

# Pipeline information disclosure guidelines and Price reporting guidelines for Part 18A facilities

Draft Guidelines

July 2023

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AER reference: 15422526

#### Amendment Record

Version	Date	Pages
1	26 July 2023	54

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## Consultation

### Request for submissions

The **AER** invites interested parties to make written submissions regarding the draft pipeline information disclosure guidelines, price reporting guidelines and related templates by the close of business on **23 August 2023**.

Submissions should be sent electronically to: [AERgasreform@aer.gov.au](mailto:AERgasreform@aer.gov.au). The **AER** prefer all electronic submission to be in Microsoft Word or another text-readable program.

Alternatively, submissions can be mailed to:

General Manager, Network Expenditure  
Australian Energy Regulator  
GPO Box 3131  
Canberra ACT 2601

The **AER** prefers all submissions to be publicly available to facilitate an informed and transparent consultative process. For this reason, the **AER** will treat submissions as public documents and they will be made available on the **AER's** website, unless requested otherwise. For further information about the use and disclosure of information you provide, see the [ACCC/AER Information Policy \(June 2014\)](#) on the **AER** website.

If you wish to submit confidential information:

- clearly identify the information that is the subject of the confidentiality claim
- provide a non-confidential version of the submission in a form suitable for publication.

If the confidentiality claim is accepted, it will be treated in accordance with the terms set out in the [ACCC/AER Information Policy \(June 2014\)](#). If the confidentiality claim is rejected, you will be given the opportunity to withdraw your submission or any information that is disclosed before it is published.

For enquiries about this paper, or about lodging a submission, please contact the **AER** on 1300 585 165 or [AERgasreform@aer.gov.au](mailto:AERgasreform@aer.gov.au).

### Stakeholder workshop

We invite interested stakeholders to a workshop on **15 August 2023**. The workshop will provide stakeholders with an opportunity to discuss the draft guidelines and templates ahead of making a written submission.

Interested stakeholders can register for the workshop [here](#).

# 1 Nature and authority

## 1.1 About this document

This document includes two guidelines:

- The pipeline information disclosure guidelines, that the AER is required to publish and maintain under Part 10 of the National Gas Rules. These guidelines:
  - are set out in Section 1 through Section 8, Appendix A and Appendix B of this document
  - relate to service providers of scheme and non-scheme pipelines.
- The price reporting guidelines, that the AER is required to publish and maintain under Part 18A of the National Gas Rules. These guidelines:
  - are set out in Section 9 of this document
  - relate to service providers of stand-alone compression and storage facilities.

## 1.2 Introduction

A key component of the pipeline information disclosure and arbitration framework is to provide **users** of pipelines with increased information to reduce the imbalance in bargaining power they can face when negotiating access to **pipeline services** with **service providers**.

Under Part 10 of the National Gas Rules (**NGR**), **service providers** must publish specific information, including financial information, historical demand, **standing prices** information and actual prices payable information. This information is intended to assist **users** to conduct a high-level assessment of the reasonableness of the **service provider's standing price**, the offer to the **user**, and the terms and conditions associated with the **pipeline service**.

The pipeline information disclosure guidelines (**guidelines**) are published by the **Australian Energy Regulator (AER)** in accordance with rule 103 of the **NGR**. Broadly, the **NGR** require that these **guidelines**:

- provide for the publication of financial information about each non-scheme **pipeline** on a pipeline-by-pipeline basis and in respect of the **financial year** for the pipeline
- specify the methods, principles and inputs for aspects of financial information such as the value of assets, allocation of **costs** and return on capital
- specify the information **service providers** must report on as to the methodology used to calculate **standing prices**, the inputs used in the calculation of **standing prices**, and any related information as determined by the **AER**
- specify the level of detail of information required, which must be the level of detail reasonably required given the objectives of Part 10
- specify any accounting or audit standards for the reported information
- specify where and how information is to be published
- provide for the way financial information, historical demand information and cost allocation methodology is to be certified as being true and fair

- specify where and how a **user access guide** is to be published by a **service provider** under Part 11
- provide for such other matters the **AER** considers appropriate.

These **guidelines** refer to the **Part 10 financial reporting template** and set out the requirements for **service providers** to complete the template. These **guidelines** are to be read in conjunction with the pipeline information disclosure guidelines explanatory statement.

These **guidelines** prescribe:

- the form and content of financial information required to be published
- the methodology, principles and inputs used to calculate the financial information
- the information required to be disclosed regarding the methodology used to calculate **standing prices**, including inputs used
- the manner in which an independent auditor must certify the above information
- how this information is to be published on a **service provider's** website.

## 1.3 Application of these guidelines

### 1.3.1 Legal framework

These **guidelines** should be read in conjunction with the National Gas Law (**NGL**) and the **NGR**.

The **NGL** is set out in the schedule to the *National Gas (South Australia) Act 2008* (SA). The **NGL** applies in each participating jurisdiction (other than Western Australia) under the applicable legislation of each jurisdiction.

The **NGR** are made under the **NGL** and have the force of law.

Part 10 requires **service providers** to publish and maintain:

- service and access information
- **standing terms**
- financial information, historical demand information and a cost allocation methodology
- actual prices payable information.

### 1.3.2 The role of the AER

The **AER** is an independent statutory authority established under Part IIIAAA of the *Competition and Consumer Act 2010* (Commonwealth).

The **AER** has two roles under Chapter 6A of the **NGL** and Part 10 of the **NGR**, as both regulatory and scheme administrator. These **guidelines** are published by the **AER** in its capacity as regulator.

As regulator, the **AER** has monitoring, investigative and enforcement powers conferred on it by the **NGL**. The enforcement options available to the **AER** depend, in part, on whether the provisions in the **NGL** or **NGR** are designated as civil penalty provisions and/or conduct provisions in the **NGL** or the regulations made under the **NGL**.

### 1.3.3 Commencement

These **guidelines** commence on **31 October 2023**. Further detail regarding transitional reporting following this date is provided in Section 1.9 of these **guidelines**.

### 1.3.4 Application

The information disclosure and arbitration framework, as articulated in Part 10 and Part 11 of the **NGR** apply to all **service providers** of a pipeline.

### 1.3.5 Process for revisions

The **AER** may amend these **guidelines** from time to time, in accordance with Rule 103(5) of the **NGR** and the standard consultative procedure in Rule 8 of the **NGR**. A date of issue will identify each version in the amendment record of these **guidelines**.

## 1.4 Interpretation

In these **guidelines**, unless the contrary intention appears:

- a term in bold type that is expressly defined in Section 1.5 of these **guidelines** has the meaning set out in that section
- a term in bold type that is not expressly defined in Section 1.5 of these **guidelines** has the same meaning it has in the **NGR**
- the singular includes the plural, and vice versa
- a reference to any legislation, legislative instrument or other instrument is a reference to that legislation or instrument as is in force from time to time
- explanations in these **guidelines** about why certain information is required are provided for guidance only. They do not limit in any way the **AER**'s objectives, functions or powers.

## 1.5 Definitions

In these **guidelines**:

- **AASB** means the accounting standards prescribed by the Australian Accounting Standards Board.
- **access contract** has the meaning given in the **NGR** and means a contract between a **user** and a **service provider** under which the **service provider** provides or intends to provide a **pipeline service** to that person by means of a pipeline.
- **access information standard** has the meaning given in Rule 101 of the **NGR**.
- **AEMO** means the Australian Energy Market Operator.
- **AER** means the Australian Energy Regulator.
- **application date** has the meaning given in the **NGR** and means the date of commissioning of the pipeline.
- **asset valuation objective** means the objective of facilitating access to **pipeline services** provided by means of non-scheme **pipelines** on reasonable terms, which is



taken to mean at prices and on other terms and conditions that, so far as practicable, reflect the outcomes of a workably competitive market.

- **alternative asset valuation method** means an asset valuation method that is consistent with the **asset valuation objective**, and which is used by a **service provider** to estimate the value of the asset where the **service provider** deems that the **recovered capital method** is inconsistent with the **asset valuation objective**.
- **capital base**, in relation to a pipeline, means the underlying value to be attributed, in accordance with these **guidelines**, to **pipeline assets**. To avoid doubt, the **capital base** calculation methodology differs for the **depreciated book value method** (in Section 2.4 of these **guidelines**), the **recovered capital method** (in Section 2.5 of these **guidelines**) and the building block method (in Section 3.3 of these **guidelines**).
- **capital expenditure** means any expenditure that is incurred by the **service provider**, and either: relates to the purchase or construction of a new asset, increases the functionality of the asset, or extends the service life of the asset.
- **construction cost** means the **costs** of construction of an asset prior to the **application date** of the pipeline. The **construction costs** for **pipeline assets** can be capitalised where they meet the requirements for capitalisation according to the **AASB**.
- **costs** mean expenditure incurred by a **service provider** in the provision of **pipeline services**. To avoid doubt, **costs** include indirect (shared) **costs** allocated to the **pipeline**.
- **designated financial year** has the meaning given in Rule 10 of Schedule 6 of the **NGR** and means the **financial year** immediately following 30 June 2024.
- **depreciated book value method** has the meaning given in Section 2.4 of these **guidelines**.
- **depreciation** has the meaning given in Section 2.4 of these **guidelines**.
- **exemption** means an **exemption** granted by the **AER** under Part 10 of the **NGR**.
- **final investment decision** means the final decision of the capital investment decision to invest in a particular capital project.
- **financial year** has the meaning given under Rule 100A of the **NGR**.
- **Gas Bulletin Board** means a website ([gbb.aemo.com.au](http://gbb.aemo.com.au)) managed by **AEMO** that provides information on major interconnected gas processing facilities, gas transmission pipelines, gas storage facilities, and demand centres in eastern and south-eastern Australia.
- **guidelines** refer to the pipeline information disclosure guidelines published by the **AER** under Part 10 of the **NGR** and amended from time to time, except for in Section 9 where it refers to the price reporting guidelines published by the **AER** under Part 18A and amended from time to time.
- **limited assurance** has the meaning given in Section 6.2 of these **guidelines**.
- **NGL** refers to the National Gas Law.
- **NGR** refers to the National Gas Rules.

