



# Jemena Gas Networks (NSW) Ltd

## Response to the 2025-30 Access Arrangement Regulatory Information Notice

Written response

RIN Attachment 1



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## Abbreviations

AA	Access Arrangement
2025 AA proposal	JGN's 2025-30 Access Arrangement Proposal
AER	Australian Energy Regulator
AMA	Asset Management Agreement
Capex	Capital expenditure
CESS	Capital Expenditure Sharing Scheme
2020-25 period	Current access arrangement period
2025-30 period	Forthcoming access arrangement period
ECM	Efficiency Carryover Mechanism
JAM	Jemena Asset Management Pty Ltd
JGN	Jemena Gas Networks (NSW) Ltd
NGL	National Gas Law
Opex	Operating expenditure
PTRM	Post-tax revenue model
RFM	Roll-forward model
RIN	Regulatory Information Notice
RSA	Reference Service Agreement
SGID	State Grid International Development Ltd
SGIDAIC	State Grid International Development Australian Investment Company Ltd
SGSPAA	SGSP (Australia) Assets Pty Ltd
SOCI	Security of Critical Infrastructure Act 2018
SP Group	Singapore Power Ltd
SPI	Singapore Power International Pte Ltd
UAG	Unaccounted for Gas
Zinfra	Zinfra Pty Ltd

## Overview

Jemena Gas Networks (NSW) Ltd (**JGN**) is required to respond to a 2026-30 Access Arrangement (**AA**) Regulatory Information Notice (**RIN**), with information relating to the 2019 to 2030 regulatory years. The Australian Energy Regulator (**AER**) served the RIN on JGN under the National Gas Law (**NGL**) on 23 February 2024.

This document, and its associated attachments, set out JGN's AA RIN response. This document is structured to mirror the structure of the RIN.

JGN's AA RIN documents and templates are included as RIN Attachments 1 to 19 (as shown in Table OV). RIN Attachment 19 contains a document index which lists all of the additional supporting documents to JGN's AA RIN response.

**Table OV-1.1: AA RIN Attachments**

AA RIN document number	Name
<b>RIN Attachments</b>	
Attachment 1	Written response
Attachment 2	Basis of preparation
Attachment 3	Workbook 1 - Forecast - Confidential
Attachment 4	Workbook 1 - Forecast - Public
Attachment 5	Not used
Attachment 6	Workbook 2 - Historical - Confidential
Attachment 7	Workbook 2 - Historical - Public
Attachment 8	Not used
Attachment 9	Workbook 3 - ECM – Public
Attachment 10	Not used
Attachment 11	Not used
Attachment 12	Workbook 4 - GAS CESS - Public
Attachment 13	Not used
Attachment 14	Not used
Attachment 15	Workbook 5 - Bill Impacts - Public
Attachment 16	Confidentiality claims in JGN 2025-30 reset RIN
Attachment 17	KPMG - Audit opinion
Attachment 18	Statutory Declaration
Attachment 19	Document Index
<b>Supporting documents</b>	<b>Includes policies, strategies, contracts, models, options analyses, and plans, totalling 280 documents. Document names start with the relevant clause under which they are provided.</b>

This AA RIN response should be read in conjunction with JGN's 2026-30 AA revision proposal (**2025 AA proposal**). JGN's 2025 AA proposal consists of the 2025-30 Access Arrangement revisions proposal, the 2025 Plan and its associated attachments. All the documents making up JGN's 2025 AA proposal are set out in *JGN - Att 1.1 - Document map* of the AA proposal (noting that a few attachments are provided for information only, which have been marked as such), and also in *JGN - RIN - Att 19 - Document Index*, which also provides a file name matrix. Where relevant, the document cross refers to the *2025 Plan*, and/or the AA proposal.



## 1. Regulatory information notice framework

Requirement	Response
<b>1.1 Addressee of this notice</b>	
1.1.1 Jemena Gas Networks (NSW) Ltd (ABN 87 003 004 322) ( <i>JGN (NSW)</i> ) is a <i>scheme pipeline service provider</i> for the purposes of section 46 of the <i>National Gas (New South Wales) Law (NGL)</i> .	Noted.
1.1.2 <i>JGN (NSW)</i> provides <i>pipeline services</i> for its <i>gas distribution network</i> located in NSW which is a <i>covered pipeline</i> under the <i>NGL</i> .	Noted.
1.1.3 This Regulatory Information Notice ( <i>notice</i> ) is issued to <i>JGN (NSW)</i> under Division 4 of Part 1 of Chapter 2 of the <i>NGL</i> .	Noted.
<b>1.2 Reasons for issuing this notice</b>	
1.2.1 In accordance with our powers to issue a regulatory information notice, as set out in section 48 of the <i>NGL</i> , the AER considers it is reasonably necessary for the performance or exercise of its functions and powers under the <i>NGL</i> for <i>JGN (NSW)</i> to provide, prepare and maintain information in the manner and form specified in this notice.	Noted.
1.2.2 The functions and powers of the AER are specified in section 27 of the <i>NGL</i> . The functions and powers relevant to this Order include but are not limited to: <ul style="list-style-type: none"> <li>making a determination of whether to approve <i>JGN (NSW)</i>'s access arrangement proposal for the forthcoming access arrangement period, commencing 1 July 2025 under the <i>NGR</i>;</li> <li>monitoring compliance with applicable access arrangements or access determinations;</li> <li>preparing and publishing reports on financial and operational performance of</li> <li><i>JGN (NSW)</i> in providing pipeline services by means of a covered pipeline and</li> <li>any other functions and powers conferred on it under the <i>NGL</i> and the <i>NGR</i>.</li> </ul>	Noted.
1.2.3 Section 28 of the <i>NGL</i> also requires the AER to take into account the revenue and pricing principles when exercising its discretion in approving or making those parts of an access arrangement relating to a reference tariff.	Noted.
1.2.4 The AER requires the information specified in this notice:	Noted.

Requirement	Response
<ul style="list-style-type: none"> <li>(a) to assist it in the decision of whether to approve JGN (NSW)'s forthcoming access arrangement under the relevant requirements prescribed in the NGL and the NGR;</li> <li>(b) to assess JGN (NSW)'s access arrangement proposal, capital expenditure and operating expenditure forecasts, including the drivers of expenditure forecast to be incurred by JGN (NSW) in providing its pipeline services;</li> <li>(c) to assess revenues earned by JGN (NSW) from the provision of pipeline services;</li> <li>(d) to understand the terms and conditions under which JGN (NSW) proposes to provide pipeline services;</li> <li>(e) to prepare and publish reports on financial and operational performance of JGN (NSW) in providing pipeline services; and</li> <li>(f) to perform the tasks above in a manner that furthers the National Gas Objective, and (regarding the regulation of JGN (NSW)'s reference services) exercise its discretion when considering the revenue and pricing principles.</li> </ul>	
<p>1.2.5 In accordance with our powers to issue a notice, as set out in section 48 of the NGL, the AER considers that the information and documents that it requires in response to this notice are reasonably necessary to enable it to make the assessments and judgments above, in a manner that accords with the National Gas Objective.</p>	Noted.
<p><b>1.3 Responding to this notice</b></p>	
<p>1.3.1 JGN (NSW) must comply with all the notice requirements in preparing, providing and maintaining their response to the AER.</p>	This document explains how JGN (NSW) has complied with the requirements of the notice.
<p>1.3.2 JGN (NSW) must submit its response to the AER using the AER file sharing service, AER information portal or other method agreed by the AER.</p>	Noted.
<p>1.3.3 JGN (NSW) should note failure to comply with this notice may result in the AER issuing an infringement notice or seeking a civil penalty under the NGL. Knowingly providing a response which is false or misleading may also be an offence under the NGL and a serious offence under the Criminal Code (Cth).</p>	Noted.
<p><b>Notice response date</b></p> <p>1.3.4 All information which is required to be provided in response to this notice is to be delivered to the AER electronically via the AER's secure file transfer service (or such other method as reasonably specified by the AER), on or before 30 June 2024.</p>	Noted.



Requirement	Response
<p>1.3.5 An updated version of the information which is required to be provided in response to sections 4.3.1 and 4.3.2 of this notice, must also be provided on or before the date JGN (NSW) submits a revised regulatory proposal to the AER, or on or before 24 January 2025, if it does not submit a revised regulatory proposal.</p>	Noted.
<p><b>Information to be provided to the AER</b></p> <p>1.3.6 JGN (NSW) is required to provide the following information to the AER:</p> <ul style="list-style-type: none"> <li>(a) The information specified in section 3 of this notice.</li> <li>(b) The information specified in section 4 of this notice.</li> <li>(c) A basis of preparation which meets the requirements set out in section 5 of this notice.</li> <li>(d) Audit reports and/or assurance reports which meets the requirements set out in section 6 of this notice.</li> <li>(e) A statutory declaration which meets the requirements set on in section 6 of this notice.</li> </ul>	<p>This document explains where in the 2025 AA proposal JGN has provided the information specified in section 3 and 4 of the notice.</p> <p>The basis of preparation is contained in <i>JGN - RIN - Att 2 - Basis of preparation</i>.</p> <p>The audit report is contained in <i>JGN - RIN - Att 17 - KPMG - Audit opinion</i>.</p> <p>The statutory declaration is contained in <i>JGN - RIN - Att 18 - Statutory Declaration</i>.</p>
<p><b>1.4 Access arrangement periods</b></p>	
<p>1.4.1 The forthcoming access arrangement period for JGN (NSW) is 1 July 2025 to 30 June 2030.</p>	Noted.
<p>1.4.2 The current access arrangement period for JGN (NSW) is 1 July 2020 to 30 June 2025. JGN (NSW)'s current access arrangement sets out the terms and conditions of access for the current access arrangement period.</p>	Noted.
<p>1.4.3 The previous access arrangement periods for JGN (NSW) are any access arrangement period ending on or before 30 June 2020.</p>	Noted.
<p><b>1.5 Structure of this notice</b></p>	
<p>This notice is structured as follows:</p> <ul style="list-style-type: none"> <li>• Section 2 sets out the general requirements which apply under this notice.</li> <li>• Section 3 identifies the information required to be reported in the regulatory templates from JGN (NSW).</li> <li>• Section 4 identifies the supporting information required from JGN (NSW).</li> <li>• Section 5 identifies the supporting information required from JGN (NSW) in the basis of preparation requirements.</li> <li>• Section 6 identifies the supporting information required from JGN (NSW) in the assurance requirements which apply under this notice.</li> </ul>	Noted.

Requirement	Response
<ul style="list-style-type: none"><li>• Section 7 sets out information around the interpretation and definitions which apply to this notice.</li><li>• Appendix A contains the regulatory templates JGN (NSW) must complete and the regulatory template instructions.</li><li>• Appendix B contains the definitions which apply under this notice.</li></ul>	
<b>1.6 Authorisation for this notice</b>	
DATED: 23 February 2024 [Signed] Kris Funston Executive General Manager Networks Division	Noted.

## 2. General requirements

Requirement	Response
<b>2.1 Preparation of information provided to the AER</b>	
<p>2.1.1 Prepare all information required under this notice in a manner and form that is in accordance with the requirements which:</p> <ul style="list-style-type: none"> <li>(a) is in an electronic format;</li> <li>(b) where relevant, includes any underlying calculations and formulae;</li> <li>(c) is not password protected;</li> <li>(d) does not contain any hidden information;</li> <li>(e) where relevant, allows for precedents and dependants to be traced;</li> <li>(f) is fully searchable, in text readable format and is capable of text selection and a 'copy and paste' function being applied to it (all document files must be provided in Microsoft Word or PDF);</li> <li>(g) information provided in the regulatory templates must be provided in the workbooks attached to this notice; and</li> <li>(h) is readily available for inspection by, or submission to, the AER.</li> </ul>	<p>The information required under this notice has been provided in accordance with the requirements.</p>
<b>2.2 Maintaining information provided under this notice</b>	
<p>2.2.1 JGN (NSW) must maintain all information prepared under this notice for a period of seven years from the date the information is submitted to the AER.</p> <p>Note: This requirement refers to the information as submitted, as well as policies, assumptions, or other information used to support the derivation of material presented in response to the notice. It is not intended to refer to IT systems and tools that may have been used to store information.</p>	<p>Noted.</p>
<b>2.3 Security of critical infrastructure</b>	
<p>2.3.1 If JGN (NSW) identifies any information provided in response to this notice as protected (SOC1) information (as defined in the Security of Critical Infrastructure Act 2018), the "entity" being, JGN (NSW) must:</p> <ul style="list-style-type: none"> <li>(a) ensure the use and disclosure of the protected (SOC1) information relates to the actions of an entity prescribed under section 5 of the SOC1 Act.</li> <li>(b) Ensure the protected (SOC1) information is identified by: <ul style="list-style-type: none"> <li>(i) Naming the file or document in which the protected (SOC1) information is reported with the suffix 'SOC1 Act PROTECTED';</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>(a) Refer to <i>JGN - RIN - 2.3.1 - SOC1 claims in JGN 2025-30 reset RIN</i> and <i>JGN - Att 1.5 - SOC1 claims in JGN 2025 AA proposal</i> for JGN's SOC1 protected information.</li> <li>(b) The impacted documents are provided with JGN's proposal, identified by the 'SOC1 Act PROTECTED' suffix.</li> <li>(c) and (d) Some project files contain substantial protected information, resulting in classification of the files as SOC1 protected. Consequently, no public versions of these files have been made available.</li> </ul>

<ul style="list-style-type: none"> <li>(ii) Identifying the specific information within the file or document that is protected (SOC1) information by shading the relevant data or other information (suggested shading colour: blue).</li> <li>(c) Provide the AER with a list of files or documents containing protected (SOC1) information.</li> <li>(d) Provide the AER with a version of each file or document listed in response to section 2.3.1(c) from which protected (SOC1) information has been redacted. This version of the file or document must be named in accordance with the instructions at section 4.2.1(e) of this notice and listed in the table provided in response to section 4.2.1(d) of this notice.</li> </ul>	
<b>2.4 Confidentiality claims</b>	
<p>2.4.1 If JGN (NSW) makes a claim for confidentiality over any information provided in response to this notice it must:</p> <ul style="list-style-type: none"> <li>(a) comply with the requirements of AER’s Confidentiality Guideline (2017), as if it extended and applied to responses to this notice</li> <li>(b) provide, in addition to a confidential version of any information, a version of the information that may be published by the AER, and</li> <li>(c) highlight all information that is subject to a confidentiality claim, and if that information is being reported in a regulatory template it must be highlighted using the confidentiality macro in the regulatory template.</li> </ul>	<p>JGN has made claims for confidentiality for information submitted as part of this RIN response and as part of its AA proposal.</p> <p>The claims for confidentiality have been made using the AER’s Confidentiality Guideline and are attached to this RIN response (<i>JGN - RIN - Att 16 - Confidentiality claims in JGN 2025-30 reset RIN</i>) and the AA proposal (<i>JGN - Att 1.4 - Confidentiality claims in JGN 2025-30 AA proposal</i>).</p>
<b>2.5 Resubmission of information provided under this notice</b>	
<p>2.5.1 If JGN (NSW) resubmits information provided under this notice, it must:</p> <ul style="list-style-type: none"> <li>(a) identify the information which is to be resubmitted</li> <li>(b) provide the reason for the resubmission, and</li> <li>(c) advise as to whether or not the resubmitted information results in a material change in JGN (NSW)’s response to the notice.</li> </ul>	<p>Noted.</p>
<p>2.5.2 If the AER accepts the resubmitted information, JGN (NSW) must update the relevant information in accordance with the notice, or as directed by the AER.</p>	<p>Noted.</p>
<p>2.5.3 If JGN (NSW) resubmits information which results in a material change to its response to this notice, the AER may request that JGN (NSW) provide assurance over this information by:</p> <ul style="list-style-type: none"> <li>(a) verifying the resubmitted information by way of a statutory declaration in accordance with section 6 of this notice; and</li> <li>(b) providing the necessary audit report and the assurance report as applicable for the resubmitted information, prepared in accordance with the requirements set out in section 6 of this notice.</li> </ul>	<p>Noted.</p>

