital base should be documented in the Basis of Preparation.</li> <li>• If having taken all reasonable steps to obtain the historic information, service providers are unable to locate the historical information, they may estimate the relevant information and service providers must document: <ul style="list-style-type: none"> <li>○ the steps taken to locate the historical information</li> <li>○ how the estimate was arrived at including any methods, principles, inputs, and assumptions that have been used to develop the estimate.</li> </ul> </li> <li>• The following process must be followed and documented: <ul style="list-style-type: none"> <li>○ Where source documents are available, they have been considered.</li> <li>○ If source documents are not used, the reasons why.</li> <li>○ If source documents are unavailable, the process undertaken to attempt to locate them.</li> <li>○ Where estimates are used, the estimates applied and the rationale for determining a particular estimate.</li> <li>○ The methodology applied to obtain the value used in the Part10 financial reporting template, consistent with Section 2.6 of the Guidelines.</li> </ul> </li> <li>• Service providers must provide details about any included decommissioning costs (i.e., residual value) they propose to include in the asset cost base, including: <ul style="list-style-type: none"> <li>○ The current value of the decommissioning costs included in the capital base for each applicable asset.</li> <li>○ The methodology used to estimate decommissioning costs, including providing all relevant models, parameters, calculations and allocation methods.</li> <li>○ Rationale for estimates about decommissioning timing and scope of decommissioning works that the service provider expects it will be required to undertake.</li> </ul> </li> <li>• If alternative asset valuation method is adopted, service providers must provide details including: <ul style="list-style-type: none"> <li>○ The methodology, including providing all relevant models, parameters, calculations, and allocation methods used in the valuation, being sufficient for the AER to replicate.</li> <li>○ The source and basis for assumptions and inputs used in the calculation.</li> <li>○ Where available, relevant historical examples of where the alternative methodology has been relied upon (for example, by a relevant regulator).</li> <li>○ Explanation of why the alternative asset valuation method is consistent with the Asset Valuation Objective and the best</li> </ul> </li> </ul>



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Worksheet	Information to be included in Basis of Preparation
	<p>estimate in the circumstances.</p> <ul style="list-style-type: none"> <li>• Service providers must qualitatively explain the difference in the total asset value using the DBVM and the recovered capital method, and any alternative asset valuation method that the service provider publishes.</li> <li>• Service providers must quantitatively explain any difference in the following values using the DBVM and the recovered capital method, and any other asset valuation method that the service provider publishes, for each of pipeline assets and shared supporting assets allocated: <ul style="list-style-type: none"> <li>○ initial construction costs unless the service provider acquired the pipeline</li> <li>○ additions</li> <li>○ capitalised maintenance or improvements</li> <li>○ disposals</li> </ul> </li> </ul>
4.1 Pipelines capex	<p>Please provide any information if necessary, regarding the details of expenditure items. For all completed or planned pipeline expansions and extensions for each transmission pipeline:</p> <ul style="list-style-type: none"> <li>• A description of the pipeline extension or expansion and its location on the existing pipeline.</li> <li>• The type of capacity extension or expansion, the nameplate rating (or, for a distribution pipeline, the maximum daily capacity of the pipeline under normal operating conditions) of the capacity extension or expansion (in gigajoules per day) and date (or expected date) of commission.</li> <li>• The direct capital expenditure, incremental operating costs and details about changes in shared costs, including how they are allocated to the pipeline services or the capacity extension or expansion.</li> <li>• The expected useful life of the capacity extension or expansion and component assets.</li> </ul>
5. Historical demand	<ul style="list-style-type: none"> <li>• Service providers are required to describe the methodology used to collect and aggregate the historical demand data, including how volumes were metered or estimated and any adjustments to the raw data.</li> <li>• In the case that daily average utilised capacity by pipeline service is not known, service providers must allocate total daily average utilised capacity to each pipeline service, having regard to any relevant allocation principles and estimation principles in Section 2.7 of the Guidelines.</li> </ul>
6. Pricing template	<ul style="list-style-type: none"> <li>• The asset value allocation methodology for pipeline services and the reason for the allocation: <ul style="list-style-type: none"> <li>○ The nature and details of the allocator or allocators used to allocate each asset value.</li> <li>○ The reason for selecting the allocator or allocators for each asset value including why the allocator or allocators used are the most appropriate available.</li> <li>○ The numeric quantity or percentage of the allocator or allocators applied to each service, including an explanation of how the numeric quantity or percentage has been calculated and the source of the data for determining this numeric quantity or percentage.</li> <li>○ Where a service provider used more than one allocation methodology (whether allocating to the pipeline or to pipeline services), the reasons must be explained in the Basis of Preparation for each service for each pipeline.</li> </ul> </li> <li>• The AER provides specific indexes for pricing benchmark calculations,</li> </ul>

Worksheet	Information to be included in Basis of Preparation
	including average regulatory return on debt, average regulatory rate of return, gearing, statutory tax rate, and Gamma.

