always
powering
ahead

apa

APA submission to Issues paper - Public

May 9, 2023

Pipeline Information Disclosure Guideline

Contents

1. Introduction

APA welcomes the opportunity to comment on the AER's Issues Paper on the Pipeline Information Disclosure Guideline. APA has 11 pipelines that will be subject to this disclosure Guideline, either as scheme or non-scheme pipelines. APA is keenly interested in assisting in developing a Guideline that will be useful to customers seeking access to APA's pipelines, while making the information easily accessible for customers, and managing service providers' reporting burden.

APA is an Australian Securities Exchange (ASX) listed owner, operator, and developer of energy infrastructure assets across Australia. Through a diverse portfolio of assets, we provide energy to customers in every state and territory on mainland Australia. As well as an extensive network of natural gas pipelines, we own or have interests in gas storage and generation facilities, electricity transmission networks, and over 359 MW of renewable generation infrastructure with a further 88 MW under construction.

APA understands that the AER needs to implement the legislative provisions of the revised NGL, and acknowledges that the requirements of the legislative provisions do impose some limits on the ability of the AER to deal with some of the practical issues that APA will articulate in this submission. APA is outlining these concerns in the interests of full transparency, and in order to explain fully its concern as to the level of complexity likely to be required in order to comply with some of these provisions. APA has suggested a means of addressing each of these concerns and looks forward to working constructively with the AER to this end.

1.1. A note on special purpose financial reporting frameworks

The Issues paper comments (p2) that "the AER considers that the Guidelines should require non-scheme and scheme pipeline service providers to publish the same types of information in the same way". While APA understands and supports the intent, it wishes to note at the outset that due to the operation of certain Accounting Standards that must be complied with, there will be some unavoidable differences.

The Guideline to be prepared under this consultation establishes two Special Purpose Financial Reporting Frameworks that differ from the framework that would be applied in the preparation of General Purpose Financial Statements.

This is because the objective of this legislative instrument differs from the objective of General Purpose Financial Information.

According to the Australian Accounting Standards Board (AASB) Statement of Accounting Concepts (SAC) 2:[1]

> *Objective of General Purpose Financial Reporting*
>
> 26 … the objective of general purpose financial reporting is to provide information to users that is useful for making and evaluating decisions about the allocation of scarce resources.

[1] Australian Accounting Research Foundation, Statement of Accounting Concepts SAC 2 (8/90), *Objective of General Purpose Financial Reporting.*

The International Accounting Standards Board (IASB) and US Financial Accounting Standards Board (FASB), in the process of updating the Conceptual Framework applicable to IFRS and US Generally Accepted Accounting Principles (GAAP) financial statements, note:[2]

> The objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity. Those decisions involve decisions about:
> (a) buying, selling or holding equity and debt instruments;
> (b) providing or settling loans and other forms of credit; or
> (c) exercising rights to vote on, or otherwise influence, management's actions that affect the use of the entity's economic resources

Contrast this to the national gas objective set out in s23 of the *National Gas Law*. The objective of general purpose financial statements aligns with neither the National Gas Objective:

> **23—National gas objective**
>
> The objective of this Law is to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas

nor the objective of the former Part 23 of the National Gas Rules:

> **546 Objective**
>
> (1) The objective of this Part is to facilitate access to pipeline services on non-scheme pipelines on reasonable terms, which, for the purposes of this Part, is taken to mean at prices and on other terms and conditions that, so far as practical, reflect the outcomes of a workably competitive market.

Given these differing objectives, it should not be expected that any amount reported under the General Purpose Financial Statements framework (that is, the audited statutory accounts) would necessarily be the same as, or reconcilable to, a purportedly similar amount reported under any number of Special Purpose Financial Report Frameworks.

A key example is asset valuation:

- For General Purpose Financial Statements, asset values are reported at historical cost, which may include a valuation adjustment where the asset has been acquired rather than constructed. The historical cost accounting framework does not allow adjustment for inflation.
  The value of this asset is then systematically allocated over its economic life, through depreciation, often on a straight line basis.

- For Scheme pipelines, asset values will be reported based on a regulated asset value, which may have been determined by a regulator in the context of the pipeline first becoming subject to regulation. This value may or may not reflect the actual construction or acquisition cost of the asset.
  Moreover, the regulatory asset value is then subject to indexation over time, which defers the recovery of capital relative to a non-indexed depreciation model.

[2] International Accounting Standards Board, *IFRS Conceptual Framework for Financial Reporting*, March 2018 para 1.2. https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards/english/2021/issued/part-a/conceptual-framework-for-financial-reporting.pdf accessed 08May2023.