### 3. Regulatory template requirements

Requirement	Response
<b>3.1 Requirement to provide regulatory templates</b>	
<p>3.1.1 JGN (NSW) must prepare and provide the AER with the information required in the regulatory templates attached in Appendix A titled:</p> <ol style="list-style-type: none"> <li>1. JGN (NSW) 2025-2030 – Reset RIN – Workbook 1 – Forecast (Workbook 1 – Forecast)</li> <li>2. JGN (NSW) 2025-2030 – Reset RIN – Workbook 2 – Historical (Workbook 2 – Historical)</li> <li>3. JGN (NSW) 2025-2030 – Reset RIN – Workbook 3 – ECM (Workbook 3 – ECM)</li> <li>4. JGN (NSW) 2025-2030 – Reset RIN – Workbook 4 – CESS (Workbook 4 – CESS)</li> <li>5. JGN (NSW) 2025-2030 – Reset RIN – Workbook 5 – Indicative bill impact (Workbook 5 – Indicative bill impact)</li> </ol>	<p>JGN has prepared and provided the AER with the information required in the regulatory templates. See:</p> <ul style="list-style-type: none"> <li>– <i>JGN - RIN - Att 3 - Workbook 1 - Forecast – 20240628 - Public</i></li> <li>– <i>JGN - RIN - Att 4 - Workbook 1 - Forecast – 20240628 – Confidential</i></li> <li>– <i>JGN - RIN - Att 6 - Workbook 2 - Historical – 20240628 - Public</i></li> <li>– <i>JGN - RIN - Att 7 - Workbook 2 - Historical – 20240628 - Confidential</i></li> <li>– <i>JGN - RIN - Att 9 - Workbook 3 - ECM – 20240628 – Public</i></li> <li>– <i>JGN - RIN - Att 12 - Workbook 4 - GAS CESS – 20240628 - Public</i></li> <li>– <i>JGN - RIN - Att 15 - Workbook 5 - Bill Impacts - 20240628 - Public</i></li> </ul> <p>JGN’s Workbook 1 response includes Additional Disclosures to meet requirements 2.7 and 3.2 of the regulatory template. These Additional Disclosures relate to JGN’s proposed tariff class changes.</p>
<p>3.1.2 JGN (NSW) must complete the regulatory templates in accordance with the instructions set out:</p> <ol style="list-style-type: none"> <li>(a) in each regulatory template, and</li> <li>(b) in the document attached at Appendix A titled ‘JGN (NSW) – 2025-30 – Reset RIN – Appendix A – Regulatory template instructions (Regulatory template instructions)’.</li> </ol>	<p>JGN has completed the regulatory templates according to the instructions.</p>

## 4. Supporting information requirements

Requirement	Response
<b>4.1 Supporting information required under this notice</b>	
4.1.1 Supporting information requirements are set out in sections 4, 5 and 6 of this notice.	Noted.
<b>4.2 Information used for the purposes of preparing the regulatory proposal</b>	
<p><b>Consultant reports, material assumptions</b></p> 4.2.1 Provide information used for the purposes of preparing the regulatory proposal including: <ul style="list-style-type: none"> <li>(a) all consultants' reports commissioned and relied upon in whole or in part;</li> <li>(b) all material assumptions relied upon;</li> <li>(c) a table that references each response to this section 4 and where it is provided in or as part of the access arrangement proposal;</li> <li>(d) a table that references each document provided in or as part of the access arrangement proposal and its relationship to other documents provided; excluding documents listed in response to section 2.3.1(c); and</li> <li>(e) each document identified in the table referred to in (d) above must be given a meaningful filename in the form:               <p><b>JGN (NSW) – [Author] – [title] – [date] – [public/confidential], where:</b></p> <ul style="list-style-type: none"> <li>(i) Author is the author of the file if not JGN (NSW) for example a consultant or other third party;</li> <li>(ii) Title provides a meaningful description of the content of document, with limited reliance on acronyms or cross references, for example "Appendix 1A" is not meaningful, but "Appendix 1A – Cost allocation method" is;</li> <li>(iii) Date is a relevant date associated with the file, generally the date the document was created;</li> </ul> </li> </ul>	<p>JGN's AA proposal includes:</p> <ul style="list-style-type: none"> <li>(a) all consultants' reports relied on to develop JGN's AA proposal are listed in Attachment 1.1 of JGN's AA proposal (see <i>JGN – Att 1.1 – Document map – 20240628</i>)</li> <li>(b) a description of all material assumptions has been provided in response to clause 4.2.2 below.</li> <li>(c) this document includes a table of references for Section 4, with references to attachments relating to the AA proposal where appropriate.</li> </ul> <p>(d-e) all attachments, including consultants' reports, relied on to develop JGN's AA proposal are listed in Attachment 1.1 of JGN's AA proposal (see <i>JGN – Att 1.1 – Document map</i>) and RIN attachment <i>JGN - RIN - Att 19 - Document Index</i>. These tables provide the filenames required by the RIN commencing with JGN rather than JGN (NSW) for presentation simplification. The relationship between all documents submitted is contained within each attachment, and where applicable, in this written response.</p>

Requirement	Response
<p>(iv) Public/confidential identifies if the file in its entirety can be published (public); or if it contains any information which is the subject of a claim for confidentiality in accordance with this notice (confidential).</p>	
<p>4.2.2 For each material assumption identified above provide:</p> <p>(a) its source or basis;</p> <p>(b) if applicable, its quantum;</p> <p>(c) whether and how the assumption has been applied and was taken into account; and</p> <p>(d) the effect or impact of the assumption on the capital expenditure and operating expenditure forecasts in the forthcoming access arrangement period taking into account:</p> <p>(i) the actual expenditure incurred during the current access arrangement period; and</p> <p>(ii) the sensitivity of the forecast expenditure to the assumption.</p>	<p>In preparing our expenditure forecasts a number of assumptions are made:</p> <ul style="list-style-type: none"> <li>• The assumptions for investments to support government emissions reduction targets and the Paris Agreement goals are set out in <i>JGN – Att 4.1 – Emissions reduction program</i>. The government targets around decarbonisation and net zero are key drivers behind both our capital and operating expenditure forecasts.</li> <li>• For capex these are set out across our AA proposal (including chapter 5 of the 2025 Plan and Attachment <i>JGN - Att 5.1 – Capital expenditure</i> and <i>JGN - Att 5.2M - Capital expenditure forecast model</i> as well as through the supporting models and documentation (mapped out in RIN attachment <i>JGN - RIN - Att 19 - Document Index</i> in “Capex document matrix” worksheet). The assumptions behind IT forecasts are in <i>JGN – Att 5.4 – Technology Plan</i>.</li> <li>• For opex these are set out in <i>JGN - Att 6.1 – Operating expenditure</i> and <i>JGN - Att 6.2 – Operating expenditure step change justification</i> of our AA proposal.</li> <li>• For our Ancillary Reference Services these are set out in <i>JGN - Att 7.2 - Ancillary reference services cost build up approach</i> and <i>JGN - Att 7.2M - Ancillary reference services model</i>.</li> <li>• For depreciation these are set out in <i>JGN - Att 7.3 - Depreciation approach</i> and <i>JGN - Att 7.3M - Depreciation model</i>.</li> <li>• Our demand forecast prepared by Core Energy &amp; Resources. The assumptions made and how they have been applied are outlined in <i>JGN - Att 8.1 - Overview of JGN's demand forecast</i> and <i>JGN – Core Energy – Att 8.2 - Demand Forecast Report</i>.</li> </ul> <p>Overall, these documents show the basis and application of assumptions made (and the data /evidence that we used to make the assumptions) and the effect or impact of these assumption on JGN's forecasts.</p>
<p>4.2.3 Provide reconciliation of the capital expenditure and operating expenditure forecasts provided in the regulatory templates to the proposed capital and operating allowances in the post-tax revenue model (PTRM) for the forthcoming current access arrangement period.</p>	<p>Reconciliation of the capital expenditure and operating expenditure forecasts provided in the regulatory templates to the proposed allowances in the PTRM are provided in the following models:</p> <ul style="list-style-type: none"> <li>• Capex reconciliation – Refer to Attachment <i>JGN - RIN - 4.2.3M - RIN Reconciliation model</i>, sheet “E1” (section Input E1.1.1 – RS Capex), which reconciles PTRM, Capex forecast (<i>JGN - Att 5.2M - Capital expenditure forecast model</i>), and to capital expenditure values in the regulatory Reset RIN templates.</li> <li>• Opex reconciliation – Refer to Attachment <i>JGN - RIN - 4.2.3M - RIN Reconciliation model</i>, sheet “E17 E20” (section “Inputs: E20.1 Opex - by Driver”), which reconciles PTRM with Reset RIN operating expenditure values.</li> </ul>

Requirement	Response
<p><b>Models</b></p> <p>4.2.4 Provide the models JGN (NSW) has used to:</p> <ul style="list-style-type: none"> <li>(a) develop its total forecast capex;</li> <li>(b) derive and apply the materials price changes, including any model(s) developed by a third party;</li> <li>(c) develop total forecast opex.</li> </ul>	<p>For 4.2.4 (a), refer to <i>JGN - Att 5.2M - Capital expenditure forecast model</i>. The capex forecasting methodology is summarised in <i>JGN - Att 5.1- Capital expenditure</i>.</p> <p>For 4.2.4 (b), JGN has applied zero real escalation on materials, consistent with the AER’s standard approach.</p> <p>For 4.2.4 (c), refer to <i>JGN - Att 6.3M – Operating expenditure forecasting model</i>. The opex forecasting methodology is summarised in <i>JGN - Att 6.1 – Operating expenditure</i> and <i>JGN - Att 6.2 – Opex step change justification</i> of our AA proposal.</p>
<p><b>4.3 Capital expenditure</b></p>	
<p><b>Transparency</b></p> <p>4.3.1 For total capital expenditure expected to be incurred in the current access arrangement period, provide:</p> <ul style="list-style-type: none"> <li>(a) a comparison of the total expenditure, disaggregated by expenditure category or driver, to the total forecast capex allowed for the current access arrangement period;</li> <li>(b) an explanation of the drivers of differences noted in response to section 4.3.1 (a), for example the impact of efficiency gains, major new projects, project deferrals or rescoping, changing regulatory obligations, asset age, or other factors;</li> <li>(c) a list of projects deferred in the current access arrangement period and included in the forecast capex for the forthcoming access arrangement period, and the rationale for the deferral.</li> </ul>	<p>4.3.1 (a) and (b): <i>JGN – Att 5.1 – Capital expenditure</i> provides a comparison of the total forecast capital expenditure by driver, compared to total capital expenditure expected to be incurred in the current access arrangement period and an explanation for material differences. Further details on our ICT spend are provided in <i>JGN – Att 5.4 – Technology Plan</i>.</p> <p>(c) A list of projects deferred from the 2020-25 to 2025-30 period is set out in Table 4.1 below.</p> <p>Further details on our <i>Stay in Business (SIB): Integrity, safety and security program</i> are provided in section 6.1 of <i>JGN – Att 5.1 – Capital expenditure</i>. These projects were deferred from the 2020-25 period to the 2025-30 period due to higher than expected costs of the program as well as the identification and prioritisation of other higher-risk projects in the 2020-25 period. We note that, as outlined in <i>JGN – Att 5.1 – Capital expenditure</i>, despite these deferrals they are not material to our <i>integrity, safety and security</i> capex in the 2020-25 period. For the purposes of JGN’s current Access Arrangement, given that the deferred projects are not material they have not been included in the PTRM for the purposes of determining CESS payments.</p> <p>Further details on the ICT projects delivered and deferred in the 2020-25 period are set out in section 4.3 of <i>JGN – Att 5.4 – Technology Plan</i>. We note that the capex deferred to the 2025-30 period is also not material (especially given the reduction in forecast cost of the <i>Gas Retail Market Settlement – Major Application Lifecycle (CAMS/ELMS)</i> project.</p>



Requirement	Response																																				
	<b>Table 4.1 Projects deferred (\$2025, \$millions)</b>																																				
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4.3.2 For forecast capex for the forthcoming access arrangement period, provide:	See <i>JGN – Att 5.1 – Capital expenditure</i> and for ICT, <i>JGN – Att 5.4 – Technology Plan</i> .																																				
<p>(a) a comparison of the total forecast expenditure by category or driver to the total capital expenditure expected to be incurred in the current access arrangement period;</p> <p>(b) an explanation of the drivers of differences noted in response to section 4.3.2 (a), for example the impact of expected efficiency gains, major new projects, project deferrals or rescoping, changing regulatory obligations, asset age, or other factors.</p>																																					
<p>NOTES:</p> <p>1. The drivers and categories referred to in 4.3.1 (a) and 4.3.2 (a) must reflect the capex drivers or categories used by JGN (NSW) in its access arrangement proposal RIN response and/or capex model.</p>	<p>1. The comparison of total capital expenditure provided in <i>JGN – Att 5.1 – Capital expenditure</i> is disaggregated by driver (Connections, Emissions reduction, Stay in business: Metering, Stay in business, ICT). These categories (along with sub-categories) are set out in our capex model (<i>JGN - Att 5.2M - Capital expenditure forecast model</i>). The capex model also maps each project by RIN categories. We have adopted this approach to provide transparency on what is driving change in our expenditure over time.</p>																																				

Requirement	Response
<p>2. The total capital expenditure expected to be incurred in the current access arrangement period will be comprised of actual capital expenditure for the years where this data is available and planned capital expenditure for the remaining years of the current access arrangement period.</p>	<p>We have not structured our capital expenditure by RIN categories as each category includes projects with various drivers. For example, the Connections RIN category includes the costs of connecting customers to our network, augmentation to support specific connections (in some cases providing capacity for thousands of connections) as well as the cost to connect sources of renewable gas. To provide transparency we have mapped the driver and RIN categories in Appendix B of <i>JGN – Att 5.1 – Capital expenditure</i>.</p> <p>Capex driver mapping by project is also provided in <i>JGN - Att 19 - Document Index</i>.</p> <p>2. Noted.</p>
<p><b>Capital expenditure in the current access arrangement period</b></p> <p>4.3.3 Explain in the materials submitted to the AER whether and how the pipeline service provider considers that conforming capital expenditure to be added to the capital base in the current access arrangement period meets the requirements of r. 79 of the NGR.</p>	<p>See <i>JGN – Att 5.1 – Capital expenditure</i>, <i>JGN – Att 5.4 – Technology Plan</i>, and supporting documentation summarised in <i>JGN - Att 19 - Document Index</i>.</p>
<p><b>Forecast conforming capital expenditure in the forthcoming access arrangement period</b></p> <p>4.3.5 For each capital expenditure purpose (gas) identified in the Workbook 1 – Forecast, regulatory templates E2 to E13, provide in the materials submitted to the AER an overall description including:</p> <p>(a) a definition and explanation of any materiality threshold test that the pipeline service provider intends to apply to categorise forecast conforming capital expenditure projects;</p> <p>(b) the nature of forecast conforming capital expenditure projects or programs material to each capital expenditure purpose (gas), including a brief description of the capital expenditure and, where relevant, the location of the expenditure on the distribution pipeline;</p> <p>(c) key drivers of the proposed expenditure;</p> <p>(d) an explanation of how expenditure is distinguished between:</p> <p>(i) customer connections (gas) capital expenditure and augmentation capital expenditure;</p>	<ul style="list-style-type: none"> <li>• 4.3.5 (a) JGN has not applied any materiality test to categorise forecast conforming capex projects.</li> <li>• 4.3.5 (b) Summaries of the nature of JGN's forecast capex are provided in Chapter 5 of our 2025 Plan, and <i>JGN – Att 5.1 – Capital expenditure</i> of our AA proposal. Program and project level documentation provides further information which are summarised (and categorised) in RIN Attachment <i>JGN - Att 19 - Document Index</i>. This document index also provides an index to the supporting documentation and their filenames.</li> <li>• 4.3.5 (c) At a high level the key drivers of expenditure by driver are summarised in <i>JGN - Att 5.1 – Capital expenditure</i>. Project/program specific documentation (summarised in <i>JGN - Att 19 - Document Index</i>) provides further details of the drivers of spend at the program and project level.</li> <li>• 4.3.5 (d) The capex explanations are explained as follows: <ul style="list-style-type: none"> <li>○ (i) &amp;(ii) see section 6.2.3 of <i>JGN – Att 5.1 – Capital expenditure</i></li> <li>○ (iii) In terms of categories where there is reasonable scope for ambiguity we note that renewable gas capex that supports the connection of bio-methane supply to our network is ambiguous in terms of allocating costs between reference and non-reference services. For the purposes of our 2025 AA proposal we have attributed network and pipeline costs as a Transportation Reference Service and allocated the cost accordingly. Capex associated to custody transfer stations has been treated as a non-reference service. Capex to fund compressors are yet to be defined as a reference or non-reference service – and has not been included in our conforming capex proposal - but is included in the relevant renewable gas business cases. We will discuss the treatment of capex associated to compressors with AER</li> </ul> </li> </ul>