- **operating expenditure** means operating, maintenance and other **costs** of a non-capital nature incurred in providing **pipeline services**. For Section 2.4 of these **guidelines**, **operating expenditure** includes **depreciation** and amortisation expenses but excludes interest and tax.
- **Part 10 financial reporting template** means the financial reporting template developed in accordance with these **guidelines** and where **service providers** must publish financial information and historical demand information under Part 10 of the **NGR** and these **guidelines**.
- **pipeline** has the meaning given in the **NGL**.
- **pipeline assets** in relation to a **pipeline**, means capital assets that constitute the **pipeline** or are otherwise used by the **service provider** to provide services, including **construction costs** capitalised (or acquisition **costs** capitalised where allowed in Section 2.4 of these **guidelines**), capitalised maintenance and any other capital improvements.
- **pipeline service** means a service provided to a **user** by a **service provider** by means of a **pipeline**.
- **rate of return instrument** means the instruments, guidelines, or statement of regulatory intent published by the AER from time to time, that sets out how the AER determines or intends to determine (as the case may be) the return that fully regulated electricity and gas network businesses can earn on their investment.
- **reasonable assurance** has the meaning given in Section 6.2 of these **guidelines**.
- **recovered capital method** is the asset valuation method set out in Rule 113Z(5)(b) of the **NGR**.
- **reference contract** means an existing or legacy contract used in the service provider's methodology to calculate **standing terms**.
- **related party** has the meaning given to it in **AASB 124**.
- **return of capital** has the meaning given in Section 2.5 of these **guidelines**.
- **revenue** means earnings made by a **service provider** in the provision of **pipeline services**. To avoid doubt, **revenue** may include indirect (shared) **revenue** allocated to the **pipeline** in accordance with Section 2.3.6 of these **guidelines**.
- **service provider** has the meaning given in Section 8 of the **NGL** (and excludes **Part 18A service providers** which has a separate definition below).
- **shared supporting assets** are assets used to support the operation of multiple **pipelines** and/or other revenue-generating activities other than just the **pipeline**. Where an asset is used to support the operation of multiple **pipelines** or other revenue generating activities, a **service provider** must apportion the value of the asset as outlined in Section 2.4 of these **guidelines**.
- **standing terms** has the meaning given in Rule 100A of the **NGR**.
- **standing price** has the meaning given in Rule 100C of the **NGR**.

- **user** means a person that seeks or wishes to be provided with a **pipeline service** by means of a **pipeline**. To avoid doubt, a **user** may be an existing **user** or a prospective **user** of **pipeline services**.
- **user access guide** means a guide to assist **users** seeking access to **pipeline services**, as required under Rule 105C of the **NGR**.

The definitions below apply only to Part 18A facilities:

- **exemption** means an **exemption** granted by the **AER** in accordance with Division 3 of Part 18A of the **NGR**.
- **facility service** has the meaning given Part 18A of the **NGR**.
- **injection service** refers to the injection of gas into a storage facility.
- **Part 18A information standard** has the meaning under rule 198D(2) of the **NGR**.
- **Part 18A facility** has the meaning defined under Part 18A of the **NGR**.
- **Part 18A service provider** has the meaning of a service provider defined under Part 18A of the **NGR**.
- **standing price** has the meaning given in rule 198F(2)(b) of the **NGR**.
- **user** means a person that seeks or wishes to be provided with a service by a **Part 18A facility**. To avoid doubt, a **user** may be an existing **user** or a prospective **user** of a **Part 18A facility**.
- **withdrawal service** refers to the withdrawal of gas from a storage facility.

## 1.6 Other issues

### 1.6.1 Establish and maintain accounts

To enable **service providers** to meet the assurance requirements discussed in Section 6 of these **guidelines**, appropriate internal accounting procedures must be established and maintained by the **service provider**. These internal accounting procedures must allow the **service provider** to demonstrate the extent and nature of transactions associated with each **pipeline**, and the allocation of applicable revenues, **costs** and assets.

### 1.6.2 Inflation

**Service providers** must report all values (including **pipeline assets**) in the **Part 10 financial reporting template** for the current or previous years in nominal terms. Values are not to be adjusted or updated for inflation.

### 1.6.3 Currency and GST

All financial information must be presented in Australian dollars. Where currency is required to be converted to Australian dollars, the requirements in the relevant **AASB** standard should be followed.

All amounts provided in the **Part 10 financial reporting template** are required to be provided in Australian dollars and be exclusive of goods and services tax (GST).

## 1.7 Publication

All **service providers** are required to publish the information specified in these **guidelines**.

Where more than one entity meets the definition of **service provider**, each **service provider** is taken to be a member of a **service provider group** for that **pipeline**.

The members of a **service provider** group are required to publish the information specified in these **guidelines** separately. However, by notifying the **AER** in writing, members of a **service provider** group may appoint one of the members to be the responsible **service provider** for the **pipeline**. The notification must include evidence that all members of the **service provider** group endorse the appointment and that the nominee has access to, and the legal right to publish, the required information.

Where a responsible **service provider** is appointed by the **service provider group**:

- the responsible **service provider** is the **pipeline** reporting entity for the relevant **pipeline**
- the responsible **service provider** must update the information about the **service provider** group if there is any change
- each member of the **service provider** group must procure and where necessary facilitate, the compliance of the responsible **service provider** with its obligations under these **guidelines**
- each other member of the **service provider** group is exempt from the requirement to prepare publish and maintain the financial information and actual prices payable information specified in these **guidelines**.

## 1.8 Exemptions

To avoid doubt, this section is for information only, and does not alter or qualify the **AER's** discretions or functions relating to **exemptions** under Part 10 of the **NGR**.

A **service provider** may apply to the **AER** for an **exemption** from the information disclosure and arbitration framework where the **pipeline** satisfies the relevant **exemption** criteria as stipulated in Rule 102 of the **NGR**. There are two categories of **exemptions** for **pipelines** as outlined in Table 1.

**Table 1 Exemptions available under Part 10 of the NGR**

Exemption category	Exemption criteria
Category 1: <b>Exemption</b> from obligation to publish information in relation to the <b>pipeline</b>	The <b>pipeline</b> is not a third-party access <b>pipeline</b> .
Category 2: <b>Exemption</b> from obligations to publish financial information, historical demand information and a cost allocation methodology under Rule 101D	The <b>pipeline</b> is a single <b>user</b> pipeline, or: <ul style="list-style-type: none"> <li>• the <b>pipeline</b> is a transmission pipeline, and the nameplate rating of the pipeline is less than 10 terajoules per day</li> <li>• the <b>pipeline</b> is a distribution pipeline and the maximum daily capacity of the <b>pipeline</b> under normal operating conditions is less than 10 terajoules per day.</li> </ul>

The **AER** determines whether or not an **exemption** is granted. **Exemptions** may be time-limited, subject to conditions and varied at the **AER's** discretion.

**Exemptions** do not apply automatically. To benefit from an **exemption**, the **service provider** for the non-scheme **pipeline** must apply to the **AER** under Division 2 of Part 10 of the **NGR** and be granted the **exemption**.

A **service provider** who wishes to apply for an **exemption** must complete the [application form](#) available on the **AER** website. All applications will be assessed by the **AER** in accordance with the **NGR**.

Non-scheme **pipelines** that hold an **exemption** will be identified in a public register of **exemptions** on the **AER** website. The public register contains additional information including the location and/or part of the **pipeline**, the category of **exemption**, the date the **exemption** was granted and applicable conditions.

## 1.9 Commencement of publication

The timing for publishing information under Part 10 of the **NGR** is set out in Rule 101A(2) of the **NGR** and is shown in Table 2.

**Table 2 Publication commencement schedule**

Topic	Time to publish
Pipeline information, pipeline service information and <b>standing terms</b>	<ul style="list-style-type: none"> <li>No later than 20 business days after the commissioning date of the pipeline.</li> <li>No later than 20 business days after there is a change.</li> </ul>
Service usage information and service availability information	By the last business day of the month following the month that the pipeline was commissioned.
Financial information, historical demand information and cost allocation methodology	<p>By 5 months after the end of the <b>financial year</b> of the <b>service provider</b> immediately following 30 June 2024.</p> <ul style="list-style-type: none"> <li>For example, by 30 November 2025 if the <b>financial year</b> of the <b>service provider</b> ends 30 June 2025.</li> </ul>
Actual prices payable information	No later than 20 business days after an <b>access contract</b> is entered into or varied, subject to qualification.

*Note: for the purposes of **AER** compliance and enforcement activities, we expect **service providers** to commence publishing service and access information, **standing terms** and actual prices payable information by 22 December 2023.*

## 1.10 Transitional arrangements

**Service providers** must comply with the transitional rules under Schedule 6 of the **NGR** shown in Table 3.

**Table 3 Transitional rules**

Topic and application	NGR rule and text
Provision of information by light regulation pipelines <ul style="list-style-type: none"> <li>applies to <b>service providers</b> that were required to publish information under Rule 36D of the <b>NGR</b> (as in force immediately before 2 March 2023) in relation to a pipeline.</li> </ul>	For each <b>financial year</b> of the <b>service provider</b> that occurs before the <b>designated financial year</b> of the <b>service provider</b> : <ul style="list-style-type: none"> <li>continue to prepare, publish and maintain information in accordance with Rule 36A, Rule 36B(1)(c), Rule 36B(2) to (5) (inclusive, insofar as this rule requires the publication of financial information specified in Rule 36D), and Rule 36D (as in force immediately before 2 March 2023).</li> </ul>
<b>User Access Guide:</b> applies to all <b>service providers</b> of non-scheme <b>pipelines</b> .	Until the <b>service provider</b> has developed and published a <b>user access guide</b> under Rule 105C of the <b>NGR</b> in relation to the pipeline: <ul style="list-style-type: none"> <li>Rule 558 (as in force immediately before 2 March 2023) will continue to apply.</li> </ul>
Provision of Information relating to non-scheme <b>pipelines</b> : <ul style="list-style-type: none"> <li>applies to <b>service providers</b> that were required to publish information under Rule 555 of the <b>NGR</b> (as in force immediately before 2 March 2023) in relation to a pipeline.</li> </ul>	For each <b>financial year</b> of the <b>service provider</b> that occurs before the <b>designated financial year</b> of the <b>service provider</b> : <ul style="list-style-type: none"> <li>continue to prepare, publish and maintain information in accordance with Rule 551, Rule 552(1)(c), Rule 552(2) to (6) (inclusive, insofar as this rule requires the publication of financial information specified in Rule 555), and Rule 555 (as in force immediately before 2 March 2023).</li> </ul>

## 2 Financial statements

Rule 101D of the **NGR** requires a **service provider** to prepare and publish on its website financial information for each of its **pipelines**. Rule 103(2) of the **NGR** requires that these **guidelines** provide for the publication of financial statements.

This section outlines the requirements, methodology and principles for publishing these financial statements.

### 2.1 How and where to publish financial statements

**Service providers** must complete the following financial statements in the **Part 10 financial reporting template**:

- Pipeline information
- Statement of revenues and expenses
- Statement of pipeline assets
- Recovered capital
- Historical demand.

**Service providers** must publish the **Part 10 financial reporting template** on their website in accordance with Section 5 of these **guidelines**.

**Service providers** must publish the financial statements no later than five months after the end of the **designated financial year**, and no later than five months after the end of each **financial year** thereafter.

#### 2.1.1 Pricing template

The **AER** must publish and maintain a pricing template under Rule 103A of the **NGR**. The **Part 10 financial reporting template** includes the pricing template which enables **users** to transform the financial and historical demand information published by **service providers** into one or more cost-based pricing benchmarks.

*Note: where possible, values used in the pricing template are calculated directly from the information provided by **service providers** in the financial statements.*

#### 2.1.2 Summary of information

The **Part 10 financial reporting template** provides a summary of the information provided in the financial statements. This includes relevant financial performance metrics.