Basis of Preparation template is designed in an excel table format. To ensure clarity and transparency, include explanatory information in the Basis of Preparation template, and add rows if there exist multiple items for one table. Additionally, manipulate a Basis of Preparation ID (BoP ID) for each BoP item, concatenating table id, abbreviation of table name (uppercase), an underscore and cell number (uppercase). Note that these IDs should also be entered in the relevant section of the Part 10 financial reporting template.

### 1.3 Part 10 financial reporting template

The Guidelines specify that service providers are required to prepare and publish the financial information on their website. A pricing template tool has been incorporated into the Part 10 financial reporting template, which enables users and prospective users to transform the financial and historical demand information published by service providers into one or two cost-based pricing benchmarks. The reporting template accompanies the Guidelines to ensure consistency of data collection and information reporting. Unless specified in the Guidelines, AASB must be applied across the Part 10 financial reporting template. Requirements in the Guidelines are explained in Table 1.3.

**Table 1.3.1 Summary of the Part 10 financial reporting template**

Worksheet	Instruction
Summary	<p>This set of worksheets displays a summary of the financial information and pricing template. No input required. The information is displayed in 3 worksheets:</p> <ul style="list-style-type: none"> <li>Financial summary</li> <li>Data visualisation – Visualisations of expense &amp; revenue allocation, as well as historical demand. This worksheet is designed to help users better understand the contents in the template.</li> <li>Pricing benchmarks summary.</li> </ul>
- Financial summary	
- Data visualisation	
- Pricing benchmarks summary	
1. Pipeline information	<p>This worksheet encompasses the details of the pipeline, including information on the pipeline services offered and whether these services are provided to related parties or non-related parties.</p> <p>Input pipeline details into Table 1.1, including the date that initial RAB was established and the value of the initial RAB for scheme pipelines only.</p> <p>Input pipeline service details in Table 1.2, indicating "Yes" or "No" for related parties and non-related parties, and specify any additional applicable services in the table.</p> <p>For pipeline capacity (cell C13), please enter nameplate rating for transmission service, and maximum daily capacity of the pipeline under normal conditions for distribution service.</p>
2. Revenue and expenses	This worksheet includes the summary of revenue and expenses by service type. No mandatory input required.
2.1 Profit & Loss by component	This worksheet input revenue and expenses in accordance with the categories provided in the Part 10 financial reporting template.
2.2 Allocation to services	<p>This worksheet contains allocation information for pipeline services, linked to the Profit &amp; Loss statement in Worksheet 2.1.</p> <p>Please input the percentage allocations for each pipeline service component in column D and H, and the corresponding allocated amounts will be automatically calculated.</p> <p>The sum of percentages should be equal to 100%. If greater than 100%, the cell will be shaded in red. If less than 100%, the cell will be shaded in light red.</p> <p>Note that the allocation methodology must be explained in the Basis of Preparation.</p>
2.3 Revenue contributions	This worksheet requires the input of a comprehensive list of capital contributions received from both government and customer sources.