Requirement	Response
<ul style="list-style-type: none"> <li>(ii) augmentation capital expenditure, driven by demand, mains replacement capital expenditure and other capital expenditure, driven by asset condition and other drivers; and</li> <li>(iii) any capital expenditure purpose (gas) or operating expenditure category where the pipeline service provider considers that there is reasonable scope for ambiguity in categorisation.</li> <li>(e) details as to whether the forecast conforming capital expenditure is to be funded by parties other than the pipeline service provider; and</li> <li>(f) details of contractual agreements with parties where capital contributions are made by users for new capital expenditure (see r. 82).</li> </ul>	<p>staff as part of the AA review process and determine whether these costs should be included as part of the provision of Transportation Services when we submit our revised proposal.</p> <ul style="list-style-type: none"> <li>• 4.3.5 (e) We exclude capital contributions we recovery from customers (charged consistent with Part 12 A of the NGR) from our forecast of conforming capital expenditure. We forecast capital contributions on the basis of revealed costs (rather than specific contracts) as outlined in section 3.4 of <i>JGN - Att 5.1 – Capital expenditure</i>.</li> <li>• 4.3.5 (f) We publish our non-basic connection services agreement and negotiated commercial contracts on our website.<sup>1</sup> However, as noted in our response to 4.3.5(e) our capital contributions forecast is not based on specific contracts but on historical revealed costs. For clarity, we are not expecting any government contribution from a funding body or other capital contribution other than those recovered from retail customers consistent with Part 12 A of the NGR.</li> </ul>
<p>4.3.6 For forecast conforming capital expenditure, in total and in terms of each capital expenditure purpose (gas), explain in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) how it reasonably reflects the new capital expenditure criteria set out in r. 79(1) of the NGR, and how the pipeline service provider has interpreted these criteria;</li> <li>(b) how the forecast conforming capital expenditure is justified under r. 79(2) of the NGR and how the pipeline service provider has interpreted these sub-rules; and</li> <li>(c) how any plans, policies, procedures, regulatory obligations or requirements, consultants' reports, economic analysis and assumptions have been used to justify the forecast conforming capital expenditure.</li> </ul>	<p>See <i>JGN - Att 5.1 – Capital expenditure</i> and the supporting documentation in summarised in <i>JGN - Att 19 - Document Index</i>. In particular, we note that a description of compliance with Rule 79(2) is provided at the category level in Appendix A of <i>JGN - Att 5.1 – Capital expenditure</i> and at the program / project level in <i>JGN - Att 19 - Document Index</i>.</p>
<p>4.3.7 If r. 79(2)(a) is relied on to justify the forecast conforming capital expenditure, provide in the materials submitted to the AER:</p>	<p>See Appendix A of <i>JGN - Att 5.1 – Capital expenditure</i> for our assessment of which capex categories confirm with r.79(2)(a) and at the program / project level in <i>JGN - Att 19 - Document Index</i>.</p> <p>Our Connections capex, <i>Emissions Reduction: Renewable Gas Facilitation</i> program and many of our <i>Emissions reduction: JGN emissions reduction</i> and ICT projects are justified under this r. 79(2)(a). The supporting</p>

<sup>1</sup> <https://www.jemena.com.au/siteassets/asset-folder/documents/gas/non-basic-connection-contract.pdf>

Requirement	Response
<ul style="list-style-type: none"> <li>(a) the calculations of the economic value of the capital expenditure that directly accrues to the service provider, gas producers, users and end users; and</li> <li>(b) an explanation of the nature and quantification of the economic value that directly accrues to the service provider, gas producer, users and end users (see r. 79(3)).</li> </ul>	<p>documentation for these projects dealing with 4.3.7 information requirements are listed in <i>JGN - Att 19 - Document Index</i>.</p>
<p>4.3.8 If r. 79(2)(b) is relied on to justify forecast conforming capital expenditure, provide in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) the information the pipeline service provider relied on to determine the expected incremental revenue to be generated as a result of the forecast conforming capital expenditure;</li> <li>(b) a description of the incremental service or services (see r. 79(4)(a));</li> <li>(c) the gross revenue derived from the incremental service (see r. 79(4)(b));</li> <li>(d) the incremental expenditure (see r. 79(4)(b)); and</li> <li>(e) the discount rates that the pipeline service provider used to determine the present value of the incremental revenue.</li> </ul>	<p>See Appendix A of <i>JGN - Att 5.1 – Capital expenditure</i> for our assessment of which capex categories confirm with r.79(2)(b) and at the program / project level in <i>JGN - Att 19 - Document Index</i>.</p> <p>Augmentation projects driven by new customer connections are justified under r.79(2)(b). The supporting documentation for these projects dealing with the 4.3.8 information requirements are listed in <i>JGN - Att 19 - Document Index</i>.</p>
<p>4.3.9 If r. 79(2)(c)(i), (ii) or (iii) is relied on to justify the forecast conforming capital expenditure, provide in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) an explanation of which item in r. 79(2)(c)(i), (ii) or (iii) is relied on;</li> <li>(b) the relevant regulatory obligation or requirement (if any) and the relevant authority or body enforcing it;</li> <li>(c) an explanation of whether and how the pipeline service provider considers that the forecast conforming capital expenditure satisfies the item in r. 79(2)(c)(i), (ii) or (iii) being relied on; and</li> <li>(d) any supporting technical or other external or internal reports about whether and how the pipeline service provider considers that the forecast conforming capital expenditure addresses the relevant item in r. 79(2)(c)(i), (ii) or (iii).</li> </ul>	<p>See Appendix A of <i>JGN - Att 5.1 – Capital expenditure</i> for our assessment of which capex categories confirm with r.79(2)(c) and at the program / project level in <i>JGN - Att 19 - Document Index</i>.</p> <p>The projects and programs included in our <i>Stay in Business: Metering and Stay in Business, ICT</i> categories as well as some of our <i>Emissions reduction: JGN emissions reduction</i> projects are justified under these Rules. The supporting documentation for these projects dealing with the 4.3.9 information requirements are listed in <i>JGN - Att 19 - Document Index</i>.</p>

Requirement	Response
<p>4.3.10 If r. 79(2)(c)(iv) is relied on to justify forecast conforming capital expenditure, provide in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) an explanation of how the conforming capital expenditure is necessary to maintain the pipeline service provider's capacity to meet levels of demand for services; and</li> <li>(b) any reports or other information and documentation that supports whether and how the pipeline service provider considers that the forecast capital expenditure will maintain the capacity to meet the levels of demand for services.</li> </ul>	<p>See Appendix A of <i>JGN - Att 5.1 – Capital expenditure</i> for our assessment of which capex categories confirm with r.79(2)(c)(iv) and at the program / project level in <i>JGN - Att 19 - Document Index</i>.</p> <p>Augmentation projects driven by peak demand growth from existing customers are justified under this Rule. The supporting documentation for these projects dealing with the 4.3.10 information requirements are listed in <i>JGN - Att 19 - Document Index</i>.</p>
<p>4.3.11 For each capital expenditure purpose (gas) provide a project list which details for each project:</p> <ul style="list-style-type: none"> <li>(a) an internal identification code, which will enable the pipeline service provider to report actual capital expenditure against forecast capital expenditure;</li> <li>(b) the project name used internally by the pipeline service provider;</li> <li>(c) the cost and timing of the project capital expenditure; and</li> <li>(d) a brief description of the project and its scope.</li> </ul>	<p>Refer to RIN Attachment <i>JGN - Att 19 - Document Index</i>, and <i>JGN - Att 5.2M - Capital expenditure forecast model</i> for a project list and the details for each project including:</p> <ul style="list-style-type: none"> <li>- (a) an internal identification code</li> <li>- (b) the project name</li> <li>- (c) the cost and timing of the project capital expenditure</li> <li>- (d) a brief description of the project and its scope</li> </ul>
<p><b>Mains replacement</b></p> <p>4.3.12 Workbook 1 – Forecast and Workbook 2 – Historical, regulatory template E2. Mains Repex - Table E2.1.1 and Table E2.2.1 instructions:</p> <ul style="list-style-type: none"> <li>(a) For each proactive mains replacement project listed in table E2.1.1 and E2.2.1, specify in the materials submitted to the AER or basis of preparation: <ul style="list-style-type: none"> <li>(i) an internal identification code, in order to report actual capital expenditure against forecast capital expenditure;</li> <li>(ii) the asset class to which the project belongs. If the project has been allocated to multiple asset classes, provide the percentage allocation of the project to the asset classes; and</li> <li>(iii) the project name used internally.</li> </ul> </li> </ul>	<p>JGN has complied with the requirements under 4.3.12 in <i>JGN - Attachment 2 - Basis of preparation</i>.</p>

Requirement	Response
<p><b>Mains augmentation</b></p> <p>4.3.13 Workbook 1 – Forecast and Workbook 2 – Historical, regulatory template E3. Mains Augex - Table E3.1 instructions:</p> <p>(a) For each mains augmentation capex project listed in table E3.1 and E3.2, specify in the materials submitted to the AER or basis of preparation:</p> <p>(i) an internal identification code, in order to report actual capital expenditure against forecast capital expenditure;</p> <p>(ii) the asset class to which the project belongs. If the project has been allocated to multiple asset classes, provide the percentage allocations of the project to the asset classes; and</p> <p>(iii) the project name used internally.</p>	<p>In the historical RIN template, JGN has complied with these requirements. Refer to the Basis of Preparation for further details (<i>JGN - RIN - Att 2 - Basis of preparation</i>). With reference to item 4.3.13(a)(ii), JGN does use percentage allocation across the asset categories. JGN’s asset categories are based on the cost it incurs at the project level.</p> <p>JGN’s capex forecast model provides a list of all forecast mains augmentation projects. Each project has been assigned with a project number, project name, asset category and the total gross expenditure to be incurred in the 2025-30 period. The outputs of the capex forecast model, converted to real \$2025 and aggregated up for projects with total gross expenditure of less than \$500,000 in Attachment <i>RIN 4.2.3M - RIN Reconciliation model</i>), is then used to complete the forecast RIN sheets.</p> <p>The gross forecast expenditure excludes inflation. Any forecast customer contributions have been reported in accordance with the specified requirements.</p>
<p><b>Connections</b></p> <p>4.3.14 Workbook 1 – Forecast and Workbook 2 – Historical, regulatory template E5. New Connections - Table E5.2 instructions:</p> <p>(a) Provide supporting information for the data input into the table E5.2.1 Unit rates. For example, if the forecast is based on:</p> <p>(i) Contracts – provide documents which show that the contract outcomes are the result of a competitive tender and the contracts which specify the amounts relied upon; or</p> <p>(ii) Cost build up – provide the excel sheet model with sufficient information that the cost assumptions may be tested.</p>	<p>In the historical RIN template, JGN has complied with these requirements. Refer to the RIN Attachment <i>JGN - Attachment 2 - Basis of preparation</i>.</p> <p>To forecast connections expenditure JGN has developed its connections forecasting model (<i>JGN - RIN - 4.3 - Connection Capex Forecast Model</i>) which produces a forecast on a direct un-escalated basis. JGN’s capex forecast model (<i>JGN - Att 5.2M - Capital expenditure forecast model</i>) then applies escalation and overheads to the outputs of the connections forecasting model. The output of the capex forecast model, converted to real \$2025 in the RIN reconciliation model - Part A (<i>JGN-E.B-1.1(a)-1-RIN Reconciliation model- Part A</i>), is then used to complete the forecast RIN sheets.</p>
<p><b>Non-network – Telemetry</b></p> <p>4.3.15 Workbook 1 – Forecast and Workbook 2 – Historical, regulatory template E6. Non- Network - Table E6.5.1 instructions:</p> <p>(a) For each telemetry capital expenditure project or category listed in table E6.5.1, specify in the materials submitted to the AER or basis of preparation:</p>	<p>In the historical RIN template, JGN has complied with these requirements. Refer to <i>JGN - RIN - Att 2 - Basis of preparation</i>. With reference to item 4.3.15 (a) (ii), JGN does use percentage allocation across the asset categories. JGN’s asset categories are based on the cost it incurs at the project level.</p> <p>JGN’s capex forecast model provides a list of all forecast ‘non network telemetry’ projects. Each project has been assigned with a project number, project name, asset category and the total gross expenditure to be incurred in the 2025-30 period. The outputs of the capex forecast model, converted to real \$2025 and aggregated up for projects with total gross expenditure of less than \$500,000 in the RIN reconciliation model (<i>JGN - RIN - 4.2.3M - RIN</i></p>

Requirement	Response
<ul style="list-style-type: none"> <li>(i) for each project - an internal identification code, in order to report actual capital expenditure against forecast capital expenditure;</li> <li>(ii) the asset class to which the project or category belongs. If the project or category has been allocated to multiple asset classes, provide the percentage allocation of the project or category to the asset classes; and</li> <li>(iii) the project name used internally.</li> </ul>	<p><i>Reconciliation model</i> ), is then used to complete the forecast RIN sheets. The gross forecast expenditure excludes inflation. Any forecast customer contributions have been reported in accordance with the specified requirements.</p>
<p><b>Non-network – Information and communications technology</b></p> <p>4.3.16 Workbook 1 – Forecast and Workbook 2 – Historical, regulatory template E12. ICT - Table E12.1 instructions:</p> <ul style="list-style-type: none"> <li>(a) For each ICT project or category listed in table E12.1, specify in the materials submitted to the AER or basis of preparation: <ul style="list-style-type: none"> <li>(i) for each project - an internal identification code, in order to report actual capital expenditure against forecast capital expenditure;</li> <li>(ii) the asset class to which the project or category belongs. If the project or category has been allocated to multiple asset classes, provide the percentage allocation of the project to the asset classes; and</li> <li>(iii) the project name used internally.</li> </ul> </li> </ul>	<p>In the historical RIN template, JGN has complied with the requirements (a)(i)-(iii). Refer to <i>JGN - RIN - Att 2 - Basis of preparation</i>. With reference to item 4.3.16(a)(ii), JGN does use percentage allocation across the asset categories. JGN's asset categories are based on the cost it incurs at the project level.</p> <p>JGN's capex forecast model provides a list of all forecast ICT projects. Each project has been assigned with a project number, project name, asset category and the total gross expenditure to be incurred in the 2025-30 period. The outputs of the <i>JGN - Att 4.2M - Capital expenditure forecast model</i> , converted to real \$2025 and aggregated up for projects with total gross expenditure of less than \$500,000 in the RIN reconciliation model (<i>JGN - RIN - 4.2.3M - RIN Reconciliation model</i>), is then used to complete the forecast RIN sheets.</p>
<p><b>Non-network – Other capital expenditure</b></p> <p>4.3.17 Workbook 1 – Forecast and Workbook 2 – Historical, regulatory template E13. Other Capex - Table E13.1 instructions:</p> <ul style="list-style-type: none"> <li>(a) For each other capital expenditure project listed in table E13.1, specify in the materials submitted to the AER or basis of preparation: <ul style="list-style-type: none"> <li>(i) an internal identification code, in order to report actual capital expenditure against forecast capital expenditure;</li> <li>(ii) the asset class to which the project belongs. If the project has been allocated to multiple</li> </ul> </li> </ul>	<p>In the historical RIN template, JGN has complied with these requirements. Refer to <i>JGN - RIN - Att 2 - Basis of preparation</i>. With reference to item 4.3.17(a)(ii), JGN does use percentage allocation across the asset categories. JGN's asset categories are based on the cost it incurs at the project level.</p> <p>JGN's capex forecast model (<i>JGN - Att 4.2M - Capital expenditure forecast model</i>) provides a list of all forecast 'other' projects. Each project has been assigned with a project number, project name, asset category and the total gross expenditure to be incurred in the next AA period. The outputs of the capex forecast model, converted to real \$2025 and aggregated up for projects with total gross expenditure of less than \$500,000 in the RIN reconciliation model (<i>JGN - RIN - 4.2.3M - RIN Reconciliation model</i>), is then used to complete the forecast RIN sheets.</p> <p>The gross forecast expenditure excludes inflation. Any forecast customer contributions have been reported in accordance with the specified requirements.</p>

Requirement	Response
<p>asset classes, provide the percentage allocation of the project to the asset classes; and</p> <p>(iii) the project name used internally.</p>	
<p><b>Capital expenditure forecast method</b></p> <p>4.3.18 Describe in the materials submitted to the AER how the forecast conforming capital expenditure was prepared, including:</p> <ul style="list-style-type: none"> <li>(a) the forecasting methodologies used;</li> <li>(b) how its preparation differed or related to budgetary, planning and governance processes used in the normal running of the pipeline service provider's business;</li> <li>(c) processes for ensuring amounts are free of error and other steps in quality assurance; and</li> <li>(d) if and how the pipeline service provider considered the resulting amounts, when translated into price impacts, were in the long-term interest of consumers.</li> </ul>	<p>See <i>JGN – Att 5.1 – Capital expenditure</i>, <i>JGN – Att 5.4 – Technology Plan</i>, and supporting documentation summarised in <i>JGN - Att 19 - Document Index</i>.</p>
<p>4.3.19 In relation to any source material (including models, documentation or any other items containing quantitative data) used by the pipeline service provider to develop its forecast conforming capital expenditure, provide in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) a copy of this source material; and</li> <li>(b) all calculations that demonstrate how data from the source material has been manipulated or transformed to generate data provided in the regulatory templates.</li> </ul>	<p>See documents listed in <i>JGN - Att 19 - Document Index</i>.</p>
<p>4.3.20 Identify in the materials submitted to the AER which particular items of the pipeline service provider's forecast conforming capital expenditure have been:</p> <ul style="list-style-type: none"> <li>(a) derived directly from competitive tender processes;</li> <li>(b) based upon competitive tender processes for similar projects;</li> <li>(c) based upon estimates obtained from contractors or manufacturers;</li> </ul>	<p>See documents listed in <i>JGN - Att 19 - Document Index</i>.</p>



Requirement	Response
<ul style="list-style-type: none"> <li>(d) based upon independent benchmarks;</li> <li>(e) based upon actual historical costs for similar projects; and</li> <li>(f) reflective of any amounts for risk, uncertainty or other unspecified contingency factors, and if so, how these amounts were calculated and deemed reasonable.</li> </ul>	
<p>4.3.21 Provide in the materials submitted to the AER, any relevant internal decision-making documents relating to approval of the forecast conforming capital expenditure and any other internal or external documentation or models that justify the forecast conforming capital expenditure, including but not limited to:</p> <ul style="list-style-type: none"> <li>(a) business cases;</li> <li>(b) feasibility studies;</li> <li>(c) forecast demand studies and internal reports; and</li> <li>(d) the date of any relevant internal decision-making body/management decisions and board decisions.</li> </ul>	See documents listed in <i>JGN - Att 19 - Document Index</i> .
<p>4.3.22 Provide in the materials submitted to the AER all documents which were taken into account and relate to the deliverability of forecast conforming capital expenditure and explain the proposed deliverability.</p>	No specific documents were taken into account which relate to the deliverability of our forecast capital expenditure program as our proposed 2025-30 program is smaller than our 2020-25 program (as well as our spend in previous periods).
<p><b>Non-conforming capital expenditure in the forthcoming access arrangement period</b></p> <p>4.3.23 Provide in the materials submitted to the AER in relation to non-conforming capital expenditure:</p> <ul style="list-style-type: none"> <li>(a) details of the mechanism to prevent the pipeline service provider from benefiting, through increased revenue, from the capital contributions by a user in the forthcoming access arrangement period (see r. 82(3)).</li> </ul>	JGN is not proposing to include any non-conforming capital expenditure in the 2025-30 period.
<p><b>Capital redundancy policy in the forthcoming access arrangement period</b></p> <p>4.3.24 If relevant, provide in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) an explanation of the proposed mechanism to remove redundant assets from the capital base including:</li> </ul>	JGN's proposed 2025-30 AA does not include a capital redundancy policy.