**Service providers** are not required to directly input values for these calculations.

## 2.2 Pipeline information

**Service providers** must publish in Table 1.1 of the **Part 10 financial reporting template**:

- the **pipeline** location, including publishing a map showing the geographic location within the state or territory
- **pipeline** length in kilometres



- the number of contracted customers as at the last day of the **financial year**
- service type, being the classification of the **pipeline** as a transmission **pipeline** or a distribution **pipeline**
- the **pipeline** capacity, being:
  - for a transmission **pipeline**, the nameplate rating
  - for a distribution **pipeline**, the maximum daily capacity of the **pipeline** under normal operating conditions.
- construction date.

**Service providers** must show, in Table 1.2 of the **Part 10 financial reporting template**, which **pipeline services** are provided to non-related parties and related parties. This also includes any available **pipeline services** that are not currently provided to any users.

The following **pipeline services** are specified:

- Firm transportation
- Interruptible or as available transportation
- Firm compression
- Interruptible or as available compression
- Park
- Loan
- Capacity trading
- In pipe trading
- Other.

**Service providers** must specify in Table 1.2 of the **Part 10 financial reporting template** each **pipeline service** that it classifies as ‘Other’ **pipeline service** and provide details of each of these ‘Other’ **pipeline services** in the basis of preparation.

## 2.3 Statement of revenues and expenses

The Statement of revenues and expenses in the **Part 10 financial reporting template** provides an overview of the revenue generated from **pipeline** operations and the **costs** associated with the **pipeline**. Revenues and expenses are summarised in Table 2.1 of the **Part 10 financial reporting template**. **Service providers** must complete Table 2.2.1 and Table 2.2.2 that provides the inputs into Table 2.1 of the **Part 10 financial reporting template**.

### 2.3.1 Revenues and costs by pipeline service

#### 2.3.2 Revenues

**Service providers** must publish revenues by **pipeline service** in Table 2.4.1 of the **Part 10 financial reporting template**, for each of third-party transactions and **related party** transactions.

The **pipeline services** are specified in Section 2.2 of these **guidelines**.



### 2.3.3 Expenses

**Service providers** must publish **costs** by **pipeline service** in Table 2.5.1 of the **Part 10 financial reporting template**, for each of third-party transactions and **related party** transactions.

The **pipeline services** are specified in Section 2.2 of these **guidelines**.

### 2.3.4 Allocation principles – allocation of shared costs and revenues to the pipeline

This section sets out the principles, methodology and arrangements **service providers** must adopt to determine the allocation of **costs** and revenues to the **pipeline** including direct and indirect (shared) **costs** and revenues for the purpose of completing the Statement of revenues and expenses.

Each **service provider** is responsible for developing the detailed principles and policies for attributing **costs** and revenues to a **pipeline**.

The **service provider** must disclose in the basis of preparation:

- How direct **costs** and revenues have been identified, and how they are recorded and tracked in the financial management information systems.
- For shared **costs** and revenues:
  - the nature and details of the allocator or allocators used to allocate each cost and revenue item
  - the reason for selecting the allocator or allocators for each cost and revenue item including why the allocator or allocators used are the most appropriate available
  - the numeric quantity or percentage of the allocator or allocators applied to each cost and revenue item, including an explanation of how the numeric quantity or percentage has been calculated and the source of the data for determining this numeric quantity or percentage.

If the **service provider** owns more than one **pipeline**, the same allocation methodology should be used for each **pipeline**. If the **service provider** uses more than one allocation methodology, it must detail the reasons for this in the basis of preparation for each **pipeline**.

**Service providers** of a scheme **pipeline** must, as far as practicable, use the same allocation methodology adopted under the **pipeline's access arrangement** to allocate revenues and **costs** to the **pipeline**.

### 2.3.5 General principles for allocating costs to the pipeline

**Service providers** must follow the relevant principles for allocating **costs** specified in Rule 103(4) of the **NGR**:

- the detailed principles and policies used by a **service provider** to allocate **costs** between different **pipelines** must be described in sufficient detail to enable the **AER** to replicate reported outcomes through the application of those policies and principles
- the allocation of **costs** must be determined according to the substance of a transaction or event rather than its legal form

- only the following **costs** may be allocated to a **pipeline**:
  - **costs** that are directly attributable to the pipeline
  - **costs** that are not directly attributable to the **pipeline**, but which are incurred in providing services by means of the **pipeline**, in which case such **costs** must be allocated to the **pipeline** using an appropriate allocator, which should:
    - except to the extent the cost is immaterial, or a causal based method of allocation cannot be established without undue cost and effort, be causation based
    - to the extent the cost is immaterial, or a causal based method of allocation cannot be established without undue cost and effort, be an allocation that accords with a well-accepted cost allocation method.
- for any cost allocation method which is used – the reasons for using that method and the numeric quantity (if any) of the chosen allocator must be clearly described
- the same cost must not be allocated more than once
- the principles, policies and approach used to allocate **costs** must be consistent with any ring-fencing requirements under Chapter 4 Part 2 of the **NGL**.

### 2.3.6 General principles for allocating revenues to the pipeline

**Service providers** must follow these relevant principles for allocating revenues:

- the detailed principles and policies used by a **service provider** to allocate revenue between different **pipelines** must be described in sufficient detail to enable the **AER** to replicate reported outcomes through the application of those policies and principles
- the allocation of revenue must be determined according to the substance of a transaction or event rather than its legal form
- only the following revenue may be allocated to a **pipeline**:
  - all revenues which are directly attributable to the **pipeline**
  - all revenues which are not directly attributable to the **pipeline**, including:
    - revenue received in providing services by means of the **pipeline**
    - revenue that is generated under agreements that do not separate the revenue by **pipeline**
    - any other revenue received by the **service provider** that does not relate to a specific **pipeline**

in which case such revenue must be allocated to the **pipeline** using an appropriate allocator, which should:

- except to the extent the revenue is immaterial, or a causal based method of allocation cannot be established without undue cost and effort, be causation based
- to the extent the revenue is immaterial, or a causal based method of allocation cannot be established without undue cost and effort, be an allocation that accords with a well-accepted allocation method

- for any allocation method which is used – the reasons for using that method and the numeric quantity (if any) of the chosen allocator must be clearly described
- the same revenue must not be allocated more than once
- the principles, policies and approach used to allocate revenue must be consistent with any ring-fencing requirements under Chapter 4 Part 2 of the **NGL**.

### **2.3.7 Allocation principles – allocation of revenues and costs between pipeline services**

This section sets out the principles, methodology and arrangements **service providers** should adopt to determine the allocation of **costs** and revenues to each **pipeline** service available on the **pipeline** for the purpose of completing the Statement of revenues and expenses.

The **pipeline services** are specified in Section 2.2 of these **guidelines**.

Each **service provider** is responsible for developing the detailed principles and policies for attributing **costs** and revenues to each **pipeline service**.

In the basis of preparation, the **service provider** must disclose revenues and **costs** to be allocated to each **pipeline service**:

- the nature and details of the allocator or allocators used to allocate each cost and revenue item
- the reason for selecting the allocator or allocators for each cost and revenue item including why the allocator or allocators used are the most appropriate available
- the numeric quantity or percentage of the allocator or allocators applied to each cost and revenue item, including an explanation of how the numeric quantity or percentage has been calculated and the source of the data for determining this numeric quantity or percentage.

**Service providers** must, as far as is reasonably practicable, allocate revenues and **costs** to each **pipeline service** using a method that is consistent with the method used to allocate revenues and **costs** to the **pipeline**, the general principles for allocating revenues and **costs** to the **pipeline** set out in this section of these **guidelines** and the **AASB**.

If the **service provider** owns more than one **pipeline**, the same allocation methodology should be used for each **pipeline**. If the **service provider** uses more than one allocation methodology it must detail the reasons for this in the basis of preparation for each **pipeline**.

**Service providers** of a scheme **pipeline** must, as far as reasonably practicable, use the same allocation methodology adopted under the **pipeline's access arrangement** to allocate revenues and **costs** to each **pipeline service**. **Service providers** of a scheme **pipeline** cannot reallocate revenues and **costs** to another service that have been allocated to a particular service during an access arrangement period determined by the **AER**.

### **2.3.8 Depreciation principles**

**Service providers** must calculate **depreciation** expenses in accordance with the methodology set out in Section 2.4 of these **guidelines**.

Total **depreciation** expenses in the Statement of revenues and expenses must reconcile with total **depreciation** and amortisation of **pipeline assets** and shared assets in Table 3.3 of the **Part 10 financial reporting template**.

### 2.3.9 Related party transactions

**Service providers** are required to separately identify revenues and **costs** that relate to transactions with **related parties** as these may not be based on normal commercial terms.

### 2.3.10 Other principles

**Service providers** must:

- provide details of other **pipeline services** in the basis of preparation
- comply with revenue recognition principles in the **AASB**
- provide in the basis of preparation details and sources of inputs into the Statement of revenues and expenses
- allocate only a fair proportion of shared revenues and **costs** to each **pipeline**, in accordance with the cost allocation principles in this section of these **guidelines**
- for shared **costs** that are paid to related parties, exclude any component of profit to the **related party**.

## 2.4 Statement of pipeline assets

The Statement of pipeline assets in the **Part 10 financial reporting template** provides an overview of **pipeline asset construction costs**, additions and improvements. **Service providers** are required to provide the carrying **costs** of all **pipeline assets** and **shared supporting assets** in Table 3.1 of the **Part 10 financial reporting template**.

Unless specified otherwise in these **guidelines**, **service providers** must determine asset and liability values in accordance with the **AASB**.

### 2.4.1 Methodology

**Service providers** must publish asset values in the Statement of pipeline assets:

- for scheme **pipelines**: in accordance with Part 9 of the **NGR**
- for non-scheme **pipelines**: using the **depreciated book value method**.

The value of an asset under the **depreciated book value method** is calculated as:

- the historical **construction cost** of the **pipeline asset** (or acquisition cost if the asset was acquired by the **service provider**)
- plus any **capital expenditure** or acquisitions during the period (at cost)
- less the value of any assets disposed of during the period
- less any impairment amounts
- less **depreciation** using the methodology set out in Section 2.4 of these **guidelines**.

Where a non-scheme **pipeline** was previously under full regulation and a determination made on the asset values, the **service provider** may use the closing regulatory asset base

as the opening asset value balance for the calculation under this method and rolled forward using the method set out above.

Revaluations due to acquisitions must be detailed in the basis of preparation, including the value and details of any goodwill, where applicable.

## 2.4.2 Pipeline assets

**Service providers** must publish information about **pipeline assets** disaggregated into the following asset classes:

- **Pipelines**
- Compressors
- City gates, supply regulators and valve stations
- Metering
- Odorant plants
- SCADA (Communications)
- Buildings
- Land and easements
  - Where land or easements are owned by the **service provider**, these assets must be recorded at historical cost and not depreciated.
- Other depreciable **pipeline assets**
- Leased assets
- Other non-depreciable **pipeline assets**
- Shared supporting assets allocated:
  - Shared property, plant and equipment
  - Shared leased assets
  - Inventories
  - Deferred tax assets
  - Other assets.