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Worksheet	Instruction
2.4 Indirect revenue	<p>This worksheet requires input of a list of indirect revenue allocated to the pipeline. Indirect revenue means all revenues not directly attributable to the pipeline, allocated to the pipeline in accordance with the allocation principles set out in section 2.3.6 of these Guidelines. The percentage in column F should not be greater than 100%. If the percentage is greater than 100%, the cell will be shaded in red.</p> <p>Note that the allocation methodology must be explained in the Basis of Preparation.</p>
2.5 Shared expenses	<p>In this worksheet, it is essential to allocate a fair proportion of shared costs to the pipeline. Each category of shared costs that is greater than 5% of the total shared costs allocated must be separately disclosed.</p> <p>Note that the allocation methodology must be explained in the Basis of Preparation.</p>
3.1 Depreciated Book Value	<p>This worksheet is for non-scheme pipelines only and provides an overview of pipeline asset opening cost base, additions, improvements and the carrying costs of all pipeline assets and shared supporting assets.</p> <p>Service providers must publish asset values in Table 3.1.1, and the initial cost of the pipeline and type of value (i.e. construction cost or acquisition cost or closing RAB) in Table 3.1.2 using the DBVM.</p> <p>Please refer to Section 2.4 of the Guidelines for more detailed instructions.</p>
3.2 Regulatory Asset Base	<p>This worksheet is for scheme pipelines only, and requires input of the pipeline asset construction costs, additions, improvements and the carrying costs of all pipeline assets and shared supporting assets.</p> <p>Values inputted is for a non-indexed asset value derived from the regulator-determined initial regulatory asset base expenditure with straight-line depreciation.</p> <p>Service providers must publish asset values in the Table 3.2.1 in accordance with Part 9 of the NGR.</p> <p>Please refer to Section 2.5 of the Guidelines for more detailed instructions.</p>
3.3 Asset useful life	<p>Asset lives by asset class are set out in Appendix B of the Guidelines. If a different asset life is considered appropriate, please provide an explanation for using the alternative asset life in the Basis of Preparation.</p> <p>We understand that there might be multiple commission dates for each type of asset. Providing a date range in column D would be sufficient for the purpose of the Part 10 information disclosure requirements.</p>
3.4 Asset impairment	<p>This worksheet requires input of a list of asset impairments and impairment reversals.</p> <p>Where pipeline assets are impaired, the reasons for impairment must be disclosed in this worksheet. Further details can be provided in the Basis of Preparation.</p> <p>Reasons must be provided where impairments are reversed in the same manner. The reasons for reversal must be in accordance with the AASB.</p> <p>Impairment losses may only be attributed to a pipeline and not shared expenses. However, impairment losses may be recorded as other expenses.</p>
3.5 Depreciation amortisation	<p>This worksheet requires input of the details for each asset and shared asset category listed in Section 2.4 of the Guidelines.</p> <p>If accelerated depreciation method is applied, please modify the cost adjustment rates accordingly in column M, and the following calculation would be automatically adjusted. Please also include a corresponding explanation in the Basis of Preparation.</p>
3.6 Shared supporting assets	<p>Shared supporting assets allocated includes shared property, plant and equipment, shared leased assets, inventories, deferred tax assets and other assets.</p> <p>Shared supporting assets must be apportioned between the pipeline and other operations of the service provider. Service providers must explain the basis for this allocation in the Basis of Preparation. This must be in sufficient detail as required under the Guidelines.</p>

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Worksheet	Instruction																						
4. Recovered Capital	<p>Service providers are not required to publish recovered capital values for scheme pipelines.</p> <p>Residual value is allowed in both row 15 for pipeline assets and row 23 for shared assets.</p> <p>Please ensure the revenue inputted (row 31) is greater than return on capital (row 35). If return on capital entered is not valid, the cell will be shaded in red.</p> <p>Please refer to Section 2.6 of the Guidelines for more detailed instructions.</p>																						
4.1 Pipelines capex	<p>This worksheet incorporates specific details regarding capital expenditures and expansions/extensions. Please include capital expenditure greater than 5% of construction cost in Table 4.1.1, and historical expansions/extensions information in Table 4.1.2, regardless of value. For Table 4.1.3, please provide comprehensive information for all planned expansions/extensions that are advanced to “Final Investment Decision” stage.</p>																						
5. Historical demand	<p>This worksheet contains historical demand information, providing data on the contracted capacity and actual usage for each financial year.</p> <p>In Table 5.1, service providers may provide a publicly available link on its website to the part of the Gas Bulletin Board where the information is published.</p> <p>In Table 5.2, the metric unit may vary depending on the service types. Please follow the instructions below.</p> <table border="1"> <thead> <tr> <th>Pipeline services</th> <th>Metric units</th> </tr> </thead> <tbody> <tr> <td>Firm forward haul transportation service</td> <td>Contracted MDQ</td> </tr> <tr> <td>Backhaul service</td> <td>Contracted MDQ</td> </tr> <tr> <td>Interruptible or as available transportation service</td> <td>Contracted MDQ or possibly TJ volumes transported</td> </tr> <tr> <td>Firm stand-alone compression service</td> <td>Contracted MDQ</td> </tr> <tr> <td>Interruptible or as available stand-alone compression service</td> <td>Contracted MDQ or possibly TJ volumes transported</td> </tr> <tr> <td>Park service</td> <td>Contracted MDQ</td> </tr> <tr> <td>Park and loan services</td> <td>Contracted MDQ</td> </tr> <tr> <td>Capacity trading service</td> <td>Contracted MDQ</td> </tr> <tr> <td>In pipe trading service</td> <td>Contracted MDQ</td> </tr> <tr> <td>Other</td> <td></td> </tr> </tbody> </table> <p>Daily demand information (Table 5.3) is required to be published on a daily basis. Dates in column B are automatically adjusted per report period.</p>	Pipeline services	Metric units	Firm forward haul transportation service	Contracted MDQ	Backhaul service	Contracted MDQ	Interruptible or as available transportation service	Contracted MDQ or possibly TJ volumes transported	Firm stand-alone compression service	Contracted MDQ	Interruptible or as available stand-alone compression service	Contracted MDQ or possibly TJ volumes transported	Park service	Contracted MDQ	Park and loan services	Contracted MDQ	Capacity trading service	Contracted MDQ	In pipe trading service	Contracted MDQ	Other	
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Park and loan services	Contracted MDQ																						
Capacity trading service	Contracted MDQ																						
In pipe trading service	Contracted MDQ																						
Other																							
6. Pricing template	<p>This worksheet includes the calculation of price benchmarks at a service basis. The final outputs are presented in the Pricing benchmarks summary tab.</p> <p>In this worksheet, please input the asset allocation percentages for each service type based on the indexes set out by AER. The sum of percentages should not be greater than 100%. If the percentages sum above 100%, the cell will be shaded in red. If less than 100%, it will be shaded in light red. The rest of the worksheet will be automatically calculated. Note that the metric unit will vary depending on the service types.</p>																						