Requirement	Response
<ul style="list-style-type: none"> <li>(i) when the mechanism will take effect; and</li> <li>(ii) whether the mechanism includes a proposal for cost sharing between the service provider and users associated with a decline in demand for pipeline services;</li> <li>(b) an explanation of why the mechanism is being included;</li> <li>(c) an explanation of what uncertainty the mechanism may cause; and</li> <li>(d) the effect of this uncertainty on the pipeline service provider.</li> </ul>	
<b>4.4 Operating expenditure</b>	
<p><b>Operating expenditure in the current access arrangement period</b></p> <p>4.4.1 For the current access arrangement period in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) identify all relevant related parties; and</li> <li>(b) provide an explanation of any non-recurring expenditures and the expenditure incurred for each of the non-recurring expenditures each regulatory year.</li> </ul>	<ul style="list-style-type: none"> <li>(a) For related party information see <i>JGN - RIN - 4.21 - Related party agreements</i>.</li> <li>(b) For non-recurring opex, see <i>JGN – Att 6.1 – Operating expenditure</i>.</li> </ul>
<p><b>Forecast operating expenditure in the forthcoming access arrangement period</b></p> <p>4.4.2 For forecast total operating expenditure provide in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) a description and explanation of the major drivers for the increase/decrease in expenditure for each operating expenditure category between the current access arrangement period and the forthcoming access arrangement period;</li> <li>(b) information on any changes to the operations of the pipeline from the current access arrangement period that have resulted in material changes to operating expenditure categories and total operating expenditure in the forthcoming access arrangement period, including a definition of the</li> </ul>	<ul style="list-style-type: none"> <li>(a) 4.4.2(a) See <i>JGN - Att 6.1 - Operating expenditure</i>, <i>JGN - Att 6.2 - Opex step change justification</i> and <i>JGN - Att 7.2 - Ancillary reference services cost build up approach</i></li> <li>(b) 4.4.42(b) There have been no changes to the operations of the pipeline in the current 2020-25 period that have resulted in material changes to operating expenditure categories.</li> <li>(c) 4.4.42(c) We have used the AER’s base-step-trend revealed cost approach for our Transportation Reference Service - see Chapter 6 of <i>JGN - Att 6.1 - Operating expenditure</i> for our forecast opex approach and <i>Att 6.3M - Operating expenditure forecasting model</i>. For Ancillary Reference Services, the cost build-up of each individual service is provided in <i>JGN - Att 7.2M - Ancillary reference services model</i> and described in <i>JGN - Att 7.2 - Ancillary reference services cost build up approach</i>.</li> <li>(d) 4.4.42(d)(i) See section 7 of <i>JGN - Att 6.1 - Operating expenditure</i> for demonstration that our 2023-24 base year is efficient based on an independent review by Competition Economics Group (CEG) (<i>Att 6.4 - Relative efficiency and forecast productivity growth of JGN</i>).</li> </ul> <p>4.4.42(d) (ii and iii) We use a revealed cost base year approach to forecast total operating expenditure. Our proposed base year is 2023-24. JGN has been a top performer on opex efficiency over the past 20 years,</p>

Requirement	Response
<p>materiality threshold used by the pipeline service provider to identify such changes;</p> <p>(c) the models or methodology used to develop the forecast total operating expenditure; and</p> <p>(d) a description of how the forecast was prepared, including:</p> <p>(i) how forecast operating expenditure reasonably reflects the criteria set out in r. 91(1) of the NGR;</p> <p>(ii) if a revealed cost base year approach was used to forecast total operating expenditure;</p> <p>(1) what the base year is; and</p> <p>(2) why that base year represents efficient, recurrent costs;</p> <p>(iii) if a revealed cost base year approach was not used to forecast total operating expenditure;</p> <p>(1) whether there was a year of historical operating expenditure available that represents efficient, recurrent costs; and</p> <p>(2) if not, why no year of historical operating expenditure represents efficient, recurrent costs; and</p> <p>(iv) any non-recurrent expenditure in the base year and each year of the forthcoming access arrangement period.</p>	<p>according to CEG's benchmarking analysis. Our estimated 2023-24 opex is consistent with our historical opex and represents the current level of opex required to operate our pipeline services. Refer to <i>JGN - Att 6.1 - Operating expenditure</i> and <i>JGN - CEG - Att 6.4 - Relative efficiency and forecast productivity growth of JGN</i> for more details.</p> <p>(iv) 4.4.42(d)(iv) Refer to <i>JGN - Att 6.1 - Operating expenditure</i> for more details.</p>
<p><b>Output growth</b></p> <p>4.4.3 Provide in the materials submitted to the AER:</p> <p>(a) all output growth drivers included in the forecast;</p> <p>(b) any economies of scale factors applied to the growth drivers;</p> <p>(c) evidence that the growth drivers explain cost changes due to output growth; and</p> <p>(d) any weightings applied if multiple output growth drivers have been used.</p>	<p>For 4.4.3(a) to (d), please see section 8 of <i>JGN - Att 6.1 - Operating expenditure</i>, <i>Att 6.3M - Operating expenditure forecasting model</i> and <i>JGN - CEG - Att 6.4 - Relative efficiency and forecast productivity growth of JGN</i>.</p>

Requirement	Response
<p>4.4.4 Explain in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) how the growth drivers have been applied in the operating expenditure forecast; and</li> <li>(b) how the forecast method accounts for economies of scale.</li> </ul>	<p>We have adopted the AER’s preferred approach to output growth - see section 8 of <i>JGN - Att 6.1 - Operating expenditure, JGN - Att 6.3M - Operating expenditure forecasting model</i> and <i>JGN - CEG - Att 6.4 - Relative efficiency and forecast productivity growth of JGN</i>.</p>
<p><b>Real price changes</b></p> <p>4.4.5 Explain in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) how the real price measures have been applied in the operating expenditure forecast; and</li> <li>(b) whether the labour price measure compensates for any form of labour productivity change.</li> </ul>	<p>For (a) and (b): We have adopted the AER’s preferred approach to real price changes - see section 8 of <i>JGN - Att 6.1 - Operating expenditure, JGN - Att 6.3M - Operating expenditure forecasting model</i> and <i>JGN - Oxford Economics - Att 5.5 - Input cost escalation</i>.</p>
<p><b>Productivity change</b></p> <p>4.4.6 Explain in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) how the forecast changes in productivity have been applied in the operating expenditure forecast;</li> <li>(b) whether the forecast productivity changes capture the historical trend of cost increases due to new regulatory obligations or requirements and changes to industry best practice; and</li> <li>(c) whether the productivity measure used to forecast operating expenditure includes productivity change compensated for by the labour price measure used to forecast the change in the price of labour.</li> </ul>	<p>We have adopted the AER’s preferred approach to real price changes - see section 8 of <i>JGN - Att 6.1 - Operating expenditure, JGN - Att 6.3M - Operating expenditure forecasting model</i> and <i>CEG - Att 6.4 - Relative efficiency and forecast productivity growth of JGN</i>.</p>
<p><b>4.5 Step Changes</b></p>	
<p>4.5.1 For each step change reported in Workbook 1 – Forecast, regulatory template E17, provide in the materials submitted to the AER an explanation of:</p> <ul style="list-style-type: none"> <li>(a) when the change occurred, or is expected to occur;</li> <li>(b) what the driver of the step change is;</li> <li>(c) how the driver has changed or will change (for example, revised legislation may lead to a change in a regulatory obligation or requirement); and</li> <li>(d) whether the step change is recurrent in nature.</li> </ul>	<p>For 4.5.1(a) to (c), please refer to <i>JGN - Att 6.2 - Opex step change justification</i>.</p> <p>For 4.5.1(d) all opex step changes proposed are recurrent in nature, noting that the profile of our forecast operating expenditure on the Pipeline Integrity Management Program varies year to year according to the program activity.</p>
<p>4.5.2 For each step change listed in response to section 4.5.1, provide in the materials submitted to the AER justification</p>	<p>For 4.5.2(a) to (d), please see <i>JGN - Att 6.2 - Opex step change justification</i> and Section 7.3 of <i>JGN - Att 5.4 - Technology plan</i>.</p>

Requirement	Response
<p>for when, and how, the step change affected, or is expected to affect:</p> <ul style="list-style-type: none"> <li>(a) the relevant operating expenditure category;</li> <li>(b) the relevant capital expenditure purpose (gas);</li> <li>(c) total operating expenditure; and</li> <li>(d) total capital expenditure.</li> </ul>	<p>For ICT total expenditure forecasts, see Section 7.2.2 of <i>JGN - Att 5.4 – Technology plan</i> which sets out the forecast capex and opex for each non-recurrent ICT program.</p> <p>For our capex forecasts, see <i>JGN - Att 5.1 – Capital expenditure</i>. Please also refer to <i>JGN – Attachment 19 – Document Index</i>.</p>
<p>4.5.3 For each step change listed in response to section 4.5.1, provide in the materials submitted to the AER the process undertaken by the pipeline service provider to identify and quantify the step change; and the cost benefit analysis that demonstrates the pipeline service provider proposes to address the step change in a prudent and efficient manner, including:</p> <ul style="list-style-type: none"> <li>(a) the timing of the step change; and</li> <li>(b) if the pipeline service provider considered a 'do nothing' option, evidence of how the pipeline service provider assessed the risks of this option compared with other options.</li> </ul>	<p>Please see <i>JGN - Att 6.2 – Opex step change justification</i>. It provides the timing of the step change and whether a 'do nothing' option was considered. When business cases have been prepared for step changes, they provide consideration of a 'do nothing' option (see the Picarro business case <i>JGN – RIN – 4.4 – Emissions Monitoring – Picarro – BC</i> and <i>JGN – Attachment 19 – Document Index</i> which provides information on the full range of business cases).</p> <p>For ICT total expenditure forecasts, see Section 7.2.2 of <i>JGN - Att 5.4 - Technology plan</i>.</p>
<p>4.5.4 If the step change was due to a change in a regulatory obligation or requirement provide in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) an explanation of any variations or exemptions granted from a regulatory obligation or requirement during the previous access arrangement period or the current access arrangement period; and</li> <li>(b) any compliance audits conducted during the previous access arrangement period or the current access arrangement period.</li> </ul>	<p>See <i>JGN - Att 6.2 - Opex step change justification</i>. For the step change on Climate reporting, the compliance requirements are set out in section 4.2 of <i>JGN - Att 6.2 - Opex step change justification</i>. For Picarro, please refer to <i>JGN - Att 6.2 - Opex step change justification</i> and <i>JGN - Att 4.1 - Emissions reduction program</i> for an overview of the continuing development of the regulatory frameworks related to emissions management.</p>
<p>4.5.5 For each step change listed in response to section 4.5.1, provide in the materials submitted to the AER, with reference to specific clauses of the relevant legislative instrument(s), the:</p> <ul style="list-style-type: none"> <li>(a) previous regulatory obligation or requirement; and</li> <li>(b) how the changed regulatory obligation or requirement is driving the step change.</li> </ul>	<p>Please see <i>JGN - Att 6.2 - Opex step change justification</i> and <i>JGN - Att 4.1 - Emissions reduction program</i> for the various regulatory and legislative instruments driving investments in emissions monitoring and climate reporting.</p>
<p>4.5.6 For each step change identified in response to section 4.5.1, explain in the materials submitted to the AER:</p>	<p>Please see <i>JGN - Att 6.2 - Opex step change justification</i>.</p>

Requirement	Response
<p>(a) why the efficient costs of the step change are not provided by other aspects of the operating expenditure forecast including, for example, base operating expenditure, output growth, real price growth or forecast productivity change; and</p> <p>(b) why the step change is required to contribute to a total forecast operating expenditure that reasonably reflects the criteria set out in r. 91(1) of the NGR.</p>	
<p><b>Category specific operating expenditure</b></p> <p>4.5.7 For all category specific forecasts in forecast operating expenditure provide in the materials submitted to the AER:</p> <p>(a) a description of the category specific forecast;</p> <p>(b) the process undertaken to identify and quantify the category specific forecast,</p> <p>(c) an explanation of why the efficient costs of the category specific forecast is not provided by other aspects of the operating expenditure forecast including, for example, base operating expenditure, output growth, real price growth or forecast productivity change; and</p> <p>(d) an explanation of why the category specific forecast is required to contribute to a total forecast operating expenditure that reasonably reflects the criteria set out in r. 91(1) of the NGR.</p>	<p>See Chapter 10 of <i>JGN - Att 6.1 - Operating expenditure</i>.</p>
<p><b>4.6 Interactions between capex and opex</b></p>	
<p>4.6.1 Identify in the materials submitted to the AER any material interactions between the pipeline service provider's forecast capital expenditure and forecast operating expenditure.</p>	<p>Interactions between capex and opex have been taken into account throughout JGN's AA proposal. Please refer to the following:</p> <ul style="list-style-type: none"> <li>• Section 7.3 of <i>JGN - Att 6.1 - Operating expenditure</i> for how capex and opex interact for SaaS implementation costs.</li> <li>• Section 2 (see for instance table 2.3 on the trade-off between capex and opex) in <i>JGN - Att 5.1 – Capital expenditure</i>.</li> <li>• For ICT capex and opex forecasts, section 7 of <i>JGN - Att 5.4 - Technology plan</i>.</li> </ul>
<p>4.6.2 Explain in the materials submitted to the AER how these interactions have been taken into account when</p>	<p>Please refer to the response to 4.6.1 above.</p>

Requirement	Response
developing forecasts of capital expenditure and operating expenditure, and otherwise in providing responses to items under sections 4.3 and 4.4.	
<b>4.7 Forecast price changes</b>	
4.7.1 Identify in the materials submitted to the AER, the labour and materials price changes proposed in the estimation of the forecast capital expenditure and the forecast operating expenditure.	<p>Refer to:</p> <ul style="list-style-type: none"> <li>The capex and opex models (<i>JGN - Att 6.3M - Operating expenditure forecasting model</i> and <i>JGN - Att 5.2M - Capital expenditure forecast model</i>), Oxford Economics' cost escalators report (<i>JGN - Oxford Economics - Att 5.5 - Input cost escalation</i>), and <i>JGN - Att 5.1 - Capital expenditure</i> and <i>JGN - Att 6.1 - Operating expenditure</i>.</li> <li>Template <i>E25 - Escalators</i> submitted as part of <i>JGN - RIN - Att 3 - Workbook 1 – Forecast for 2025-30</i>.</li> </ul>
<p>4.7.2 Provide in the materials submitted to the AER:</p> <p>(a) the model(s) used to derive and apply all price changes assumed in the estimation of the forecast capital expenditure proposal and the forecast operating expenditure proposal, including any proprietary model(s) provided by a third party;</p> <p>(b) in relation to labour escalators, a copy of the current Enterprise Agreement or equivalent agreement; and</p> <p>(c) evidence that the price measures explain those cost changes which are attributed to price changes, including evidence of any materials price forecast method which explains the historical change in the price of materials purchased by network service providers.</p>	<p>4.7.2(a) Refer to:</p> <ul style="list-style-type: none"> <li>The capex and opex models (<i>JGN - Att 6.3M - Operating expenditure forecasting model</i> and <i>JGN - Att 5.2M - Capital expenditure forecast model</i>)</li> <li>Oxford Economics' cost escalators report (<i>JGN - Oxford Economics - Att 5.5 - Input cost escalation</i>)</li> </ul> <p>4.7.2(b) The current Enterprise Agreement is the Jemena Gas and Water Enterprise Agreement 2021 (see RIN supporting document <i>JGN - RIN - 4.7.2 Zinfra Gas Enterprise Agreement NSW 2021</i>). The 2021 agreement has a nominal expiry date of 30 November 2024.</p> <p>4.7.2(c) Refer to <i>JGN - Oxford Economics - Att 5.5 - Input cost escalation</i> for Oxford Economics' cost escalators report for forecast labour escalation. JGN has applied zero real escalation on materials, consistent with the AER's standard approach.</p>
<p>4.7.3 Explain in the materials submitted to the AER:</p> <p>(a) the methodology underlying the calculation of each price change, including sources, data conversions, the operation of any models provided under paragraph 4.7.2(a) and the use of any assumptions, such as lags or productivity gains;</p> <p>(b) whether the same price changes have been used in developing both the forecast capital expenditure and forecast operating expenditure; and</p>	<p>JGN has applied the average of Oxford Economics and KPMG labour escalation forecasts to both opex and capex. Given that the wage index measure does not include the impact of the Superannuation Guarantee charge, which is in effect a labour on-cost, we have also adjusted the labour escalation of 2023-24 to 2025-26 by 0.5% to reflect the increase legislated to commence 1 July 2025.</p> <p>JGN has applied zero escalation to non-labour costs</p> <p>Refer to <i>JGN - Oxford Economics - Att 5.5 - Input cost escalation</i> for Oxford Economics' cost escalators report. For the KPMG values, we have applied the values from Ausgrid's 2024-29 EDPR draft decision as a placeholder as published by the AER, with an additional placeholder value for 2029-30 to be the same as 2028-29.</p>