**Shared supporting assets** must be apportioned between the **pipeline** and other operations of the **service provider**. **Service providers** must explain the basis for this allocation in the basis of preparation.

The allocation of **shared supporting assets** must, as far as practicable, be made in accordance with the allocation principles set out in Section 2.3 of these **guidelines**. Where it does not, a **service provider** must explain these differences in the basis of preparation.

### 2.4.2.1 Land and easements

Where land or easements are owned by the **service provider**, these assets must be recorded at historical cost and not depreciated.

### 2.4.3 Capitalisation principles

**Construction costs**, acquisition **costs** and maintenance **costs** for **pipeline assets** can be capitalised where they meet the requirements for capitalisation in accordance with the **service provider's** cost allocation methodology and the **AASB**.

### 2.4.4 Asset life principles

The asset life principles apply to Table 3.1 of the **Part 10 financial reporting template** and are relevant to **depreciation costs** in the Statement of revenues and expenses and the Statement of pipeline assets.

**Service providers** must publish the asset useful life for each asset class and provide reasons for choosing those useful lives in Table 3.1 of the **Part 10 financial reporting template**.

Asset lives by asset class are set out in Appendix B. If a **service provider** determines that a different asset life is considered appropriate, it must provide an explanation for using the alternative asset life in the basis of preparation.

### 2.4.5 Allocation principles

**Service providers** must allocate only a fair proportion of shared revenues and **costs** to each **pipeline**, in accordance with the cost allocation principles in Section 2.3 of these **guidelines**.

### 2.4.6 Depreciation principles

#### 2.4.6.1 Scheme pipelines

**Depreciation** must be the same as regulatory **depreciation**, based on straight line **depreciation** and adjusted to offset double counting of inflation, in accordance with the access arrangement current as at the end of the **financial year**.

#### 2.4.6.2 Non-scheme pipelines

**Pipeline assets** must be depreciated using accounting-based **depreciation** in accordance with the **AASB** and the asset lives set out in Table 3.1 of the **Part 10 financial reporting template**.

The asset base used to calculate **depreciation** for each class of asset includes:

- the historical **construction cost** of the **pipeline assets** (or acquisition **costs** if the assets were acquired by the **service provider**)
- plus any **capital expenditure** or acquisitions during the period (at cost)
- less the value of any assets disposed of during the period
- less any impairment amounts.

Upward revaluation of assets is not permitted for any category of assets disclosed. Where a **service provider** has revalued assets for reporting outside the scope of these **guidelines**, it may disclose the revaluation amount and the reason for the revaluation in the basis of preparation.

Where **pipeline assets** are impaired, the reasons for impairment must be disclosed in Table 3.2.1 and Table 3.2.2 of the **Part 10 financial reporting template**. Further details can be provided in the basis of preparation. Reasons must be provided where impairments are

reversed in the same manner. The reasons for reversal must be in accordance with the **AASB**.

The asset lives used for **depreciation** must be consistent with asset life principles outlined in this section of these **guidelines**.

For the purposes of these **guidelines**, these **depreciation** principles do not apply to Table 4.1 of the **Part 10 financial reporting template**.

#### **2.4.7 Related party transactions**

**Service providers** must separately report **related party** transactions with a **related party** in the Statement of revenues and expenses, Statement of pipeline assets and the basis of preparation.

If an asset is acquired from a **related party**, the **construction cost** or acquisition cost paid by the **related party** to an unrelated third party must be used.

#### **2.4.8 Estimation principles**

**Service providers** must take all reasonable steps to obtain historical information on **pipeline construction costs** and **capital expenditure**. **Service providers** may consider the following potential sources of information:

- where a **pipeline** has been acquired, requesting information from previous owners
- searches of historical media information
- where a **pipeline** was previously regulated, information requests to the relevant regulator
- Freedom of Information requests to the Australian Taxation Office
- ASX announcements
- ASIC register searches
- information requests to other parties involved in **pipeline** construction such as building contractors and materials suppliers.

If, having taken all reasonable steps to obtain the historic information, **service providers** are unable to locate the historical information, they may estimate the relevant information and **service providers** must document in the basis of preparation:

- the steps taken to locate the historical information
- how estimates were arrived at including any methods, principles, inputs, assumptions and rationale used to determine the estimate.

The following process must be followed and documented in the basis of preparation:

- where source documents are available, have they been considered
- if source documents have not been considered, the reasons why
- if source documents are unavailable, the process undertaken to attempt to locate them



- the methodology applied to arrive at the estimate used in the **Part 10 financial reporting template**, which must be consistent with this section of these **guidelines**.

**Service providers** must report actual values when updating asset values in future years.

We note that **service providers** must use *best estimates* in accordance with the **access information standard** under Rule 101 of the **NGR**.

#### 2.4.9 Arbitration not limited to these valuation techniques

Arbitrators may consider asset valuations published by **service providers** in the **Part 10 financial reporting template**, among other factors, in the event of an arbitration. However, arbitrators are not bound to rely on the depreciated book values published in accordance with these **guidelines**.

## 2.5 Recovered capital

*Note: **service providers** are not required to publish recovered capital values for scheme pipelines.*

**Service providers** must, for each non-scheme **pipeline**, publish recovered capital values that are consistent with the **asset valuation objective**.

The **asset valuation objective** is the objective of facilitating access to **pipeline services** provided by means of non-scheme **pipelines** on reasonable terms, which is taken to mean at prices and on other terms and conditions that, so far as practicable, reflect the outcomes of a workably competitive market.

Unless inconsistent with the **asset valuation objective**, **service providers** must use the **recovered capital method**, as defined in Rule 113Z(5)(b) of the **NGR** and this section of these **guidelines**, to calculate recovered capital values.

In Table 4.1 of the **Part 10 financial reporting template**, **service providers** must provide:

- the construction date of the **pipeline assets**
- the **construction cost** of the pipeline assets, by year
- for shared assets:
  - if the asset is of a type constructed by **service providers**: the **construction cost**, by year
  - if the asset is not of a type constructed by **service providers** (for example, motor vehicle and information technology equipment): the acquisition cost, by year.
- any **capital expenditure** that has been incurred by year, at cost
- disposals of **pipeline assets**, by year, at cost
- the **return of capital** calculated using the methodology in this section of these **guidelines**.

To avoid doubt:

- If a **service provider** acquires **pipeline assets**, it must use the actual historical **construction cost** (or, having taken all reasonable steps to obtain the historic



information, **service providers** are unable to locate the historical information, an estimate of the historical **construction cost**) instead of the acquisition cost of the asset.

- Recovered capital values reported under this section of these **guidelines** do not impact the asset values or **depreciation** reported in the Statement of pipeline assets or the Statement of revenues and expenses.
- Unless otherwise stated in this section of these **guidelines**, the methodology and approach taken to calculate recovered capital values in this section should be considered in isolation from the guidance material in Section 2.4 of these **guidelines**.

### 2.5.1 Recovered capital method

The value of an asset under the **recovered capital method** must be calculated in accordance with Rule 113Z(5)(b) of the **NGR**:

- the cost of construction of the pipeline and pipeline assets incurred before commissioning of the pipeline (including the cost of acquiring easements and other interests in land necessary for the establishment and operation of the pipeline)
- plus the amount of **capital expenditure** since the commissioning of the pipeline
- less the **return of capital** recovered since the commissioning of the pipeline
- less the value of pipeline assets disposed of since the commissioning of the **pipeline**.

For clarity, the **recovered capital method** is used to calculate the capital that has already been recovered by the **service provider**, expressed formulaically as follows:

$$\begin{aligned} \text{Value of Capital Base}_t &= \text{Construction Cost}_0 + \sum_{i=1}^t \text{Capex}_i - \sum_{i=1}^t \text{Return of Capital}_i \\ &\quad - \sum_{i=1}^t \text{Asset Disposals}_i \end{aligned}$$

where

$$\sum_{i=1}^t \text{Return of Capital}_i = \left[ \sum_{i=1}^t \text{Revenue}_i - \left[ \sum_{i=1}^t \text{Opex}_i + \sum_{i=1}^t \text{Return on Capital}_i + \sum_{i=1}^t \text{Net Tax Liabilities}_i \right] \right]$$

When, under the **recovered capital method**, the value of **capital base** in a given year is equal or less than zero, then the value of the **capital base** is deemed to be zero for that year.

### 2.5.2 Return of capital

For the purposes of this section of these **guidelines**, the term **return of capital** means the change in the economic value of the asset and is equal to the difference between:

- the revenue earned by the **service provider**

- the **costs** incurred by the **service provider**, where **costs** include **operating expenditure**, net tax liabilities and a return on capital.

To calculate the **return of capital** for **pipeline assets**, the **service provider** will require, for each year following the construction of the asset:

- actual revenue, including shared revenues, earned by the **service provider** from the provision of all services by the **pipeline**
- **operating expenditure**, including shared **costs**, incurred by the **service provider**, for the provision of all services by the **pipeline**
- net tax liabilities incurred by the **service provider** allocated to the **pipeline**
  - or, where net tax liabilities cannot be determined, the **service provider's** best estimate of net tax liabilities
  - if a **service provider** uses a benchmark tax rate to estimate net tax liabilities it must explain:
    - why it was unable to calculate actual net tax liabilities
    - how it calculated the benchmark tax rate including providing the methodology used (including, where relevant, how it accounted for tax liability on intangible assets)
    - why the benchmark tax rate is the best estimate of net tax liabilities actually incurred by the **service provider** for the provision of **pipeline services** on that pipeline.
- the return on capital required by the **service provider** in each year, which will require information on:
  - the closing value of the **capital base** in each year
  - the rate of return to be applied to the closing value of the **capital base** from the immediately preceding year, which should be determined for each year and should be commensurate with the prevailing conditions in the market for funds and reflect the risks borne by the **service provider** in providing **pipeline services**.

**Service providers** must document the source of this information in the basis of preparation.

### 2.5.3 Return on capital

**Service providers** of non-scheme **pipelines** must use the Sharpe-Lintner capital asset pricing model following a similar approach to that set out in the **AER's rate of return instrument** and updated from time to time. This approach promotes consistency in calculating the return on capital between different **pipelines** and recognises differences in systematic risks between **pipelines** and over time.

The following parameters are specified:

- the use of a nominal vanilla weighted-average cost of capital
- for current and forward estimates, the market risk premium from the **AER's rate of return instrument** current at the end of the **financial year** being reported

- for historical estimates, the historical market risk premium previously published by the **service provider** to calculate the return on capital, or where a **service provider** has not previously published a historical market risk premium:
  - before 2009: an estimate of the market risk premium that is based on excess returns over a sufficiently long period, ending on or near to the **financial year** of the historical estimate, that the **service provider** considers provides for a reasonable estimate
  - from 2009: the market risk premium from the **AER's rate of return instrument** as were applied at the end of the **financial year** for which a historical market risk premium is required
- an equity beta that is estimated for the **pipeline** at the appropriate gearing ratio that reflects the **service provider's** estimated systematic risk of the **pipeline's** equity given the **pipeline's** capital structure
- estimate of the **pipeline** gearing ratio reflecting the **service provider's** historical gearing over time, or where an estimate cannot be determined, the gearing ratio from the **AER's rate of the return instrument** current at the end of the **financial year** being reported
- the risk-free rate (for use in the Sharpe-Lintner capital asset pricing model and cost of equity) estimated shortly prior to the commencement of the year for which the weighted-average cost of capital is being set
- a cost of debt for each year that reflects the **service provider's** actual portfolio cost of debt for that year
- the value of gamma (imputation credits) from the **AER's rate of return instrument** current at the end of the **financial year** being reported.