### 1.3.1 Template instructions

There exists a defined colour code for the Part 10 financial reporting template, which is specified in the cover page of the template and exists to help to guide service providers on which cells to populate. The colour code is as follows:

AER instructions/headings	Input cells	Not applicable/No inputs required
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### 1.3.2 Potential rounding errors observed

Please note that in certain worksheets, the total may not precisely reflect the sum of the displayed numbers from prior data. This discrepancy is attributed to the limited decimal places shown in the template fields and the way Excel handles calculations. However, the difference between the total and the actual sum would be at most 1, and the overall sum will be accurately represented in the total.

### 1.3.3 Pricing template methodology

The pricing template calculates the cost-based price for each pipeline services. The methodology of the calculation is based on the Brattle Group’s 2019 review of information

under Part 23 of the NGR<sup>1</sup>. Please refer to the report for further details. The logics are illustrated as follows:

- *Total costs = Fixed operating costs + Investment costs including tax, where Investment costs including tax = return of capital + return on capital (including tax)*
- For each component, there exist multiple ways and logics to calculate it. The high and low ranges are determined by deriving the maximum and minimum values from different calculation options for each component.
- The details regarding each component are explained in Table 1.3.2.

**Table 1.3.2 Details of each Part 10 pricing template component**

Components	Options of components	Justifications
Fixed operating costs	Total costs for the reporting period excluding depreciation Direct costs for the reporting period excluding depreciation	<ul style="list-style-type: none"> <li>• Depreciation is not considered as a component of fixed operating costs.</li> <li>• The magnitude of shared expenses reported by a pipeline depends on the allocation methods used by the service provider, which would then result in the variation of pricing benchmarks. Therefore, the benchmarks are calculated in two magnitudes.</li> </ul>
Return of capital	DBVM: Total asset depreciation DBVM: Direct asset depreciation RCM: Asset depreciation	<ul style="list-style-type: none"> <li>• Remaining asset lives were estimated by Depreciable assetvalue/Estimated one-year depreciation (Table 28 in Brattle report).</li> <li>• Under DBVM, like above, shared asset values vary across service providers due to different allocation methodologies.</li> <li>• Under DBVM, “other non-depreciable assets” are excluded since at least for some pipelines, this item includes goodwill. It reflects market value and is not applicable in cost-based benchmarks.</li> <li>• DBVM &amp; RCM asset values are used.</li> </ul>
Return on capital (including tax)	Based on pipeline’s inferred rate of return in worksheet 4. Recovered Capital Based on the rate of return adopted by regulators in recent decisions for covered pipelines	<ul style="list-style-type: none"> <li>• In Brattle reports, the asset value options were RCM, direct asset value and total asset value. The value used in the pricing template is the DBVM direct asset value.</li> </ul>

<sup>1</sup> Brattle Group, [Financial Information Disclosed by Gas Pipelines in Australia under Part 23 of the National Gas Rules](#).

## 1.4 Disclaimer

The information contained in this document is provided for general informational purposes only and is subject to change. While we make every effort to ensure the accuracy and timeliness of the information presented herein, we cannot guarantee that the content will be always error-free or up to date.

This document may be updated, revised, or modified periodically to reflect new developments, advancements, or changes in circumstances. As a result, the information presented in this document might become outdated, inaccurate, or incomplete over time.

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