Requirement	Response
(c) if the response to paragraph 4.7.3(b) is no, why it is appropriate for different expenditure escalators to apply.	
4.7.4 If an agreement provided in response to paragraph 4.7.2(b) is due to expire during the forthcoming access arrangement period, explain in the materials submitted to the AER the progress and outcomes of any negotiations to date to review and replace the current agreement.	The Company has initiated discussions with employees and the relevant union in regard to negotiations toward an agreement to replace the existing enterprise agreement. We have formally agreed to bargain, distributed the Employee Notice of Representational Rights and we have facilitated meetings between the union (AWU) and our employees with the purpose of advancing negotiations. The company's intention is to at least have agreement in principle prior to the expiry of the current agreement.
<b>4.8 Historical financial information</b>	
<p>4.8.1 If not previously provided to the AER, provide in the materials submitted to the AER:</p> <p>(a) the cost allocation method for the relevant regulatory year;</p> <p>(b) a statement of policy for determining:</p> <p>(i) the allocation of costs for the relevant regulatory year; and</p> <p>(ii) the allocation of overheads for the relevant regulatory year.</p>	<p>Refer Schedule 1 – 1.1.2 responses in annual RINs.</p> <p>JGN has included as part of its 2025 AA proposal:</p> <p>(a) its regulatory accounting principles and policies (see RIN supporting document <i>JGN - RIN – 4.8.1 - Regulatory Accounting Principles &amp; Policies</i> and two capitalisation policies (see RIN supporting documents <i>JGN - RIN – 4.8.1 - Capitalisation Policy: Property, Plant &amp; Equipment (JAA FIN GU 0012)</i> and <i>JGN - RIN – 4.8.1 - Capitalisation Policy: Intangible Assets (JAA FIN GU 0013)</i> for the current 2020-25 period. These policies have not changed since they were provided to the AER.</p> <p>(b) The Jemena cost allocation methodology, which sets out the procedure of cost attribution to the Jemena Group assets (i.e. the attribution of costs to JGN), is included as RIN supporting document <i>JGN - RIN – 4.10 - Jemena - Cost Allocation Methodology</i> and JGN's cost allocation model, which establishes the method of attributing JGN costs to services, is included as <i>JGN - Att 6.5 - Cost Allocation Methodology</i>.</p> <p>(i) All costs that are allocated to JGN and to its pipeline services are performed in accordance with the Jemena Group and JGN cost allocation methodologies. All allocated costs are relevant to each regulatory year with appropriate external audit procedures performed over these costs and in accordance with the RIN requirements.</p> <p>(ii) JGN allocates overheads directly to its pipeline services and where it cannot, a causal driver is used to allocate these costs.</p>
<b>4.9 Compliance with current access arrangement</b>	
<p><b>Cost pass through</b></p> <p>4.9.1 Describe in the materials submitted to the AER the processes and procedures the pipeline service provider has in place to:</p> <p>(a) identify negative cost pass through events under the current access arrangement, and;</p>	These are described <i>JGN - Att 10.2 - Cost pass through mechanisms</i> . Please also refer to JGN's 2025 AA, which includes a section on cost pass through events resulting in an increase or decrease in costs (see section 3.4).



Requirement	Response
(b) determine the materiality (as defined in the current access arrangement) of cost decreases.	
<p><b>Tariff class assignment</b></p> <p>4.9.2 Identify in the materials submitted to the AER each refusal the pipeline service provider has made during the relevant regulatory year to assign a user to the tariff class nominated by a user or prospective user in its request for service under the current access arrangement including:</p> <ul style="list-style-type: none"> <li>(a) the name of the user or prospective user;</li> <li>(b) the date upon which the request was made; and</li> <li>(c) the date upon which the pipeline service provider responded to the request.</li> </ul>	There were no refusals during the current 2020-25 access arrangement period.
<p><b>Tariff class re-assignment</b></p> <p>4.9.3 Describe in the materials submitted to the AER the processes and procedures the pipeline service provider has in place to determine if the withdrawal of a tariff class and/or re-assignment of a delivery point to a different tariff class of under the current access arrangement is necessary.</p>	<p>JGN automatically assigns volume customers to VI tariffs, while VB sites are manually updated as part of the meter activation process. Demand customers are assigned as part of the request for service process.</p> <p>Please refer to <i>JGN - Att 10.3 - 2025-30 tariff assignment policy</i> for more details, which is provided for information and does not form part of JGN's 2025 AA proposal.</p>
<p>4.9.4 Identify in the materials submitted to the AER each withdrawal of a tariff class and/or delivery point re-assignment the pipeline service provider has made during the relevant regulatory year under the current access arrangement including:</p> <ul style="list-style-type: none"> <li>(a) the name of the tariff class or delivery point;</li> <li>(b) the date upon which the withdrawal or re-assignment occurred;</li> <li>(c) how many users were affected by the withdrawal or re-assignment; and</li> <li>(d) the reason for each withdrawal or re-assignment (including re-assignment at the users' request).</li> </ul>	During the current 2020-25 period, no tariff classes were withdrawn and 44 delivery points were reassigned. Refer to <i>JGN - RIN - 4.9 – 2020-25 tariff reassignments – Confidential</i> for JGN's compliance with requirements 4.9.4(a) to (d).
<p>4.9.5 Describe in the materials submitted to the AER the processes and procedures the pipeline service provider has in place to determine if the re-assignment of a tariff class to a delivery point requested by a user under the access arrangement is necessary.</p>	On an ad-hoc basis, JGN reviews customer consumption to identify if a customer should be assigned to a demand tariff rather than a volume tariff and vice versa.

Requirement	Response
<p>4.9.6 Identify in the materials submitted to the AER each tariff re-assignment the pipeline service provider has made during the relevant regulatory year under the current access arrangement including:</p> <ul style="list-style-type: none"> <li>(a) the name of the user who made the request;</li> <li>(b) the date upon which the request was made; and</li> <li>(c) whether the pipeline service provider agreed to the request.</li> </ul>	<p>During the current 2020-25 period, 44 delivery points were reassigned. Refer to <i>JGN – RIN – 4.9 – 2020-25 tariff reassignments – Confidential</i> for JGN's compliance with requirements 4.9.6(a) to (c).</p>
<p><b>4.10 Cost allocation</b></p>	
<p><b>Cost allocation principles</b></p>	
<p>4.10.1 All costs that relate to or are incurred in the provision of reference services in the audited statutory accounts must be allocated to the pipeline service provider in accordance with section 4.10.2.</p>	<p>JGN's historical costs have been allocated to the pipeline service provider and reported in the annual reporting RIN responses. Please refer to the written response for each of JGN's annual reporting RIN responses to understand how JGN has complied with 4.10.1.7.</p> <p>Refer Schedule 1 – Appendix E 3.1.6 responses in annual RINs.</p>
<p>4.10.2 A cost allocated to the pipeline service provider in response to paragraph section 4.10.1, that is:</p> <ul style="list-style-type: none"> <li>(a) directly attributable to the pipeline service provider, is to be allocated to the pipeline service provider on that basis; or</li> <li>(b) not directly attributable to the pipeline service provider is to be allocated on a causation basis, unless the item is not material, using an appropriate allocator, and explained in accordance with section 4.10.6.</li> </ul>	<p>Refer Schedule 1 – Appendix E 3.1.6 (a) responses in annual RINs.</p>
<p>4.10.3 Capital expenditure items are to be allocated to a capital expenditure purpose (gas) on a directly attributable basis or a causation basis using an appropriate allocator. Where this is not possible the capital expenditure is to be allocated using an appropriate allocator and explained in accordance with section 4.10.7.</p>	<p>Refer Schedule 1 – Appendix E 3.1.6 (b) responses in annual RINs.</p>
<p>4.10.4 Operating expenditure items are to be allocated to an activity area on a directly attributable basis or a causation basis using an appropriate allocator. Where this is not possible the operating expenditure is to be allocated using an appropriate allocator and explained in accordance with section 4.10.7.</p>	<p>Refer Schedule 1 – Appendix E 3.1.6 (c) responses in annual RINs.</p>

Requirement	Response
<p><b>Cost allocation to pipeline service provider</b></p> <p>4.10.5 Identify in the materials submitted to the AER each item in the regulatory templates that is:</p> <p>(a) not allocated on a directly attributable basis but is allocated on a causation basis to the pipeline service provider; or</p> <p>(b) not allocated on a directly attributable basis and cannot be allocated on a causation basis to the pipeline service provider.</p>	<p>(a) Refer Schedule 1 – 2.1 (b) responses in annual RINs.</p> <p>(b) Refer Schedule 1 – 2.1 (c) responses in annual RINs.</p> <p>(a) the following items, mainly shared service type activities, are not allocated on a directly attributable basis but are allocated on a causation basis to JGN:</p> <ul style="list-style-type: none"> <li>• Customer and Markets - support costs for the delivery of JGN's customer pricing and services</li> <li>• Office of Managing Director - support management and business planning obligations</li> <li>• Property costs – allocation of corporate property costs to JGN</li> <li>• Other Enterprise Support (Corporate) Functions - support functions costs support JGN's corporate management and related services, e.g. IT, Legal, Finance, People Safety and Environment</li> </ul> <p>(b) JGN does not have costs that are allocated on a directly attributable basis and cannot be allocated on a causation basis.</p>
<p>4.10.6 For each item identified in the response to paragraph 4.10.5 (a):</p> <p>(a) state the amount of the item that has been allocated to the pipeline service provider;</p> <p>(b) explain the method of allocation and reasons for choosing that method;</p> <p>(c) state the amount of each allocator used; and</p> <p>(d) explain the reason(s) why it cannot be directly attributed.</p>	<p>(a) Refer Schedule 1 – 2.2 (a) responses in annual RINs.</p> <p>(b) Refer Schedule 1 – 2.2 (b) responses in annual RINs.</p> <p>(c) Refer Schedule 1 – 2.2 (c) responses in annual RINs.</p> <p>(d) Refer Schedule 1 – 2.2 (d) responses in annual RINs.</p>
<p>4.10.7 For each item identified in the response to paragraph 4.10.5 (b):</p> <p>(a) state the amount that has been allocated to the pipeline service provider and whether it was material;</p> <p>(b) explain the method of allocation and reasons for choosing that method; and</p> <p>(c) explain the reason(s) why it cannot be allocated on a causation basis.</p>	<p>(a) Refer Schedule 1 – 2.3 (a) responses in annual RINs.</p> <p>(b) Refer Schedule 1 – 2.3 (b) responses in annual RINs.</p> <p>(c) Refer Schedule 1 – 2.3 (c) responses in annual RINs.</p>

Requirement	Response
<p><b>Cost allocation to pipeline services</b></p> <p>Note: Pipeline services refers to haulage reference services, ancillary reference services, other reference services and non-reference services.</p> <p>4.10.8 Identify each item in the regulatory templates attached at Appendix A that is:</p> <ul style="list-style-type: none"> <li>(a) directly attributable to a pipeline service;</li> <li>(b) not directly attributable but is allocated on a causation basis to a pipeline service;</li> <li>(c) not directly attributable and cannot be allocated on a causation basis to a pipeline service.</li> </ul>	<p>JGN's historical costs have been allocated to pipeline services and reported in the annual reporting RIN responses. Please refer to the written response for each of JGN's annual reporting RIN responses to understand how JGN has complied with 4.10.8-11.</p> <ul style="list-style-type: none"> <li>(a) Refer Schedule 1 – 3.1 (a) responses in annual RINs.</li> <li>(b) Refer Schedule 1 – 3.1 (b) responses in annual RINs.</li> <li>(c) Refer Schedule 1 – 3.1 (c) responses in annual RINs.</li> </ul>
<p>4.10.9 For each item identified in response to paragraph 4.10.8 (a), state the amount of the item that is directly attributable to each pipeline service.</p>	<p>Refer Schedule 1 – 3.2 responses in annual RINs.</p>
<p>4.10.10 For each item identified in the response to paragraph 4.10.8 (b):</p> <ul style="list-style-type: none"> <li>(a) state the amount of the item that has been allocated to each pipeline service;</li> <li>(b) explain the method of allocation and reasons for choosing that method; and</li> <li>(c) state the amount of each allocator used; and</li> <li>(d) explain why it cannot be directly attributed.</li> </ul>	<ul style="list-style-type: none"> <li>(a) Refer Schedule 1 – 3.3 (a) responses in annual RINs.</li> <li>(b) Refer Schedule 1 – 3.3 (b) responses in annual RINs.</li> <li>(c) Refer Schedule 1 – 3.3 (c) responses in annual RINs.</li> <li>(d) Refer Schedule 1 – 3.3 (d) responses in annual RINs.</li> </ul>
<p>4.10.11 For each item identified in the response to paragraph 4.10.8 (c):</p> <ul style="list-style-type: none"> <li>(a) state the amount of the item that has been allocated to each pipeline service and whether it was material;</li> <li>(b) explain the method of allocation and reasons for choosing that method; and</li> <li>(c) explain the reason(s) why it cannot be allocated on a causation basis.</li> </ul>	<ul style="list-style-type: none"> <li>(a) Refer Schedule 1 – 3.4 (a) responses in annual RINs.</li> <li>(b) Refer Schedule 1 – 3.4 (b) responses in annual RINs.</li> <li>(c) Refer Schedule 1 – 3.4 (c) responses in annual RINs.</li> </ul>
<p><b>4.11 Capital base and tax reporting</b></p>	
<p>4.11.1 Provide the pipeline service provider's calculation of the capital base using the AER's roll forward model (RFM) and PTRM which are to be submitted as part of the access arrangement proposal, including the pipeline</p>	<p>Refer to attachments <i>JGN - Att 7.7M - Roll Forward Model</i>, <i>JGN - Att 7.6.1M - PTRM - Step 1</i> and <i>JGN - Att 7.6.2M - PTRM - Step 2</i>.</p>

Requirement	Response
service provider's calculation of the opening and closing capital base for each regulatory year of the current access arrangement period and forthcoming access arrangement period.	
4.11.2 Provide the pipeline service provider's values in the AER's RFM for gross capex and Type 2 capital contributions, and values for gross capex in the AER's PTRM, identifying in the materials provided where they are exclusive of gifted assets consistent with the Full Federal Court of Australia's ruling on 21 October 2020. <sup>2</sup>	<p>Refer to attachments <i>JGN - Att 7.7M - Roll Forward Model</i>, <i>JGN - Att 7.6.1M - PTRM - Step 1</i> and <i>JGN - Att 7.6.2M - PTRM - Step 2</i>. JGN has identified nil Type 2 capital contributions as part of actual capex in the RFM and forecast capex in the PTRM.</p> <p>The forecast Type 1 and Type 2 capital contributions are provided in <i>JGN - Att 5.2M - Capital expenditure forecast model</i>.</p>
4.11.3 If the pipeline service provider proposes to change the underlying methods in the AER's RFM and/or PTRM compared with the current access arrangement's AER final decision RFM and/or PTRM for the calculation referred to in paragraph 4.11.1, provide in the materials submitted to the AER the reasons for the changes.	We have not proposed changes to the underlying methods in the AER's RFM and PTRM.
4.11.4 If the opening value of the capital base as at the start of the forthcoming access arrangement period is proposed to be adjusted because of re-use of redundant assets or exclusion of redundant assets, provide details in the materials submitted to the AER including relevant supporting information used to calculate that adjustment value.	No adjustments applied for re-use of redundant assets or exclusion of redundant assets.
<b>4.12 Depreciation schedules</b>	
4.12.1 Provide the pipeline service provider's calculation of the depreciation amounts for the relevant gas distribution network for each regulatory year of: (a) the current access arrangement period using the AER's RFM, which is to be submitted as part of the access arrangement proposal; and (b) the forthcoming access arrangement period using the AER's PTRM, which is to be submitted as part of the access arrangement proposal.	<p>Refer to:</p> <ul style="list-style-type: none"> <li><i>JGN - Att 7.7M - Roll Forward Model</i> provides the depreciation calculation for each regulatory year of the current 2020-25 period.</li> <li><i>JGN - Att 7.6.1M - PTRM - Step 1</i> and <i>JGN - Att 7.6.2M - PTRM - Step 2</i> provide the forecast depreciation for the 2025-30 period.</li> </ul>
4.12.2 If the pipeline service provider proposes to change the underlying depreciation methods in the AER's RFM and PTRM compared with the current access arrangement's	We have not proposed changes to the AER's straight-line depreciation approach.