**Service providers** must demonstrate how they arrived at these values, including providing all relevant models, parameters, calculations, and allocation methods in their basis of preparation.

#### 2.5.4 Decommissioning costs

**Service providers** must provide in the basis of preparation details about any included decommissioning **costs** (i.e. negative residual value) they propose to include in the asset cost base, including:

- the present value of the decommissioning **costs** included in the **capital base** for each applicable asset
- the methodology used to estimate decommissioning **costs**, including providing all relevant models, parameters, calculations and allocation methods
- rationale for estimates about decommissioning timing and scope of decommissioning works that the **service provider** expects it will be required to undertake
- providing references to any legislation and historical examples considered by the **service provider** to estimate decommissioning **costs**.

#### 2.5.5 Revaluation of assets

**Service providers** must not upwardly revalue assets for any category of assets disclosed.

If a **service provider** has revalued assets for reporting outside the scope of these **guidelines**, these values, and the reasons for revaluation, may be disclosed in the basis of preparation.

### 2.5.6 Allocation principles

**Service providers** must allocate only a fair proportion of shared revenues and **costs** to each **pipeline**, in accordance with the cost allocation principles in Section 2.4 of these **guidelines**.

### 2.5.7 Estimation principles

Where a **service provider** has used estimates in calculating recovered capital values, it must follow the estimation principles in Section 2.4 of these **guidelines**.

### 2.5.8 Alternative asset valuation methods

There may be circumstances where the **recovered capital method** overstates or understates the asset value. For example, if the pipeline is sold for a price that is below the recovered capital value, then a lower valuation may be appropriate (i.e. because the asset value has been written down with the prior shareholders bearing the cost of the write down).

If, in accordance with Rule 113Z(5) of the **NGR**, a **service provider** determines that an asset valuation using the **recovered capital method** is inconsistent with the **asset valuation objective**, it must use an **alternative asset valuation method** that is consistent with the **asset valuation objective**. We expect the **service provider** to use an **alternative asset valuation method** that reflects the approach that would apply if the **pipeline** was fully regulated.

Where a **service provider** uses an **alternative asset valuation method**, it must:

- demonstrate in the basis of preparation that an asset valuation using the **recovered capital method** is inconsistent with the **asset valuation objective**
- calculate and publish asset values using an **alternative asset valuation method**
- provide details in the basis of preparation about the **alternative asset valuation method**, including:
  - the methodology, including providing all relevant models, parameters, calculations, and allocation methods used in the valuation, being sufficient for the **AER** to replicate
  - the source and basis for assumptions and inputs used in the calculation
  - where available, relevant historical examples of where the alternative methodology has been relied upon (for example, by a relevant regulator)
  - an explanation demonstrating that the **alternative asset valuation method** is consistent with the **asset valuation objective** and is the best estimate in the circumstances.

Unless inconsistent with the **asset valuation objective**, we consider that the best approach is for the **service provider** to use the lesser of the actual historical **construction cost** (or, having taken all reasonable steps to obtain the historic information, the **service provider** is unable to locate the historical information, an estimate of the historical **construction cost**) or the acquisition cost. We do not consider that a depreciated replacement cost of the asset is appropriate to set the initial capital base.

### 2.5.9 Reconciliation of asset valuation methods

**Service providers** must qualitatively explain the difference in the total asset value using the **depreciated book value method** and the **recovered capital method**, or any **alternative asset valuation method** that the **service provider** publishes, in the basis of preparation.

**Service providers** must quantitatively explain any difference in the following values using the **depreciated book value method** and the **recovered capital method**, or any **alternative asset valuation method** that the **service provider** provides, in the basis of preparation:

- initial construction **costs**, unless the **service provider** acquired the pipeline
- additions
- capitalised maintenance or improvements
- disposals

for each of pipeline assets and shared supporting assets allocated.

### 2.5.10 Arbitration not limited to these valuation techniques

Arbitrators may consider asset valuations published by **service providers** in the **Part 10 financial reporting template**, among other factors, in the event of an arbitration. However, arbitrators are not bound to rely on the recovered capital published in accordance with these **guidelines**.

### 2.5.11 Major capital projects and pipeline expansions and extensions

*Note: **service providers** must publish information about major capital projects and **pipeline expansions and extensions capital expenditure** for both scheme and non-scheme **pipelines**.*

**Service providers** must report in Table 4.1.1 of the **Part 10 financial reporting template**:

- **capital expenditure** for all capital projects after the **pipeline commissioning date** that exceed 5 per cent of the **construction cost** of the **pipeline**
- **capital expenditure** for all **pipeline** expansions and extensions after the **pipeline commissioning date**, regardless of value.

**Service providers** must report in Table 4.1.2 of the **Part 10 financial reporting template**:

- planned **capital expenditure** for all **pipeline** expansions and extensions that have reached the **final investment decision** stage, regardless of value or expected **commissioning** date.

For all completed or planned **pipeline** expansions and extensions, **service providers** must publish the following information in the basis of preparation for each transmission **pipeline**:

- a description of the **pipeline** extension or expansion and its location on the existing **pipeline**
- the type of capacity extension or expansion, the nameplate rating (or, for a distribution **pipeline**, the maximum daily capacity of the **pipeline** under normal operating conditions) of the capacity extension or expansion (in gigajoules per day) and date (or expected date) of commission

- the direct **capital expenditure**, incremental operating **costs** and details about changes in shared **costs**, including how they are allocated to the **pipeline services** or the capacity extension or expansion
- the expected useful life of the capacity extension or expansion and component assets.

To avoid doubt, planned **pipeline** expansions and extensions means projects that have reached the **final investment decision** stage.

## 2.6 Historical demand

**Service providers** must publish historical demand information in Tables 5.2 and 5.3 of the **Part 10 financial reporting template**.

### 2.6.1 Information requirements

**Service providers** must publish, on a pipeline-by-pipeline basis for each **financial year**:

- daily contracted firm capacity
- daily utilised capacity
- daily average utilised capacity by **pipeline service**.

Historical demand information must be publicly available for a period of five years after the date on which the information is first published.

In accordance with Rule 101A(3)(b) of the **NGR**, a **service provider** may, where the information is also required to be provided by the **service provider** to **AEMO** for publication on a **Gas Bulletin Board**, comply with this requirement by providing a publicly available link on its website to the part of the **Gas Bulletin Board** where the information is to be located.

If a **service provider** nominates to provide a publicly available link to the **Gas Bulletin Board** it must publish this link in the location provided for in Table 5.1 of the **Part 10 financial reporting template**.

**Service providers** must describe the methodology used to collect and aggregate the historical demand data, including how volumes were metered or estimated and any adjustments to the raw data.

### 2.6.2 Providing estimates

In the case that daily average utilised capacity by **pipeline service** is not known, **service providers** must allocate total daily average utilised capacity to each **pipeline service**, having regard to any relevant allocation principles and estimation principles in Section 2.4 of these **guidelines**.

## 2.7 Basis of preparation

**Service providers** must publish a basis of preparation that must provide information to support the content of the **Part 10 financial reporting template** and other information.

The purpose of the basis of preparation is to help **users** understand and assess the assumptions, formulas and procedures underpinning the prescribed transparency information published by **service providers**.

The basis preparation sets a foundation for understanding:

- the sources of financial information published
- the methodologies used by the **service provider**
- rationale and calculations behind assumptions
- how the **service provider** derived any estimates.

### **2.7.1 Basis of preparation template**

**Service providers** must complete the standardised basis of preparation template published and revised by the **AER** from time to time.

**Service providers** must prepare the basis of preparation in accordance with these **guidelines**. Appendix A provides an overview of the required information for the basis of preparation. **Service providers** are encouraged to use this table to identify the requirements that are applicable to their circumstances. Instructions for the required information for the basis of preparation are also included in the relevant sections of these **guidelines**.



### 3 Standing terms

Rule 101C of the **NGR** requires a **service provider** for a **pipeline** to publish the **standing terms** for each **pipeline service**, including the methodology and inputs used to calculate **standing prices** and any other information specified by the **AER**.

This section sets out the information **service providers** are required to disclose when publishing **standing terms**, to provide transparency for **users** to assess the reasonableness of a **service provider's** offer and negotiate with them on an informed basis.

#### 3.1 Methodology

**Service providers** must publish **standing terms** for each **pipeline service** in accordance with Rule 101C of the **NGR** and the **standing price** principles in Section 3.2 of these **guidelines**.

For the purposes of this section of these **guidelines**, a **pipeline service** means a service offered by means of the **pipeline** as identified by the **service provider** in its **standing terms**, which must reflect the services available to **users** and be consistent with Rule 100A(2) and Rule 100A(3) of the **NGR**.

#### 3.2 Standing price principles

**Service providers** must publish a level of information and detail that is sufficient to enable **users** to:

- replicate the calculations used in the methodology to arrive at the **standing price**
- understand how the **standing price** reflects the methodology used to calculate it.

**Service providers** must explain how the inputs were calculated or selected, including any reasoning, assumptions and judgements. At a minimum, the information must include:

- a description of the calculations or a mathematical representation of the calculations used to calculate the **standing price**
- a description of all inputs and/or numerical input values used to calculate the **standing price**
- a detailed description or, where relevant, a mathematical representation of how those input values were calculated, derived or chosen
- an explanation of why the inputs used were chosen and why they are appropriate in the circumstances, and any relevant supporting analysis or evidence.

If a **service provider** amends its **standing price** methodology, it must (in addition to the above):

- explain why it has amended its **standing price** methodology (in the same document)
- describe the changes made to its **standing price** methodology (in the same document)
- maintain a copy of its historical **standing price** methodology on its website for ease of comparison.



If a cost-based approach is used where the inputs or input values differ from the information provided in the **Part 10 financial reporting template**, a **service provider** must provide a brief explanation on why they are different.

### 3.3 Different pricing methodologies

**Service providers** must ensure that the information provided in the **standing terms** is tailored to the methodology and approach taken by the **service provider** in calculating its **standing price**, such that **users** can understand the methodology chosen, the inputs and input values (and why they were chosen), and replicate calculations using that methodology.

This section sets out the expected minimum level of information that **service providers** must publish under different methodologies used to derive the **standing price** to satisfy the **standing price** principles. **Service providers** are expected to provide an equivalent level of detail for **standing price** methodologies that do not fit within these categories.

#### 3.3.1 Benchmarking approach

Where a benchmarking approach is used to calculate its **standing prices**, the **service provider** must, where applicable, provide:

- details about the types of prices and contracts used to calculate the benchmark
- the number of contracts considered
- how the price was calculated from the **reference contracts** (including adjustments made)
- the range of prices used to derive the benchmark price.