<sup>2</sup> Federal Court of Australia, *Victoria Power Networks Pty Ltd v Commissioner of Taxation* [2020] FCAFC 169, 21 October 2020.

Requirement	Response
<p>AER final decision RFM and PTRM for the calculations referred to in paragraph 4.12.1, describe in the materials submitted to the AER the reasons for the changes.</p>	<p>To give effect to our accelerated depreciation proposal, we propose a future of gas asset class with a 5 year standard asset life, labelled 'Future of Gas – MP Services', that we apply accelerated depreciation to over the 2025-30 period in the PTRM.</p> <p>Section 4.3 in <i>JGN - Att 7.3 - Depreciation approach</i> explains how we calculate our proposed amount of assets to include in this new asset class and <i>JGN - Att 7.4 - Future of gas analysis</i> for our long-term analysis on accelerated depreciation</p>
<p>4.12.3 For the standard asset lives applied in the PTRM, identify any changes from the standard asset lives approved in the AER's final decision for the current access arrangement for existing asset classes. Explain in the materials submitted to the AER the reason/s for the change and provide relevant supporting information.</p>	<p>We have not proposed changes to the standard asset lives of our existing asset classes in the PTRM of the current 2020-25 period.</p>
<p>4.12.4 For any proposed new asset classes, explain the reason/s for using these new asset classes and provide in the materials submitted to the AER the relevant supporting information on their proposed standard asset lives.</p>	<p>We have proposed a future of gas asset class with a 5 year standard asset life, labelled 'Future of Gas – MP Services', as described in 4.12.2 above.</p> <p>Section 4.3 in <i>JGN - Att 7.3 - Depreciation approach</i> explains how we calculate our proposed amount of assets to include in this new asset class and <i>JGN - Att 7.4 - Future of gas analysis</i> for our long-term analysis on accelerated depreciation.</p>
<p>4.12.5 If existing asset classes approved in the AER's final decision for the current access arrangement are proposed to be removed at the start of the forthcoming access arrangement period and their residual values are to be reallocated to other asset classes, explain in the materials submitted to the AER the reason/s for the change and provide relevant supporting information. This should include a demonstration of the materiality of the change on the forecast depreciation allowance.</p>	<p>We propose to remove asset class 'Existing pigging and inspection' at the start of the 2025-30 period.</p> <p>This asset class was created in the current 2020-25 period with a 5 year asset life to accelerate the depreciation of existing pigging and inspection costs in our RAB. Pigging and inspection costs were historically treated as capex and have been treated as opex from the current 2020-25 period onwards.</p> <p>This asset class has been fully depreciated (i.e. has zero residual value) at the end of the current 2020-25 period. We do not expect any new capex in this asset class for the 2025-30 period as the costs are treated as opex. Therefore we propose to remove this asset class from the PTRM in the 2025-30 period.</p>
<p>4.12.6 Describe in the materials submitted to the AER the method used to depreciate existing asset classes as at 1 July 2025 and provide supporting calculations. This may include calculations to estimate remaining asset lives.</p>	<p>We provide descriptions of the method used to depreciate existing asset classes as at 1 July 2025 in <i>JGN - Att 7.3 - Depreciation approach</i>.</p> <p>We provide the calculations of depreciation in <i>JGN - Att 7.7M - Roll Forward Model</i>, <i>JGN - Att 7.3M - Depreciation model</i>, <i>JGN - Att 7.6.1M - PTRM - Step 1</i>, and <i>JGN - Att 7.6.2M - PTRM - Step 2</i>.</p>
<p>4.12.7 Explain in the materials submitted to the AER the approach the pipeline service provider used to forecast its immediate expensing capital expenditure for the forthcoming access arrangement period as provided in the access arrangement proposal PTRM.</p>	<p>We have proposed zero forecast immediate expensing capital expenditure for the 2025-30 period, consistent with our actual tax practice.</p>

Requirement	Response
<p>4.12.8 The AER's PTRM applies the diminishing value (DV) method for tax depreciation purposes to all new depreciable assets except for certain assets. Where the pipeline service provider proposes capital expenditure associated with buildings and in-house software to be exempted from the DV method of tax depreciation, please identify in the materials whether the proposal satisfies:</p> <p>(a) buildings: capital expenditure for buildings may be depreciated using the SL method if it satisfies the definition of a capital work under section 43.20 of the Income Tax Assessment Act 1997 (ITAA); and</p> <p>(b) in-house software: capital expenditure for in-house software may be depreciated using the SL method if it satisfies the definition of in-house software under section 995.1 of the ITAA, and may be depreciated using the SL method, consistent with section 40.72 of the ITAA.</p>	<p>We confirm that our proposed capex in asset classes 'Software - Inhouse (SL)', 'Buildings (SL)' and 'Leasehold Improvements (SL)' satisfy the definitions in the ITAA to be depreciate using the straight-line method for tax depreciation.</p>
<p><b>4.13 Corporate tax allowance</b></p>	
<p>4.13.1 Provide in the materials submitted to the AER the pipeline service provider's calculation of the estimated cost of corporate income tax for the forthcoming access arrangement period using the AER's PTRM, which is to be submitted as part of the access arrangement proposal.</p>	<p>Refer to:</p> <ul style="list-style-type: none"> <li>• <i>JGN - Att 7.1 - Revenue and price path</i> for an explanation of JGN's cost of corporate income tax.</li> <li>• <i>JGN - Att 7.6.1M - PTRM - Step 1</i> and <i>JGN - Att 7.6.2M - PTRM - Step 2</i> for the calculations of corporate income tax in the 2025-30 period.</li> </ul>
<p>4.13.2 Demonstrate in the materials submitted to the AER that the calculation referred to in paragraph 4.13.1 complies with r. 87A of the NGR.</p>	<p>JGN has applied the statutory income tax rate and the allowed imputation credits in the <i>AER's Rate of Return Instrument 2022</i>, which satisfies Rule 87A of the NGR. This calculation is demonstrated in <i>JGN - Att 7.6.1M - PTRM - Step 1</i> and <i>JGN - Att 7.6.2M - PTRM - Step 2</i>.</p>
<p>4.13.3 Provide in the materials submitted to the AER the details of each departure from the AER's PTRM for the calculations referred to in paragraph 4.13.1, and the reasons for that departure.</p>	<p>JGN has not departed from the AER's PTRM for the calculations referred to in paragraph 4.13.1.</p>
<p>4.13.4 Identify in the materials submitted to the AER any changes to standard tax asset lives for existing asset classes approved for the current access arrangement. Explain the reason/s for the change and provide relevant supporting information, including Federal tax laws governing depreciation for tax purposes.</p>	<p>There are no changes to standard tax asset lives for existing asset classes approved for the current 2020-25 access arrangement.</p>

Requirement	Response
4.13.5 Describe in the materials submitted to the AER the method used to depreciate existing asset classes as at 1 July 2025 for tax purposes and provide supporting calculations, if the approach differs from that in the current access arrangement's AER final decision RFM.	There are no changes to standard tax asset lives for existing asset classes approved for the current 2020-25 access arrangement.
4.13.6 Provide in the materials submitted to the AER the pipeline service provider's calculation of the tax asset base for each regulatory year of the current access arrangement period and forthcoming access arrangement period using the pipeline service provider's RFM, PTRM and/or separate tax depreciation model.	Refer to the PTRM (Step 1 and Step 2) and RFM, which are <i>JGN - Att 7.6.1M - PTRM - Step 1</i> , <i>JGN - Att 7.6.2M - PTRM - Step 2</i> , and <i>JGN - Att 7.7M - Roll Forward Model</i> for more information.
4.13.7 If the pipeline service provider proposes to change the underlying methods in the AER's RFM for the calculations referred to in section 4.13.1, describe in the materials submitted to the AER the reasons for the changes.	JGN does not propose to change the underlying methods in the AER's RFM for the calculations referred to in section 4.13.1.
4.13.8 Identify in the materials submitted to the AER any differences in the capitalisation of expenditure for regulatory accounting purposes and tax accounting purposes. Provide reasons and supporting calculations to reconcile any differences between the two forms of accounts.	JGN uses a consistent approach to capitalisation of expenditure for regulatory accounting and regulatory tax purposes.
<b>4.14 Demand</b>	
4.14.1 Provide in the materials submitted to the AER: <ul style="list-style-type: none"> <li>(a) an explanation of any trends in demand and volumes over the current access arrangement period and the forthcoming access arrangement period;</li> <li>(b) details of the key drivers behind the demand forecasts provided in response to Workbook 1 – Forecast, regulatory template N1. Demand;</li> <li>(c) any methodology and models that have been used to develop the demand forecasts;</li> <li>(d) any data sets used as inputs into the models;</li> <li>(e) any key inputs and assumptions that have been used in the models (including in relation to economic growth, customer (gas) numbers and policy changes) and any associated models or data</li> </ul>	All the information relating to JGN's demand forecast can be found in the following documents: <ul style="list-style-type: none"> <li>• <i>JGN - Att 8.1 - Overview of JGN's demand forecast</i></li> <li>• Independent demand forecast prepared by Core Energy &amp; Resources (Core) <i>JGN - Core Energy - Att 8.2 - Demand Forecast Report</i></li> <li>• <i>JGN - Core Energy - Att 8.3 - Demand Forecast Report Addendum</i></li> <li>• <i>JGN - Core Energy - Att 8.4M - NSW Demand Forecast Model - Confidential</i></li> <li>• <i>JGN - Core Energy - Att 8.5M - NSW EDD Index Model - Confidential</i></li> <li>• <i>JGN - Core Energy - Att 8.6M - Weather Normalised Demand Model - Confidential</i></li> </ul>



Requirement	Response
<p>relevant to justifying these inputs and assumptions and how demand for pipeline services is differentiated;</p> <p>(f) an explanation of any weather normalisation models used by the pipeline service provider and how weather data has been used, as well as an explanation as to how the pipeline service provider's approach to weather normalisation has changed over time;</p> <p>(g) an explanation of any appliance models, where used, or assumptions relating to average customer (gas) energy usage (by customer (gas) type);</p> <p>(h) how the forecasting methodology used is consistent with, and takes into account, historical observations (where appropriate), including any calibration processes undertaken within the model (specifically whether the load forecast is matched against actual historical load); and</p> <p>(i) an explanation of how the demand forecasts have been used to develop the pipeline service provider's capital expenditure and operating expenditure forecasts.</p>	
<p>4.14.2 Provide in the materials submitted to the AER:</p> <p>(a) evidence that any independent verifier engaged has examined the reasonableness of the method, processes and assumptions in determining the forecasts and has the requisite expertise to undertake a verification of forecasts; and</p> <p>(b) all documentation, analysis and models evidencing the results of the independent verification provided in paragraph 4.14.2(a).</p>	<ul style="list-style-type: none"> <li>• 4.14.2(a) JGN engaged Core to independently develop the demand forecast. Consequently, JGN has not engaged a separate expert to independently verify the demand forecast but note that Core validated its forecasts against AEMO's Gas Statement of Opportunities.</li> <li>• 4.12.2(b) refer to <i>JGN - Att 8.1 - Overview of JGN's demand forecast</i> explains the forecasting approach and provides Core's credentials and the independent demand forecast prepared by Core is available at <i>JGN - Core Energy - Att 8.2 - Demand Forecast Report</i> and <i>JGN - Core Energy - Att 8.3 - Demand Forecast Report Addendum</i>. The supporting models are: <ul style="list-style-type: none"> <li>○ <i>JGN - Core Energy - Att 8.4M - NSW Demand Forecast Model - Confidential</i></li> <li>○ <i>JGN - Core Energy - Att 8.5M - NSW EDD Index Model - Confidential</i></li> <li>○ <i>JGN - Core Energy - Att 8.6M - Weather Normalised Demand Model - Confidential</i></li> </ul> </li> </ul>

Requirement	Response
<b>4.15 Incentive schemes</b>	
4.15.1 Provide in the materials submitted to the AER, for each incentive mechanism (including existing incentive mechanisms), details of the forecast revenue referable to increments for efficiency gains or decrements for efficiency losses for the forthcoming access arrangement period.	Refer to: <ul style="list-style-type: none"> <li>• <i>JGN - Att 7.9M - ECM model of JGN's AA proposal</i> for the Efficiency Carryover Mechanism (ECM) model</li> <li>• <i>JGN - Att 7.12M - CESS model of JGN's AA proposal</i> for the Capital Expenditure Sharing Scheme (CESS) model</li> <li>• <i>JGN - Att 7.11 - Incentive schemes.</i></li> </ul>
4.15.2 Provide in the materials submitted to the AER, for each proposed incentive mechanism: <ol style="list-style-type: none"> <li>(a) an explanation of the operation of the proposed incentive mechanism;</li> <li>(b) an explanation of the rationale for the proposed incentive mechanism;</li> <li>(c) reference to the source documents used to derive exclusions and inclusions to calculate efficiency gains and losses for the forthcoming access arrangement period; and</li> <li>(d) any relevant analyses or reports that support the proposed incentive mechanism.</li> </ol>	JGN is subject to both an ECM and a CESS for the 2020-25 period. Refer to <i>JGN - Att 7.9M - ECM model</i> , <i>JGN - Att 7.12M - CESS model</i> , <i>JGN – Att 7.11 – Incentive schemes</i> and JGN's 2025-30 Access Arrangement.
<b>4.16 Revenue and pricing</b>	
4.16.1 Provide in the materials submitted to the AER, the pipeline service provider's calculation of the unsmoothed and smoothed revenues, and prices for the purposes of the reference tariff variation mechanism proposed by the pipeline service provider for the forthcoming access arrangement period using the AER's PTRM.	JGN has used two PTRMs as part of its 2025 AA proposal: <i>JGN - Att 7.6.1M - PTRM - Step 1</i> and <i>JGN - Att 7.6.2M - PTRM - Step 2</i> . We propose to change the tariff structure for our Volume market customers for the 2025-30 period, which requires two sets of quantity forecast (existing and new tariffs) to calculate x-factors and therefore requiring two PTRMs. <i>JGN - Att 7.6.1M - PTRM - Step 1</i> – the first PTRM – calculates the unsmoothed revenue for the 2025-30 period, as well as the smoothed revenue based on the current tariff structure continuing. In Step 1 PTRM, the starting point of the smoothed revenue is approved 2024-25 tariffs and estimated 2024-25 revenue (year 5 of the current 2020-25 period). The smoothed revenue calculated in the Step 1 PTRM for year 1 of the next period (2025-26) is then used to calculate rebalanced prices under the proposed new tariff structure in 2025-26. In <i>JGN - Att 7.6.2M - PTRM - Step 2</i> – the second PTRM – we reset the starting point of smoothed revenue to 2025-26 (year 1 of the next AA period), inputting the new tariff structure, 2025-26 rebalanced prices, and associated quantity to calculate the x-factors for year 2 to 5.

Requirement	Response
<p>4.16.2 If the pipeline service provider proposes to change the underlying methods in its access arrangement proposal PTRM compared with the current access arrangement AER's final decision PTRM for the calculations referred to paragraph 14.16.1, describe in the materials submitted to the AER, the reasons for the changes.</p>	<p>JGN does not propose to change the underlying methods in its 2025 AA proposal PTRM compared with the current 2020-25 access arrangement AER's final decision PTRM for the calculations referred to paragraph 14.16.1.</p>
<p><b>4.17 Tariffs and variations</b></p>	
<p><b>Total revenue allocation</b></p>	
<p>4.17.1 Provide in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) an explanation, including any relevant calculations, of the methods or principles used to allocate relevant cost between the reference services and non-reference services; and</li> <li>(b) for rebateable services, provide: <ul style="list-style-type: none"> <li>(i) the reasons why the service should be treated as a rebateable service; and</li> <li>(ii) a description of the mechanism that the pipeline service provider will use to apply an appropriate portion of the revenue generated from the sale of rebateable services to price rebates (or refunds) to users of reference services (see r. 93 of the NGR).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>a) JGN sets out its approach to allocating revenue to services in section 6 of <i>JGN-Att 10.1-Pricing</i> (our reference service and tariffs)</li> <li>b) JGN does not have any rebateable services.</li> </ul>
<p><b>Tariffs – distribution pipelines (see r. 94 of the NGR)</b></p>	
<p>4.17.2 For each tariff proposed by the pipeline service provider for the forthcoming access arrangement period, and if it consists of two or more charging parameters, each charging parameter for a tariff class, provide in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) a description of how the pipeline service provider has taken into account the long run marginal cost for the reference service or, in the case of a charging parameter, for the element of the service to which the charging parameter relates;</li> <li>(b) details of the transaction costs associated with the tariff or each charging parameter;</li> <li>(c) whether customers (gas) belonging to the relevant tariff class are able or likely to respond to price signals; and</li> </ul>	<p>For (a) to (d), please refer to <i>JGN - Att 10.1 - Pricing</i> and <i>JGN - Att 10.4M - Cost of supply model (COSM)</i>.</p>

Requirement	Response
(d) an explanation of the methodology used to allocate costs.	
<p><b>Prudent discounts (see r. 96 of the NGR)</b></p> <p>4.17.3 Identify in the materials submitted to the AER all prudent discounts that the pipeline service provider proposes for the forthcoming access arrangement period and the users to whom they will apply and explain:</p> <p>(a) how each prudent discount is necessary to respond to competition or maintain efficient use of the pipeline; and</p> <p>(b) whether including relevant calculations, reference tariffs would be higher without the prudent discount than they would be with the prudent discount.</p>	<p>For (a) and (b) please refer to <i>JGN - Att 10.1 - Pricing</i>, <i>JGN - Att 7.6.1M - PTRM - Step 1</i> and <i>JGN - Att 7.6.2M - PTRM - Step 2</i>.</p>
<p><b>Reference tariff variation mechanism</b></p> <p>4.17.4 Provide in the materials submitted to the AER an explanation of:</p> <p>(a) the proposed reference tariff variation mechanism for the forthcoming access arrangement period and the basis for any parameters used in the mechanism; and</p> <p>(b) the administrative arrangements for periodic reviews of tariffs including the timing of notifications to the AER.</p> <p>4.17.5 Identify in the materials submitted to the AER:</p> <p>(a) the possible effects of the proposed reference tariff variation mechanism on the pipeline service provider's administrative costs and, if known, the administrative costs of users or potential users; and</p> <p>(b) all relevant regulatory arrangements the pipeline service provider considers applicable to the relevant reference services before the commencement of the proposed reference tariff variation mechanism.</p>	<p><b>4.17.4</b></p> <p>For (a) and (b) please refer to clause section 3.2 of JGN's 2025-30 Access Arrangement and <i>JGN - Att 10.1 - Pricing</i>.</p> <p><b>4.17.5</b></p> <p>(a) This is set out in section 7 and 8 of <i>JGN - Att 10.1 - Pricing</i>.</p> <p>(b) JGN provides the relevant regulatory arrangements in JGN's 2025-30 Access Arrangement and <i>JGN - Att 10.1 - Pricing</i>.</p>
<p><b>Cost pass through mechanism</b></p> <p>4.17.6 For each cost pass through event in the pipeline service provider's access arrangement proposal, provide in the materials submitted to the AER:</p>	<p>Refer to clause 3.5 of JGN's Access Arrangement.</p> <p>4.17.6(a)–(c) refer to <i>JGN - Att 10.2 - Cost pass through mechanisms</i>.</p>

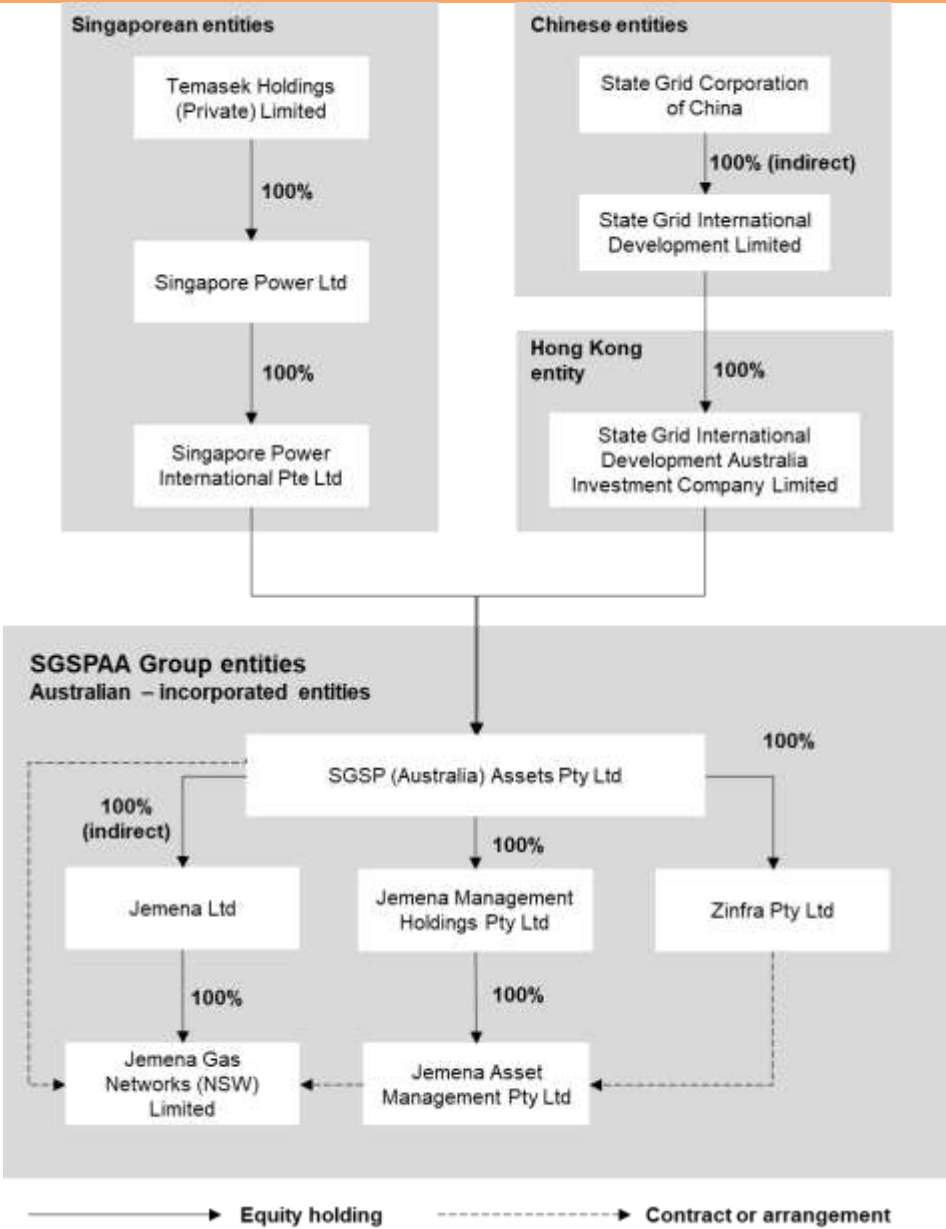
Requirement	Response
<ul style="list-style-type: none"> <li>(a) a definition and description of the cost pass through event;</li> <li>(b) an explanation of how the cost pass through event is uncontrollable;</li> <li>(c) an explanation of whether the costs of the cost pass through event are already provided for through the operating expenditure or capital expenditure forecasts, the weighted average cost of capital (WACC) (i.e. events which affect the market generally, are systemic risks and already compensated through the WACC), or any other mechanism or allowance; and</li> <li>(d) an explanation of the administrative arrangements for the cost pass through event and their relationship to other periodic reviews for other tariff variation mechanisms including the timing of notifications to the AER.</li> </ul>	<p>4.17.6(d) JGN proposes to retain the current process for application and AER approval of a cost pass through event. The administrative arrangements are included in clause 3 and schedule 3 of JGN's Access Arrangement which aligns, where practicable, the processes for AER review and decision-making on annual tariff variations and cost pass through applications, with a prescribed maximum period of 90 business days for both.</p>
<p>4.17.7 Identify in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) the materiality threshold the pipeline service provider proposes for cost pass through events;</li> <li>(b) the possible effects of the proposed cost pass through mechanism on the pipeline service provider's administrative costs and, if known, the administrative costs of users or potential users; and</li> <li>(c) all relevant regulatory arrangements the pipeline service provider considers applicable to the relevant reference services prior to the commencement of the proposed cost pass through mechanism.</li> </ul>	<p>4.17.7(a) Refer to Schedule 3 section 3.5 of JGN's Access Arrangement. JGN proposes to retain the current materiality threshold for cost pass through events.</p> <p>4.17.7(b) The proposed pass through mechanism will minimise administrative costs because the adjustment is incorporated within the tariff variation mechanisms under the Access Arrangement.</p> <p>4.17.7(c) JGN understands that for this item, the AER is seeking information about the legislative and other regulatory obligations on JGN that might be relevant to cost pass through in the 2025-30 Access Arrangement. JGN considers the following regulatory arrangements to be relevant (whilst noting that a cost pass through mechanism is intended to capture circumstances over which JGN has limited or no control or manage – and this would generally include changes in law – as a significant sized utility, JGN is subject to a broad range of laws at local, State and Federal levels – and may become subject to new laws during the 2025-30 period, which cannot be predicted at the current point in time).</p> <p>Refer to the regulatory arrangements described in section 2.2 of <i>JGN - Att 1.2 - Background to JGN's 2025-30 Access Arrangement Proposal</i>. In addition to NSW licensing requirements, the NGL and the NGR, JGN notes that like all significant business undertakings, it is regulated under, and is subject to, a broad range of legislation, including (without limitation) Acts, judicial, regulations and other instruments relating to technical and safety, environmental matters, land access, native title claims, competition and consumer protection, and corporations. Changes may substantially vary the manner in which JGN is required to provide its Reference Services. This could include imposing, removing or varying service requirements during the 2025-30 period.</p>

Requirement	Response
<b>4.18 Non-tariff components</b>	
<p><b>Non-tariff terms and conditions</b></p> <p>4.18.1 Provide in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) details of any amendments to the non-tariff terms and conditions of the access arrangement that the pipeline service provider proposes for the forthcoming access arrangement period; and</li> <li>(b) for each amendment identified in paragraph 4.18.1(a), explain the reasons for the proposed amendment.</li> </ul>	<p>JGN's amendments to the non-tariff terms and conditions and the reasons for the amendments are explained in <i>JGN - Att 9.1 - Explanation of proposed revisions to the 2020-25 AA</i>, and <i>JGN - Att 9.2 - Explanation of proposed revisions to the 2020-25 RSA</i>.</p>
<p><b>Queuing requirements</b></p> <p>4.18.2 Provide in the materials submitted to the AER details of the process or mechanism for determining the order of priority for spare or developable capacity, for example, whether it is to be on a first-come-first-served basis or by auction.</p>	<p>Our proposed 2025-30 AA refers to rule 68D of the National Gas Rules. If, during this AA period the AER has cause to require JGN to include queuing requirements, JGN will respond accordingly.</p>
<p><b>Capacity trading requirements</b></p> <p>4.18.3 Identify in the materials submitted to the AER the rules or procedures the pipeline service provider must accord with under r. 105 of the NGR.</p>	<p>The rules or procedures are outline under clause 34 of the Reference Service Agreement (<b>RSA</b>). These are consistent with NGR rule 68F (previously rule 105).</p>
<p><b>Extension and expansion requirements (see r. 104 of the NGR)</b></p> <p>4.18.4 Provide in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) details of any extension and expansion requirements where that extension and expansion requirement states that the access arrangement will apply to incremental services to be provided as a result of the extension or expansion; and</li> <li>(b) details of the effect of those extension or expansion requirements identified in paragraph 4.18.4(a) on tariffs.</li> </ul>	<ul style="list-style-type: none"> <li>(a) Refer to section 8 of the 2025-30 AA which deals with extension and expansion requirements.</li> <li>(b) In accordance with section 8 of the 2025-30 AA, JGN will offer the Reference Services in respect of any extensions or expansions at the Reference Tariffs.</li> </ul>
<p><b>Change of receipt or delivery point by user</b></p> <p>4.18.5 Explain in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) how users may obtain consent, including identifying any relevant conditions, to change receipt points or</li> </ul>	<ul style="list-style-type: none"> <li>(a) Clause 12 of the RSA explains how JGN's <i>users</i> may obtain consent, including identifying any relevant conditions, to change receipt or delivery points as contemplated under <i>rule 68G Change of receipt of delivery point by user</i>.</li> </ul>

Requirement	Response
<p>delivery points as contemplated under r. 106 of the NGR; and</p> <p>(b) where relevant, the technical or commercial considerations and other relevant conditions in the event the pipeline service provider intends to withhold consent to a change in a receipt point or delivery point.</p>	
<p><b>4.19 Indicative impact on annual gas bills</b></p>	
<p>4.19.1 If the pipeline service provider proposes an alternative method to estimate the impact of its access arrangement proposal on typical customer (gas) bills other than that set out in Workbook 5 – Indicative bill impacts, provide in the materials submitted to the AER the alternative calculations, and describe the method and underlying assumptions used.</p>	<p>JGN has populated <i>JGN - RIN - Att 15 - Workbook 5 - Bill impacts</i> per the AER's reset RIN template. However, this template requires tariff structure applicable to JGN's current regulatory period continuing into the next AA period. Since we are proposing to change tariff structures for the 2025-30 regulatory period, we have provided another version of Workbook 5 template with the new tariff structure for the 2025-30 regulatory period. Refer to <i>JGN - RIN - Att 15 - Workbook 5 - Bill Impacts - Public</i> for more information.</p>
<p><b>4.20 Rate of return</b></p>	
<p>4.20.1 For the purposes of assessing the pipeline service provider's access arrangement proposal we require it to nominate 'placeholder' averaging periods which will be made public and have been used to calculate an indicative rate of return in the pipeline service provider's access arrangement proposal.</p>	<p>JGN has nominated a 'placeholder' averaging period for the 2025 AA proposal of 6<sup>th</sup> April 2022 to 9<sup>th</sup> May 2022. It is JGN's understanding that the AER will nominate an updated placeholder Rate of Return as part of the Draft Decision process. Our intention is to maintain the same rate of return as our draft plan to make it easier for our customers to compare our proposal against the draft plan. We have provided a confidential attachment on our proposed actual averaging period for AER's approval as part of our 2025 AA proposal. We have also demonstrated transparently in our attachment <i>JGN - Att 7.13M - Rate of return model</i> how our actual risk free rate will be estimated once our actual averaging period observations are available.</p>
<p><b>4.21 Related party transactions</b></p>	
<p>4.21.1 Identify and describe in the materials submitted to the AER all entities which:</p> <ul style="list-style-type: none"> <li>• are a related party to the pipeline service provider and contribute to the provision of pipeline services; or</li> <li>• have the capacity to determine the outcome of decisions about the pipeline service provider's financial and operating policies.</li> </ul> <p>The minimum threshold for these entities are for transactions greater than \$1,000,000 in a regulatory year.</p>	<p>The following are related parties who contribute to the provision of JGN's pipeline service:</p> <ul style="list-style-type: none"> <li>• Jemena Asset Management Pty Ltd (<b>JAM</b>)</li> <li>• Zinfra Pty Ltd (<b>Zinfra</b>)</li> </ul> <p>The following entities have the capacity to determine the outcome of decisions about JGN's financial and operating policies:</p> <ul style="list-style-type: none"> <li>• SGSP (Australia) Assets Pty Ltd (<b>SGSPAA</b>), as the ultimate Australian holding company of the SGSPAA Group, including JGN;</li> <li>• Singapore Power International Pte Ltd (<b>SPI</b>), a Singaporean-incorporated entity, who holds a 40% shareholding in SGSPAA. SPI is a wholly owned subsidiary (and the investment holding company of)</li> </ul>

Requirement	Response
	<p>Singapore Power Ltd (<b>SP Group</b>), which is a wholly-owned subsidiary of Temasek Holdings (Private) Ltd; and</p> <ul style="list-style-type: none"> <li>State Grid International Development Australian Investment Company Ltd (<b>SGIDAIC</b>), a Hong Kong-incorporated entity, who holds a 60% shareholding in SGSPAA. SGIDAIC is a wholly owned subsidiary of State Grid International Development Ltd (<b>SGID</b>), which is the investment vehicle to undertake overseas investments and operations of State Grid Corporation of China</li> </ul>
<p>4.21.2 Provide in the materials submitted to the AER a diagram of the organisational structure depicting the relationships between all the entities identified in the response to paragraph 4.21.1.</p>	<p>A diagram of the organisational structure depicting the relationships between all the entities identified in the response to paragraph 4.21.1 is shown below.</p>