#### 3.3.2 Cost-based approach

Where a cost-based approach is used to calculate **standing prices**, the **service provider** must, where applicable, provide:

- a description of the model, calculations or mathematical representation of the calculations
- inputs used to derive the asset values, **costs**, prices and forecast demand.

#### 3.3.3 Adjustments to foundation prices or regulated tariffs

Where the approach to calculating **standing prices** involves adjusting from foundation tariffs or regulated tariffs, the **service provider** should provide a detailed explanation of the method used to make each adjustment to the original price, the reason for adjustment and the adjustment value.

#### 3.3.4 Legacy Contracts

If the **standing price** methodology is described by referring to a **reference contract**, **service providers** must, where applicable, provide the following additional information about the **reference contracts** to sufficiently describe their **standing price** methodology:

- the number of **reference contracts** that were considered
- characteristics of the **reference contracts**, such as when the **reference contracts** were negotiated, the **pipeline services** and contracted capacity negotiated under these contracts, and any special conditions included in these contracts

- the mathematical representation of how the **standing price** is calculated using the **reference contract** prices
- what adjustments, including inflation escalators, **service providers** made to the **reference contract** prices to derive the **standing price**
- the range of prices derived from these **reference contracts** and where relevant, an explanation of why the **standing price** falls outside this range of prices.

### 3.3.5 Building block approach

If the **standing price** methodology is described with reference to the building block approach, **service providers** must, where applicable, provide the following additional information to sufficiently describe their standing methodology:

- a description of the approach taken to calculate each of the building blocks, for example the:
  - **capital base**, and roll-forward of the **capital base**
  - return on capital
  - **return of capital**
  - forecast **capital expenditure** forecast
  - forecast **operating expenditure**
  - corporate income tax.
- a description of all inputs and/or numerical input values to each building block used
- a detailed description or, where relevant a mathematical representation, of how each input to the building blocks were calculated, derived or chosen
- the building block model used to calculate the tariff.

## 4 Actual prices payable information

A **service provider** must publish actual prices payable information for each **pipeline service** that a **user** has procured under an **access contract** with the **service provider**, in accordance with rule 105E of the **NGR**.

**Service providers** must publish actual prices payable information on their website in accordance with Section 5 of these **guidelines** and may publish this information in a single document or in multiple documents, as appropriate.

If a **pipeline service** procured under an **access contract** is provided on non-price terms that are not the same or substantially the same as the **standing terms**, the **service provider** must specify those non-price terms.

### 4.1 Pipeline services spanning multiple pipelines

For any **pipeline service** spanning multiple **pipelines**, **service providers** must:

- publish the name of each **pipeline** that is used in providing the **pipeline service**
- publish actual prices payable information for each **pipeline** that is used in providing the **pipeline service**.

### 4.2 Exception to publishing actual prices payable information

A **service provider** is not required to publish actual prices payable information for any **access contracts** where the gas procured is less than 10 terajoules per year.

A **service provider** of a scheme **pipeline** is not required to publish actual prices payable information if the **service provider**:

- publishes on its website information about the number of **users** using each reference service
- updates that information whenever there is a variation to that number.

## 5 How and where to publish information

This section sets out how and where **service providers** publish on their website information required under Part 10 of the **NGR** and these **guidelines** and how they must provide this information to the **AER**.

### 5.1 Publishing requirements

#### 5.1.1 Publishing principles

Information published under Part 10 of the **NGR**, and these **guidelines**, must be easily accessible to **users**. It will also allow **users** to better understand and use the information to help them assess **service providers'** price offers.

At a minimum, for all information that is required to be published by the **service provider** under Part 10 of the **NGR** and these **guidelines**, a **service provider** must:

- provide all information, or a direct link to the information (e.g. by way of hyperlink or menu item), on the home page of the **service provider's** website or the home page for the **pipeline**, as appropriate
- ensure that all information is readily accessible from a single webpage
- clearly identify Part 10 information by using clear labels and/or headings
- clearly state where any Part 10 information is not relevant or applicable in the **pipeline's** circumstances, rather than simply omitting it
- from time to time, **service providers** should ensure that all information and links to information provided on the website are up-to-date and links direct **users** to the exact location of the relevant Part 10 information
- where the information is also required to be provided by the **service provider** to the **AEMO** for publication on a **Gas Bulletin Board**, by providing a publicly available link on its website and in the **Part 10 financial reporting template** to the part of the **Gas Bulletin Board** where the information is to be located.

#### 5.1.2 How information is to be published

The following formats for publishing information are specified:

- service and access information
  - should be published in tabular form and may be published on the website or within a clearly labelled document, and include the date that the information was last updated
- standing terms
  - should be published in tabular form and may be published on the website or within a clearly labelled document, and include the date that the information was last updated
- financial information and historical demand information
  - must be published by means of the **Part 10 financial reporting template**, which may be updated from time to time and published on the **AER's** website

- cost allocation methodology
  - should be published within a clearly labelled document and include the date that the information was last updated
- actual prices payable information
  - must be published within a clearly labelled document, in Excel or similar machine-readable format, or as agreed with the **AER**.

### 5.1.3 Provision of information to the AER

A **service provider** must give to the **AER** a copy of the following information after it is published on the **service provider's** website:

- financial information and historical demand information
- actual prices payable information.

This information must be provided to the **AER** in the format that it is published on the **service provider's** website, or as agreed with the **AER**.

## 5.2 Exemptions from publishing information

The **AER** determines whether or not an **exemption** is granted. **Exemptions** may be time-limited, subject to conditions and varied at the **AER's** discretion.

**Exemptions** do not apply automatically. To benefit from an **exemption**, the **service provider** for the non-scheme **pipeline** must apply to the **AER** under Division 2 of Part 10 and be granted the **exemption**.

A **service provider** is:

- only exempt from information disclosure requirements under Part 10 of the **NGR** where the **AER** has granted the **exemption**
- only exempt from publishing information specified in the relevant **exemption** category under Rule 102(4) of the **NGR**.

## 6 Certification

This section specifies the requirements for **service providers** to certify information published under Part 10 of the **NGR** and these **guidelines**. Assurance relates to carrying out specified procedures to check that the information published by a **service provider** is true and fair.

Part 10 of the **NGR** require that these **guidelines** specify how financial information, historical demand information and the cost allocation methodology are to be certified as being true and fair.

### 6.1 Access information standard

**Service providers** must prepare and maintain information published under Division 2 of Part 10 in accordance with the **access information standard**. The **access information standard** means, broadly, that the information:

- is not false or misleading
- is prepared, published and maintained in a manner that would reasonably be expected from an experienced and competent person
- in relation to a forecast or estimate:
  - is supported by a statement of the basis of the forecast or estimate
  - is arrived at on a reasonable basis
  - represents the best forecast or estimate possible in the circumstances.

### 6.2 Assurance obligations

Service providers must certify as true and fair financial information, historical demand information and the cost allocation methodology, which must comply with these **guidelines**, the **NGR** and the Australian Auditing and Assurance Standards, as developed by the Auditing and Assurance Standards Board.

#### 6.2.1 Financial information

**Reasonable assurance** is required for the following financial information:

- Statement of revenues and expenses
- Statement of pipeline assets
- financial information provided in the basis of preparation directly supporting the information published under the Statement of revenues and expenses or Statement of pipeline assets.

**Reasonable assurance** must be provided in accordance with the relevant auditing standard:

- *ASA 800 Special Considerations – Audits of Financial Reports Prepared in Accordance with Special Purpose Frameworks, Accounts or Items of a Financial Statement*
- *ASA 805 Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement.*

The audit report must include an opinion as to whether the financial information provided is a true and fair representation of the **service provider's** financial position with respect to the **pipeline**.

## 6.2.2 Asset valuation information other than published under the Statement of pipeline assets

**Limited assurance** is required for recovered capital information, whether the **service provider** uses the **recovered capital method** or an alternative valuation methodology, in accordance with *ASRE 2405 Review of Historical Financial Information Other than a Financial Report*.

The assurance report (review) must include an opinion as to whether anything has come to the reviewer's attention that causes it to suggest that the information does not, in all material respects, present fairly the value of **pipeline assets** in accordance with the asset valuation methodology used by the **service provider**.

## 6.2.3 Supplementary information

**Service providers** may provide supporting information if required, in the basis of preparation or a separate document, to assure that the financial information provided is a true and fair representation of the **service provider's** financial position with respect to the **pipeline**.

If the supporting information is published in a separate document, it must be published at the same location on the **service provider's** website as the **Part 10 financial reporting template**.

### 6.2.3.1 Historical demand information

**Limited assurance** is required in accordance with ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The assurance report (review) must include an opinion as to whether anything has come to the reviewer's attention that causes it to suggest that the information does not, in all material respects, present fairly the historical demand of the **pipeline**.

### 6.2.3.2 Cost allocation methodology

**Limited assurance** is required in accordance with *ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

The assurance report (review) must include an opinion as to whether anything has come to the reviewer's attention that causes it to suggest that the cost allocation methodology does not, in all material respects, present fairly the cost allocation principles and methods of the **service provider**.

### 6.2.3.3 Previously certified information

Historical information that was previously certified as true and fair in accordance with these **guidelines**, the **NGR** and the Australian Auditing and Assurance Standards:

- if unchanged, does not need to be certified again
- if changed, must be certified in accordance with this section of these **guidelines**.

### 6.2.3.4 Persons to provide assurance

Assurance of the financial information must be undertaken by a person who:

- is a registered company auditor who is a member of the Institute of Chartered Accountants Australia (CA or FCA) or of CPA Australia (CPA or FCPA) that holds a Certificate of Public Practice

- is independent from the **service provider** and all its related bodies corporate – that is, not a principal, member, shareholder, officer, or employee of the **service provider** or its related entities
- is appointed for the purposes of expressing an opinion or conclusion on the audit or review requirements outlined in these **guidelines**
- has experience in conducting financial, performance, operation or quality assurance audits or reviews of the gas **pipeline** industry
- understands the procedures and methodologies underlying the information provided.



## 7 Publication of user access guide

**Service providers** must publish a **user access guide** in accordance with these **guidelines**. A **service provider** for a **pipeline** with a Part 10 Category 1 **exemption** is required to prepare and maintain a **user access guide**.

The **user access guide** must contain the information set out in Rule 105C(6) of the **NGR** and must include the **service provider's** interconnection policy for the **pipeline** in accordance with Rule 39(3) of the **NGR**.

**Service providers** must publish the **user access guide** for the **pipeline** no later than 20 business days after the **application date** for the **pipeline**. They must publish a revised version of the **user access guide** as soon as practicable after facts or circumstances that require the guide to be updated.

To avoid doubt, a **service provider** for a **pipeline** for which an **exemption** has been granted under Category 1 in Part 10 Division 2 Subdivision 2 of the **NGR** is not required to publish a **user access guide** in accordance with these **guidelines** but must develop and maintain a **user access guide** in accordance with Rule 105C(1) of the **NGR**.