Requirement	Response
<p>4.21.3 Identify in the materials submitted to the AER:</p> <p>(a) all arrangements or contracts between the pipeline service provider and any of the other entities identified in the response to paragraph 4.21.1 currently in place or expected to be in place during the forthcoming access arrangement period which relate directly or indirectly to the provision of pipeline services; and</p> <p>(b) the service or services that are the subject of each arrangement or contract.</p>	<p>The following are arrangement or contracts involving related entities identified in response to 4.21.3 (a):</p> <ul style="list-style-type: none"> <li>Asset Management Agreement (AMA) between JGN and JAM dated 24 August 2009. A revised AMA is intended to commence on 1 July 2024. Section 3.1 and 3.2 of <i>JGN – RIN – 4.21 – Related party agreements</i> describes the AMA.</li> <li>While JGN is not a party (and accordingly this contract is not required to be identified), the Jemena Gas Services Agreement (JGSA) is between JAM and Zinfra and provides for Zinfra to perform services in relation to the JGN distribution network. The initial term for the JGSA which commenced on Sep 2019 will expire on 31 Dec 2025. The second term ends 31 Dec 2030. Section 3.1 and 3.2 of <i>JGN – RIN – 4.21 – Related party agreements</i> describes the JGSA.</li> <li><i>JGN - Att 6.5 - Cost Allocation Methodology</i> provides the methodology for allocating corporate and enterprise services in relation to JGN’s provision of pipeline services.</li> </ul> <p>In response to 4.21.3 (b), Section 3.3 of <i>JGN – RIN – 4.21 – Related party agreements</i> describes the services provided by Jemena Asset Management, and section 4.3 of <i>JGN – RIN – 4.21 – Related party agreements</i> describes the services JAM acquires under the JGSA (i.e. Zinfra).</p>
<p>4.21.4 For each service identified in the response to paragraph 4.21.3(b):</p> <p>(a) provide in the materials submitted to the AER:</p> <p>(i) a description of the process used to procure the service; and</p> <p>(ii) supporting documentation including, but not limited to, requests for tender, tender submissions, internal committee papers evaluating the tenders, contracts between the pipeline service provider and the relevant provider.</p>	<p>In response to 4.21.4(a)(i) and 4.21.4(a)(ii):</p> <ul style="list-style-type: none"> <li>Section 3.2 of <i>JGN – RIN – 4.21 – Related party agreements</i> describes the process used to procure services under the AMA.</li> <li>Section 4.2 of <i>JGN – RIN – 4.21 – Related party agreements</i> describes the process used by JAM to procure services under the JGSA.</li> <li><i>JGN - Att 6.5 - Cost Allocation Methodology</i> provides the methodology for allocating corporate and enterprise services to JGN.</li> </ul> <p>In response to 4.21.4(a)(ii) please refer to section 2 of <i>JGN – RIN – 4.21 – Related party agreements</i>. It describes the outsourcing model for the 2025-30 period. As noted in <i>JGN – RIN – 4.21 – Related party agreements</i>, JAM engages Zinfra under a long-term collaborative planning and cost management adjustment process, which does not typically involve requests for tender for planned or routine works. Zinfra outsources some of its works to third parties.</p>
<p>4.21.5 Explain in the materials submitted to the AER:</p> <p>(a) why that service is the subject of an arrangement or contract (i.e. why it is outsourced) instead of being undertaken by the pipeline service provider itself;</p>	<p>Refer to RIN supporting document <i>JGN – RIN – 4.21 – Related party agreements</i> for further detail, in response to 4.21.5. Appendix A1 provides a table summarising how each section of <i>JGN – RIN – 4.21 – Related party agreements</i> provides the information required as part of 4.21.5(a), 4.21.5(b), 4.21.5(c) and 4.21.5(d).</p>

Requirement	Response
<ul style="list-style-type: none"> <li>(b) whether the services procured were provided under a standalone contract or provided as part of a broader operational agreement (or similar);</li> <li>(c) whether the services were procured on a genuinely competitive basis and if not, why; and</li> <li>(d) whether the service (or any component thereof) was further outsourced to another provider.</li> </ul>	
<p>4.21.6 For each arrangement or contract identified in the response to paragraph 4.21.3 provide in the materials submitted to the AER:</p> <ul style="list-style-type: none"> <li>(a) a copy of the arrangement or contract which sets out the obligations of both the other entity and the pipeline service provider;</li> <li>(b) a breakdown of all services provided as part of that arrangement or contract;</li> <li>(c) a breakdown of costs for each service provided as part of the arrangement or contract, including separately identifying overheads, any profit margin or management fee and incentive payments;</li> <li>(d) a breakdown of all costs included in the contract price; and</li> <li>(e) any methodologies, including consultant's reports, or assumptions used to determine components of those costs included in the contract price.</li> </ul>	<p>Please refer to the documentation provided in relation to 4.21.5 above and specifically RIN supporting document <i>JGN – RIN – 4.21 – Related party agreements</i>, which provides a description of the services and costs. A copy of the draft AMA is provided at <i>JGN - RIN - 4.21 - Asset Management Agreement - Draft</i>.</p>
<p><b>4.22 Other information</b></p>	
<p><b>Service provider details and business context - Local agent of a service provider</b></p> <p>4.22.1 Provide all details of any local agent(s) of the pipeline service provider (s. 11 of the NGL).</p>	<p>JGN is not a foreign company (within the meaning of the Corporations Act 2001 (Cth), and as such has not appointed any local agent, within the meaning contemplated by s11 of the National Gas Law.</p>
<p><b>Background to the pipeline and pipeline services</b></p> <p>4.22.2 For the current access arrangement period for each pipeline service provided by way of the pipeline service provider's gas distribution network that is not specified as a reference service in the pipeline service provider's access arrangement proposal, provide in the materials submitted to the AER:</p>	<p>JGN provides two pipeline services that are non-reference services—the interconnection service and negotiated services.</p> <p>During the current Access Arrangement period JGN entered into three Interconnection Agreements covering interconnection service. The interconnection service is for the connection only and has no volume of demand associated with this service.</p> <p>JGN has agreements with two customers for negotiated services. One is for the provision of maintenance work for a single customer. This is not a haulage (transportation) service, and there is no volume of demand associated</p>

Requirement	Response
<p>(a) the volume of gas distributed throughout the gas distribution network each regulatory year; and</p> <p>(b) the number of users.</p>	<p>with this service. The second is for a haulage (transportation) service, however, supply under this agreement is yet to commence and therefore there are no volumes to report.</p>
<p><b>Insurance expenditure</b></p> <p>4.22.3 Each regulatory year where any insurance expenditure relates to a deductible or an excess on a commercial insurance policy, specify the amount, of deductible risk to which the pipeline service provider was or is forecast to be exposed.</p>	<p>For each regulatory year, JGN's public liability insurance policy has a \$250K deductible and the property insurance policy has a \$1.5M deductible.</p>

## 5. Basis of preparation

Requirement	Response
<b>5.1 General instructions</b>	
<p>5.1.1 JGN (NSW) must prepare and submit a basis of preparation with its response to this notice. The basis of preparation must:</p> <ul style="list-style-type: none"> <li>(a) enable auditors, assurance practitioners and the AER to clearly understand how the JGN (NSW) has complied with the requirements of this notice; and</li> <li>(b) identify any policy or operating instructions that are used to direct the compilation and preparation of information required to respond to the notice.</li> </ul>	<p>JGN has prepared and submitted a basis of preparation, that complies with both (a) and (b), which is contained in <i>JGN - RIN - Att 2 - Basis of preparation</i>.</p>
<b>5.2 Basis of preparation requirements</b>	
<p>5.2.1 For each table and sub-table reporting historical information in Workbook 2 – Historical provided in response to this notice (i.e. information other than forecast information), the basis of preparation must:</p> <ul style="list-style-type: none"> <li>(a) demonstrate how the information provided is consistent with the requirements of this notice;</li> <li>(b) explain the source from which JGN (NSW) obtained the information provided;</li> <li>(c) explain the methodology JGN (NSW) applied to provide the required information, including any assumptions JGN (NSW) made;</li> <li>(d) explain, in circumstances where JGN (NSW) cannot report actual information and therefore must report estimated information: <ul style="list-style-type: none"> <li>(i) why an estimate was required, including why it was not possible for JGN (NSW) to use actual information;</li> <li>(ii) the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is JGN (NSW)'s best estimate; and</li> </ul> </li> <li>(e) explain, in circumstances where the pipeline service provider provides a “NULL” response as an input for a variable, why the pipeline service provider believes the variable is not applicable for the pipeline service provider.</li> </ul>	<ul style="list-style-type: none"> <li>• In compliance with the requirements (a) to (e) JGN has prepared a standalone report explaining the basis of preparation of the historical information submitted in the templates. Refer to <i>JGN - RIN - Att 2 - Basis of preparation</i>.</li> <li>• JGN's Basis of Preparation is structured using the same logical structure as the RIN templates issued by the AER (see <i>JGN - RIN - Att 2 - Basis of preparation</i>)</li> </ul>

## 6. Assurance requirements

Requirement	Response
<b>6.1 Audit and/or assurance reports</b>	
6.1.1 Audits and reviews required under this notice must be conducted in compliance with Australian Auditing and Assurance Standards, as developed by the Auditing and Assurance Standards Board.	Noted.
6.1.2 When undertaking an audit or review on the historical information in the regulatory templates presented by JGN (NSW), as required under section 3 of this notice, an auditor or assurance practitioner shall opine or attest by reference to JGN (NSW)'s basis of preparation, prepared in accordance with section 5 of this notice.	Noted.
<b>6.2 Provision of audit and assurance reports</b>	
6.2.1 JGN (NSW) must provide the AER with the audit reports and/or assurance reports as applicable, prepared in accordance with the requirements set out in this section 6.	See <i>JGN - RIN - Att 17 - KPMG - Audit opinion</i> .
6.2.2 JGN (NSW) must provide all reports from the auditor to its management arising from the audit or review engagement.	See <i>JGN - RIN - Att 17 - KPMG - Audit opinion</i> .
<b>6.3 General requirement to audit or review</b>	
6.3.1 The independent audit or review process applies to historical information in Workbook 2 – Historical, Workbook 3 – ECM and Workbook 4 - CESS attached at Appendix A.	Noted.
6.3.2 The independent audit or review requirements set out in this section 6 apply to the following types of historical information to be submitted in accordance with section 3 of this notice: <ul style="list-style-type: none"> <li>(a) Actual financial information;</li> <li>(b) Estimated financial information where JGN (NSW) certifies that it is not possible to provide actual historical information; and</li> <li>(c) Actual and estimated non-financial information.</li> </ul>	Noted.
<b>6.4 Exceptions to audit or review requirements</b>	
6.4.1 The general requirement to audit or review does not apply to actual information or estimated information that has previously been audited according to the standards set out in sections 6.6.1, 6.7.1 and 6.8.1, and submitted to the AER.	Noted.

Requirement	Response
6.4.2 Where reliance is made on the exemption in section 6.4.1, JGN (NSW) must identify the information the exemption covers in response to this notice. However, if this previously audited and supplied data is disaggregated for the purposes of this notice, the disaggregated data and reconciliation with the previously audited and supplied data must be audited or reviewed as relevant.	Noted.
6.4.3 Forecasts and historical forecasts are excluded from the audit and review requirements.	Noted.
6.4.4 Auto populated cells in the data workbooks attached at Appendix A are excluded from the audit and review requirements.	Noted.
<b>6.5 Class of person to conduct audits or reviews</b>	
6.5.1 The audit or review of actual or estimated financial information must be conducted by the Auditor General for the state in which JGN (NSW) operates, or a person who: <ul style="list-style-type: none"> <li>(a) is a registered company auditor who is a member of the Chartered Accountants Australia and New Zealand (CA or FCA) or of CPA Australia (CPA or FCPA) that holds a Certificate of Public Practice; or</li> <li>(b) is independent from JGN (NSW) and all of its related bodies corporate – that is, not a principal, member, shareholder, officer, or employee of JGN (NSW) or its related entities;</li> <li>(c) is appointed for the purposes of expressing an opinion or conclusion on the audit or review requirements outlined in section 6.1 of this notice;</li> <li>(d) has experience in conducting financial, performance, operation or quality assurance audits and conducting data sampling in the energy industry;</li> <li>(e) possesses relevant knowledge and experience in the energy industry, engineering, IT systems, asset management or customer service as relevant to the audit or review;</li> <li>(f) understands regulatory accounting methods, including JGN (NSW)'s cost allocation method and the Ring-fencing obligation set out in the NGR;</li> <li>(g) understands the definitions, procedures and methodologies specified in the NGR and/or this notice that have been used in the preparation of the information the subject of the audit or review; and</li> <li>(h) is available to discuss issues relating to the audit or review with JGN (NSW) and the AER, including where an audit report or assurance report is critical of, or highlights deficiencies in, the audited financial information and/or non-financial information.</li> </ul>	Noted.
6.5.2 The review of non-financial information may be conducted by a person who is an assurance practitioner as defined in ASAE 3000 Assurance engagements other	Noted. Noted.

Requirement	Response
<p>than audits or reviews of historical financial information and satisfies the requirements set out in (b) to (h) above.</p>	
<p><b>6.6 Audit of actual financial information</b></p>	
<p>6.6.1 The audit of actual financial information must:</p> <ul style="list-style-type: none"> <li>(a) comply with Auditing Standard ASA 805 Special Considerations — Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement;</li> <li>(b) include an audit report that includes an opinion as to whether or not the actual financial information presents fairly, in all material respects in accordance with the requirements of this notice and the pipeline service provider's basis of preparation; and</li> <li>(c) list all tables and sub-tables included within scope of the assurance engagement.</li> </ul>	<p>Noted.</p>
<p><b>6.7 Review of estimated financial information</b></p>	
<p>6.7.1 The review of estimated financial information must:</p> <ul style="list-style-type: none"> <li>(a) comply with ASRE 2405 Review of Historical Financial Information Other than a Financial Report;</li> <li>(b) include a review conclusion statement as to whether or not anything has come to the auditor's attention that causes it to suggest that the estimated historical financial information is not prepared, in all material respects, in accordance with the requirements of this notice and the pipeline service provider's basis of preparation; and</li> <li>(c) list all tables and sub-tables included within scope of the assurance engagement.</li> </ul>	<p>Noted.</p>
<p><b>6.8 Review of non-financial information</b></p>	
<p>6.8.1 The review of non-financial information must:</p> <ul style="list-style-type: none"> <li>(a) comply ASAE 3000 Assurance engagements other than audits or reviews of historical financial information;</li> <li>(b) include an assurance report as to whether or not anything has come to the auditor's attention that causes it to suggest that the historical non-financial information is not prepared, in all material respects, in accordance with the requirements of this notice and JGN (NSW)'s basis of preparation; and</li> <li>(c) list all tables and sub-tables included within scope of the assurance engagement.</li> </ul>	<p>Noted.</p>



Requirement	Response
<b>6.9 Statutory declaration</b>	
6.9.1 The notice requires a company officer of JGN (NSW) to attest to the quality of the information provided in response to the notice, in accordance with the statutory declaration set out at section 6.9.5.	See <i>JGN - RIN - Att 18 - Statutory Declaration</i> .
6.9.2 When attesting to the quality of the forecast information provided the officer of JGN (NSW) should take into account relevant factors including (but not limited to) whether forecast information provided in response to this notice: <ul style="list-style-type: none"> <li>(i) meets the requirements of the NGL and the NGR that should be taken into account when preparing the information for the notice and access arrangement proposal;</li> <li>(ii) meets the requirements of this notice;</li> <li>(iii) has been prepared by considering the outcomes of the consumer consultation undertaken to prepare the regulatory proposal;</li> <li>(iv) is consistent with the information provided in the access arrangement proposal of the pipeline service provider, including the models for asset roll forward, operating expenditure, capital expenditure and revenue forecasts;</li> <li>(v) is based on assumptions, which are identified in response to paragraph 4.2.1(b) to this notice, and are justified and supported by evidence;</li> <li>(vi) is consistent with applicable AER Guidelines, or where it varies from those guidelines, is consistent with the variation as set out in the access arrangement proposal; and</li> <li>(vii) is consistent, to the extent possible, with historical information previously provided to the AER.</li> </ul>	Noted.
6.9.3 When attesting to the quality of the historical information provided the officer of JGN (NSW) should take into account relevant factors including (but not limited to) whether historical information provided in response to this notice: <ul style="list-style-type: none"> <li>(i) meets the requirements of this notice;</li> <li>(ii) is based on JGN (NSW)'s financial and other records used in the normal course of business or assumptions, which are identified in response to section 4.2.1 of this notice; and are justified and supported by evidence;</li> <li>(iii) is consistent with applicable AER Guidelines, or where it varies from those guidelines, is consistent with the variation as set out in the access arrangement proposal; and</li> <li>(iv) is consistent, to the extent possible, with historical information previously provided to the AER.</li> </ul>	Noted.

Requirement	Response
<p><b>Form of the statutory declaration</b></p> <p>6.9.4 An officer of JGN (NSW) is required to complete a statutory declaration form appropriate for the jurisdiction in which the officer resides.</p>	<p>See JGN - RIN - Att 18 - Statutory Declaration</p>
<p>6.9.5 In completing the form the officer must make a declaration in the following terms: I am an officer, for the purposes of the Jemena Gas Networks (NSW) Ltd (ABN 87 003 004 322) (JGN (NSW)). I am authorised by JGN (NSW) to make this statutory declaration as part of the response of JGN (NSW) to the Regulatory Information Notice dated XX February 2024 (notice) served on JGN (NSW) by the Australian Energy Regulator (AER).</p> <p><u>Historical information</u></p> <p>I say that the actual information (as defined in the notice) provided in JGN (NSW)'s response to the notice is, to the best of my information, knowledge and belief:</p> <p>(a) in accordance with the requirements of the notice; and</p> <p>(b) true and accurate.</p> <p>Where it is not possible to provide actual information to comply with the notice, JGN (NSW) has, to the best of my information, knowledge and belief:</p> <p>(a) provided estimated information which is JGN (NSW)'s best estimate of the information in accordance with the requirements of the notice; and</p> <p>(b) provided the basis for each estimate, including assumptions made and reasons why the estimate is the best estimate.</p> <p><u>Forecast information</u></p> <p>Where JGN (NSW) has provided forecast information in response to the notice, JGN (NSW) has, to the best of my information, knowledge and belief provided forecast information which is JGN (NSW)'s best forecast of the information in accordance with the requirements of the notice.</p>	<p>Noted.</p>