**Service providers** must publish the **user access guide** or provide a link to the **user access guide** (such as via the main menu) on the **service provider's** home webpage, or the home webpage of the relevant **pipeline**, as appropriate.

## 8 Compliance and enforcement

### 8.1 Maintaining compliance

Section 27 of the **NGL** requires the **AER** to monitor, investigate and enforce compliance with the **NGL**, **NGR** and Compliance Procedures and Guidelines. The **AER** has these roles in relation to the information disclosure requirements in Part 10, including with regard to the financial information reporting in accordance with these **guidelines**.

### 8.2 Reporting by the AER

The **AER** may publish reports from time to time about **service providers'** compliance with these **guidelines**.

### 8.3 Complaints and investigations

The **AER** may, at any time, require a **service provider** to provide a written response to a complaint or concern the **AER** raises with the **service provider** about its compliance with these **guidelines**, including where the **AER** has previously required the **service provider** to provide one or more written responses to the relevant complaint or concern.

### 8.4 Enforcement

**Service providers** must comply with these **guidelines**. Under the **NGL**, if a **service provider** fails to comply with the disclosure requirements, the **AER** can:

- seek an administrative resolution, which may include a voluntary commitment by the **service provider** to rectify non-compliance; or
- institute civil proceedings in the Federal Court and seek penalties, an injunction or an order that the **service provider** cease or remedy the conduct.

## 9 Price reporting guidelines for a Part 18A facility

*Note: in this section, **guidelines** refers to the price reporting guidelines published by the **AER** under Part 18A and amended from time to time.*

Under Part 18A of the **NGR**, **Part 18A service providers** are required to publish information that may help **users** carry out a high-level assessment of the reasonableness of the **Part 18A service provider's standing price**, the offer to the **user** and the terms and conditions associated with the **Part 18A facility**.

Part 18A requires **Part 18A service providers** to publish and maintain:

- standing terms
- actual prices payable information.

The compression and storage information disclosure framework, as articulated in Part 18A of the **NGR**, applies to all **Part 18A service providers**.

### 9.1 Other issues

#### 9.1.1 Establish and maintain accounts

To enable **Part 18A service providers** to meet the assurance requirements discussed at Section 6.2 of these **guidelines**, appropriate internal accounting procedures must be established and maintained by the **Part 18A service provider**. These internal accounting procedures must allow the **Part 18A service provider** to demonstrate the extent and nature of transactions associated with each **Part 18A facility**, and the allocation of applicable fees, **costs** and services.

#### 9.1.2 Currency and GST

All financial information must be in Australian dollars. Where currency is required to be converted to Australian dollars, the requirements in the relevant **AASB** standard should be followed.

### 9.2 Publication

All **Part 18A service providers** are required to publish the information specified in Section 9 of these **guidelines**.

Where more than one entity meets the definition of a **Part 18A service provider**, each **Part 18A service provider** is taken to be a member of a **Part 18A service provider** group for that **Part 18A facility**.

Members of a **Part 18A service provider** group are required to publish the information specified in Section 9 of these **guidelines** separately. However, by notifying the **AER** in writing, members of a **Part 18A service provider** group may appoint one of the members to be the responsible **Part 18A service provider** for the pipeline. The notification must include evidence that all members of the **service provider** group endorse the appointment and that the nominee has access to, and the legal right to publish, the required information.

Where the **Part 18A service provider** group appoints a responsible **Part 18A service provider**:

- the responsible **Part 18A service provider** is the pipeline reporting entity for the relevant **pipeline**
- the responsible **Part 18A service provider** must update the information about the **Part 18A service provider** group if there is any change
- each member of the **Part 18A service provider** group must procure, and where necessary facilitate, the compliance of the responsible **Part 18A service provider** with its obligations under Section 9 of these **guidelines**
- each other member of the **Part 18A service provider** group is exempt from the requirement to prepare publish and maintain the financial information and actual prices payable information specified in Section 9 of these **guidelines**.

### 9.3 Exemptions

To avoid doubt, this section is for information only, and does not alter or qualify the **AER's** discretions or functions relating to **exemptions** under Part 18A of the **NGR**.

A **Part 18A service provider** may apply to the **AER** for an **exemption** from the compression and storage information disclosure framework where the **Part 18A facility** satisfies the relevant **exemption** criteria as stipulated in Rule 198I of the **NGR**. There is one category of **exemption** for Part 18A facilities as outlined in Table 4.

**Table 4 Exemptions available under Part 10 of the NGR**

Exemption category	Exemption criteria
The <b>service provider</b> for the <b>Part 18A facility</b> is exempt from the obligation to publish information under Division 2 in relation to the <b>Part 18A facility</b> .	The <b>Part 18A facility</b> is not a third-party access facility.

The **AER** determines whether or not to grant an **exemption**. **Exemptions** may be time-limited, subject to conditions and varied at the **AER's** discretion.

**Exemptions** do not apply automatically. To benefit from an **exemption**, the **service provider** for the non-scheme **pipeline** must apply to the **AER** under Division 3 of Part 18A and be granted the **exemption**.

A **Part 18A service provider** who wishes to apply for an **exemption** must complete the **application** form available on the **AER** website. The **AER** will assess all applications in accordance with the **NGR**.

**Part 18A facilities** that hold an **exemption** will be identified in a public register of **exemptions** on the **AER** website. The public register contains additional information including the location of the facility, each pipeline to which the facility is connected and the receipt or delivery points at which the facility is connected, the category of **exemption**, the date the **exemption** was granted and applicable conditions.

## 9.4 Part 18A Standing terms

Rule 198F of the **NGR** requires a **Part 18A service provider** to publish the **standing terms** for each **facility service**, including the methodology and inputs used to calculate **standing prices** and any other information specified by the **AER**.

This section sets out the information **Part 18A service providers** are required to disclose when publishing **standing terms**, to provide transparency for **users** to assess the reasonableness of a **Part 18A service provider's** offer and negotiate with them on an informed basis.

### 9.4.1 Methodology

**Part 18A service providers** must publish **standing terms** for each **facility service** in accordance with Rule 198F of the **NGR** and the **standing price** principles in Section 9.4.2 of these **guidelines**.

For the purposes of this section of these **guidelines**, a **facility service** means a service offered by means of the **Part 18A facility** as identified by the **Part 18A service provider** in its **standing terms**, which must reflect the services available to **users** and be consistent with Rule 198A(2) and Rule 198A(3) of the **NGR**.

### 9.4.2 Standing price principles

**Part 18A service providers** must publish a level of information and detail that is sufficient to enable **users** to:

- replicate the calculations used in the methodology to arrive at the **standing price**
- understand how the **standing price** reflects the methodology used to calculate it.

**Part 18A service providers** must explain how the inputs are calculated or selected, including any reasoning, assumptions and judgements. At a minimum, the information must include:

- a description of the calculations or a mathematical representation of the calculations used to calculate the **standing price**
- a description of all inputs and/or numerical input values used to calculate the **standing price**
- a detailed description or, where relevant, a mathematical representation of how those input values were calculated, derived or chosen
- an explanation of why the inputs used were chosen and why they are appropriate in the circumstances, and any relevant supporting analysis or evidence.

If a **Part 18A service provider** amends its **standing price** methodology, it must (in addition to the above):

- explain why it has amended its **standing price** methodology (in the same document)
- describe the changes made to its **standing price** methodology (in the same document)
- maintain a copy of its historical **standing price** methodology on its website for ease of comparison.

**Part 18A service providers** must separately identify **standing prices** and **standing terms** for:

- injection capacity
- actual injection services used
- withdrawal capacity
- actual withdrawal services used
- storage capacity
- actual storage used
- vaporisation capacity
- vaporisation services used
- liquefaction capacity
- liquefaction services used
- compression capacity
- compression services used.

Price escalation mechanisms include any terms that deliver services at a higher priority, faster rate, after a shorter notice period, or in greater volumes.

#### **9.4.3 Different pricing methodologies**

**Part 18A service providers** must ensure that the information provided in the **standing terms** is tailored to the methodology and approach taken by the **Part 18A service provider** in calculating its **standing price**, such that **users** can understand the methodology chosen, the inputs and input values (and why they were chosen), and replicate calculations using that methodology.

This section sets out the expected minimum level of information that **Part 18A service providers** must publish under different methodologies used to derive the standing price to satisfy the standing price principles.

#### **9.4.4 Benchmarking approach**

Where a benchmarking approach is used to calculate its **standing prices**, the **Part 18A service provider** must, where applicable, provide:

- details about the types of prices and contracts used to calculate the benchmark
- the number of contracts considered
- how the price was calculated from the **reference contracts** (including adjustments made)
- the range of prices used to derive the benchmark price.

#### **9.4.5 Cost-based approach**

Where a cost-based approach is used to calculate **standing prices**, the **Part 18A service provider** must, where applicable, provide:

- a description of the model, calculations or mathematical representation of the calculations
- inputs used to derive the asset values, **costs**, prices and forecast demand.

#### 9.4.6 Legacy contracts

If the **standing price** methodology is described by referring to a **reference contract**, **Part 18A service providers** must, where applicable, provide the following additional information about the **reference contracts** to sufficiently describe their **standing price** methodology:

- the number of **reference contracts** that were considered
- characteristics of the **reference contracts**, such as when the **reference contracts** were negotiated, the **pipeline services** and contracted capacity negotiated under these contracts, and any special conditions included in these contracts
- the mathematical representation of how the **standing price** is calculated using the **reference contract** prices
- what adjustments, including inflation escalators, **Part 18A service providers** made to the **reference contract** prices to derive the **standing price**
- the range of prices derived from these **reference contracts** and where relevant, an explanation of why the **standing price** falls outside this range of prices.

#### 9.4.7 Building block approach

If the **standing price** methodology is described with reference to the building block approach, **Part 18A service providers** must, where applicable, provide the following additional information to sufficiently describe their standing methodology:

- a description of the approach taken to calculate each of the building blocks, for example the:
  - **capital base**, and roll-forward of the **capital base**
  - **return of capital**
  - forecast **capital expenditure** forecast
  - forecast **operating expenditure**
  - corporate income tax.
- a description of all inputs and/or numerical input values to each building block used
- a detailed description or, where relevant a mathematical representation, of how each input to the building blocks were calculated, derived or chosen.

### 9.5 Actual prices payable information

A **Part 18A service provider** must publish actual prices payable information for each **facility service** that a **user** has procured under a **contract** with the **Part 18A service provider**, in accordance with Rule 198G of the **NGR**.

**Part 18A service providers** must separately identify prices and terms for:

- injection capacity
- actual injection services used

- withdrawal capacity
- actual withdrawal services used
- storage capacity
- actual storage used
- vaporisation capacity
- vaporisation services used
- liquefaction capacity
- liquefaction services used
- compression capacity
- compression services used.

Price escalation mechanisms includes any terms that deliver services at a higher priority, faster rate, after a shorter notice period, or in bigger volumes.

For each contract, a **Part 18A service provider** must identify the date the contract was first entered into as well as the most recent variation.

A **Part 18A service provider** must also:

- specify the non-price terms of the contract and identify whether or not the contract is provided on non-price terms that are the same or substantially the same as the **standing terms**
- separately identify the fixed price of the contract and each separate variable component of the contract and the relevant term of the contract to which it relates. For example, if the variable price is separated into different prices of \$/GJ/day or \$/GJ for different volumes of GJ
- specify any minimum or maximum notice periods applicable to any terms or prices in the contract
- specify any terms in the contracts that allow for market events or identified triggers to void or defer the provision of services to the **user**.

Where the service term of the contract does not run nonstop between the start and end dates, the **Part 18A service provider** must specify the dates the service is actively being provided as well as the start and end dates.

The form of the disclosure document must allow for the aggregation of services across multiple contracts with the total contracted capacity and maximum daily quantity easily identifiable.

**Part 18A service providers** must publish actual prices payable information on their website in accordance with Section 4 of these **guidelines** and must publish this information using the Actual prices payable template, as published and amended by the **AER** from time to time.



## 9.6 How and where Part 18A information is to be published

This section sets out the requirements about how and where **Part 18A service providers** publish Part 18A information on their website and how they provide this information to the **AER**.

### 9.6.1 Publishing requirements

#### 9.6.1.1 Publishing principles

Information published under Part 18A of the **NGR** and Section 9 of these **guidelines** must be easily accessible to **users**. They must also allow **users** to better understand and use the information to help them assess **Part 18A service providers'** price offers.

At a minimum, for all information that is required to be published by the **Part 18A service provider** under Part 18A of the **NGR** and Section 9 of these **guidelines**, a **Part 18A service provider** must:

- provide all information, or a direct link to the information (for example, by way of hyperlink or menu item) on the home page of the **service provider's** website or the home page for the **Part 18A facility**, as appropriate, and:
  - ensure that all information is readily accessible from a single webpage
  - clearly identify Part 18A information by using clear labels and/or headings
  - clearly state where any Part 18A information is not relevant or applicable in the **Part 18A facility's** circumstances, rather than simply omitting it.
- from time to time, ensure that all information and links to information provided on the website are up-to-date and links direct **users** to the exact location of the relevant Part 18A information
- where the information is also required to be provided by the **Part 18A service provider** to the **AEMO** for publication on a **Gas Bulletin Board**, provide a publicly available link on its website to the part of the **Gas Bulletin Board** where the information is to be located.

#### 9.6.1.2 How information is to be published

**Standing terms** must be published in tabular form and may be published on the website or within a clearly labelled document and include the date that the information was last updated.

**Standing prices** and their relevant units must also be published within a clearly labelled document, in Excel or similar machine-readable format, or as agreed with the **AER**.

#### 9.6.1.3 Provision of information to the AER

A **Part 18A service provider** must give to the **AER** a copy of the actual prices payable information after it is published on the **Part 18A service provider's** website. This information must be provided to the **AER** in the format that it is published on the **Part 18A service provider's** website, or as agreed with the **AER**. Actual prices and their relevant units must also be published within a clearly labelled document, in Excel or similar machine-readable format, or as agreed with the **AER**.

#### 9.6.1.4 Exemptions from publishing information

The **AER** determines whether or not an **exemption** is granted. **Exemptions** may be time-limited, subject to conditions and varied at the **AER's** discretion.

**Exemptions** do not apply automatically. To benefit from an **exemption**, the **Part 18A service provider** for the non-scheme **pipeline** must apply to the **AER** under Division 3 of Part 18A and be granted the **exemption**.

A **Part 18A service provider** is:

- only exempt from information disclosure requirements under Part 18A of the **NGR** where the **AER** has granted the **exemption**
- only exempt from publishing information specified in the relevant **exemption** category under Rule 102(4) of the **NGR**.

## 9.7 Part 18A Certification

### 9.7.1 Part 18A information standard

**Part 18A service providers** must prepare and maintain information published under Part 18A in accordance with the **Part 18A information standard**. The **Part 18A access information standard** means, broadly, that the information:

- is not false or misleading
- is prepared, published and maintained in a manner that would reasonably be expected from an experienced and competent person engaged in the ownership, operation or control of a **Part 18A facility** of the relevant type, acting with all due skill, diligence, prudence and foresight
- in relation to a forecast or estimate:
  - is supported by a statement of the basis of the forecast or estimate
  - is arrived at on a reasonable basis
  - represents the best forecast or estimate possible in the circumstances.

## Appendix A – Overview of required information for basis of preparation for pipeline service providers

Type of information	Category	Required information
<b>Financial information – general principles</b>	Estimates	<p>Where an estimate is used in a financial statement:</p> <ul style="list-style-type: none"> <li>the steps taken to locate the historical actual information</li> <li>how the estimate was arrived at including any methods, principles, inputs and assumptions that have been used to develop the estimate.</li> <li>where source documents are available, that they have been considered</li> <li>if source documents are not used, the reasons why</li> <li>if source documents are unavailable, the process undertaken to attempt to locate them</li> <li>the estimates applied and the rationale for determining a particular estimate.</li> </ul>
	<b>Related party transactions</b>	Details of <b>related party</b> transactions.
	Allocating <b>costs</b> and <b>revenues</b> to the <b>pipeline</b> and to <b>pipeline services</b>	<ul style="list-style-type: none"> <li>For allocation to the <b>pipeline</b>, how direct <b>costs</b> and <b>revenues</b> have been identified, and how they are recorded and tracked in the financial management information systems.</li> <li>For allocation to the <b>pipeline</b> or to <b>pipeline services</b>: <ul style="list-style-type: none"> <li>The nature and details of the allocator or allocators used to allocate each <b>cost</b> and <b>revenue</b> item.</li> <li>The reason for selecting the allocator or allocators for each <b>cost</b> and <b>revenue</b> item including why the allocator or allocators used are the most appropriate available.</li> <li>The numeric quantity or percentage of the allocator or allocators applied to each <b>cost</b> and <b>revenue</b> item, including an explanation of how the numeric quantity or percentage has been calculated and the source of the data for determining this numeric quantity or percentage.</li> </ul> </li> <li>Where a <b>service provider</b> uses more than one allocation methodology (whether allocating to the <b>pipeline</b> or to <b>pipeline services</b>), the reasons for this in the basis of preparation for each <b>pipeline</b>.</li> </ul>
	Revaluation of assets	Where a <b>service provider</b> has revalued assets for reporting outside the scope of these <b>guidelines</b> , it may disclose the revaluation amount and the reason for the revaluation in the basis of preparation.
<b>Pipeline information</b>	<b>'Other' pipeline services</b>	Details of each of the other pipeline services specified in Table 1.2 of the <b>Part 10 financial reporting template</b> .
<b>Statement of pipeline assets</b>	Revaluations due to acquisitions	Details, including the value and details of any goodwill, where applicable.

Type of information	Category	Required information
	Allocation of <b>shared supporting assets</b>	<ul style="list-style-type: none"> <li>The basis for this allocation of <b>shared supporting assets</b>.</li> <li>Where the allocation is not made in accordance with the allocation principles set out in Section 2.3 of these <b>guidelines</b>, an explanation of these differences.</li> </ul>
	Asset lives	Where an asset life for an asset class is different to that set out in Appendix B of these <b>guidelines</b> , an explanation for using the alternative asset life.
	Impairments	Details may be provided in the basis of preparation.
<b>Recovered capital</b>	Return of capital	The source of <b>revenues, costs</b> , net tax liabilities and the rate of return to calculate the return on capital.
	Rate of return	How parameters were estimated, including provision of all relevant models, parameters, calculations, and allocation methods in their basis of preparation.
	Decommissioning <b>costs</b>	<ul style="list-style-type: none"> <li>The present value of the decommissioning <b>costs</b> included in the <b>capital base</b> for each applicable asset.</li> <li>The methodology used to estimate decommissioning <b>costs</b>, including providing the relevant models, parameters, calculations and allocation methods.</li> <li>The rationale for estimates about decommissioning timing and scope of decommissioning works that the <b>service provider</b> expects it will be required to undertake.</li> <li>References to any legislation and historical examples considered by the <b>service provider</b> to estimate decommissioning <b>costs</b>.</li> </ul>
	Alternative asset valuation methodologies	<ul style="list-style-type: none"> <li>An explanation demonstrating that an asset valuation using the <b>recovered capital method</b> is inconsistent with the <b>asset valuation objective</b>.</li> <li>Details of the alternative asset valuation method: <ul style="list-style-type: none"> <li>the methodology, including providing all relevant models, parameters, calculations, and allocation methods used in the valuation, being sufficient for the <b>AER</b> to replicate</li> <li>the source and basis for assumptions and inputs used in the calculation</li> <li>where available, relevant historical examples of where the alternative methodology has been relied upon (for example, by a relevant regulator)</li> <li>an explanation demonstrating that the alternative asset valuation method is consistent with the <b>asset valuation objective</b> and the best estimate in the circumstances.</li> </ul> </li> </ul>
<b>Asset valuation</b>	Reconciliation of asset valuation methodologies	<ul style="list-style-type: none"> <li>Qualitative explanation of the difference in the total asset value using the <b>depreciated book value method</b> and the <b>recovered capital method</b>, or any alternative asset valuation method that the <b>service provider</b> publishes.</li> </ul>

Type of information	Category	Required information
		<ul style="list-style-type: none"> <li>• Quantitative explanation of the difference in the following values using the <b>depreciated book value method</b> and the <b>recovered capital method</b>, or any other asset valuation method that the <b>service provider</b> provides:               <ul style="list-style-type: none"> <li>– initial construction costs, unless the <b>service provider</b> acquired the pipeline</li> <li>– additions</li> <li>– capitalised maintenance or improvements</li> <li>– disposals</li> </ul> </li> </ul> <p>for each of pipeline assets and shared supporting assets allocated.</p>
<b>Pipeline expansions and extensions</b>		<p>For all completed or planned <b>pipeline</b> expansions and extensions for each transmission <b>pipeline</b>:</p> <ul style="list-style-type: none"> <li>• a description of the <b>pipeline</b> extension or expansion and its location on the existing <b>pipeline</b></li> <li>• the type of capacity extension or expansion, the nameplate rating (or, for a distribution <b>pipeline</b>, the maximum daily capacity of the <b>pipeline</b> under normal operating conditions) of the capacity extension or expansion (in gigajoules per day) and date (or expected date) of commission</li> <li>• the direct <b>capital expenditure</b>, incremental operating <b>costs</b> and details about changes in shared <b>costs</b>, including how they are allocated to the <b>pipeline services</b> or the capacity extension or expansion</li> <li>• the expected useful life of the capacity extension or expansion and component assets.</li> </ul>

## Appendix B – Pipeline asset lives

Pipeline asset category	Low	High
Distribution pipeline		
Pipelines	50	60
City gates, supply regulators and valve stations	30	50
Metering	15	30
SCADA (Communications)	15	20
Buildings	40	50
IT systems	5	10
Transmission pipeline		
Pipelines	60	80
Compressors	30	35
City gates, supply regulators and valve stations	30	50
Metering	30	50
SCADA (Communications)	15	15
Buildings	80	80
IT systems	5	5