- For non-Scheme pipelines, the Recovered Capital Method (RCM) asset value is based on the original historical construction cost of the asset, in the hands of the original constructor, with no recognition of either acquisition adjustments nor indexation.
  Moreover, the return on capital is calculated based on a net cash flow approach, after allowing for a return on capital which the regulator defines in terms or market parameters which may not have been relevant at the time the investment was committed.

The preparation of General Purpose Financial Statements is tightly specified by a robust set of standards developed and administered by the Australian Accounting Standards Board. Compliance with those standards is mandated by stock exchange listing rules, and attested by independent auditors.

The Special Purpose Financial Reporting Frameworks created by the AER under Part 9, the former Part 23, and now Part 10, of the National Gas Rules, differ in a key fundamental: asset valuation. While current year cash operating expenses could be expected to align between frameworks, there will be myriad other differences between the General Purpose and Special Purpose Financial Reporting Frameworks.

In summary, the Guideline should not expect that any particular value reported under the two Special Purpose Financial Reporting Frameworks will necessarily align, or be reconcilable to, amounts reported in the business' statutory accounts, prepared under a General Purpose Financial Reporting Framework.

1.2. Maintaining consistency

APA encourages the AER to seek to maintain consistency of terms and definitions wherever possible in drafting the Guideline. This will improve the usability of the information for customers, and efficiency for those participants in complying with the Guideline.

The AER has developed a number of reporting requirements for pipelines, each with a different purpose. For example, the AER has issued:

- comprehensive historical and annual Regulatory Information Notices;
- information requirements for the purpose of its actual cost of debt analysis for the Rate of Return Instrument;
- information requirements for debt and tax information for the purposes of its Profitability Reporting Guideline;[3]
- a Financial Reporting Guideline for Light Regulation Pipelines;[4] and
- a Financial Reporting Guideline for non-Scheme Pipelines.

As APA has noted previously, there has often been inconsistency between these reporting requirements, such that there are reportable items that should ostensibly be the same but are subject to different definitions. While APA understands this can stem from different objectives, it does lead to inefficiency and potential confusion. APA encourages the AER, in the preparation of this Guideline, to strive for definitional consistency across its various reporting frameworks as much as possible. If the different objectives are such that a different context demands a different definition, a different term should be used to avoid potential confusion.

---

[3] See APA Group submission on profitability measures for regulated gas and electricity networks - December 2017

[4] See APA - Submission on draft light regulation financial reporting guideline - 16 September 2019

APA undertakes to work constructively with the AER to promote this consistency.

1.3. A note on pipeline services

Defining the relevant services

The new legislative provisions are seeking granular information as to how pipeline transmission companies price their contracts to customers. APA notes in this context that Rule 100(2) replicates the previous Part 23 Rule 549(3), which provides more information in the definition of service, stating that:

> For the purposes of this Part, a pipeline service is to be treated as distinct from another pipeline service having regard to matters including service type (for example, forward haul, backhaul, park and loan) and the priority of the service relative to other pipeline services of the same type.

The replication of this provision in defining what is a relevant service suggests that APA should be able to adopt the same definitions as it did under Part 23, and be compliant with the new Part 10 if it continues to report on the basis that the following constitute the relevant 'services':

- Transport – both firm and interruptible
- Storage (Park & Loan reported together)
- In Pipe Trade
- Capacity Trading

APA notes in this respect that this definition of services, and the reporting of price and revenue on this basis, will accord with APA's contracting and invoicing practice. APA negotiates it contracts with customers (and invoices those customers) on the basis of these services (eg firm transportation, and interruptible transportation), but it does not determine with customers a specific price for many other contractual rights (eg flexibility and imbalance allowances). These contractual rights are better considered 'features of the service', rather than a stand alone service. The overall price the customer pays under the contract can be negotiated in the context of the customer's suite of requirements, but there is no specific price identified by APA or the customers for these features. They are 'blended' into the price agreed for the general service.

Reporting price and revenue associated with each service

As noted above, APA is able to report prices and historical revenue associated with each of the services identified above, as this reflects APA's contracting and invoicing practice.

For the purposes of reporting actual prices payable under Rule 101E, we should expect to see divergence in actual prices paid for the service, depending on the variety of features included in particular contracts.

APA notes that there will be some complexities associated with reporting forecasts on each of these services – APA is able to forecast the pipeline capacity only, and does not distinguish in any existing forecast between how that capacity is used under different services.

In this respect APA distinguishes between the prices charged for a service as specified in a contract and the revenue from the provision of those services as determined on an after-the-fact basis, against an ex-ante allocation of costs to services.

Reporting cost associated with each service

APA understands that the new Part 10 requires reporting on the cost associated with each service. APA wishes to note that APA will only be able to provide this information on the basis of an allocation of all relevant identified costs, based on a series of assumptions that will need to be developed for this purpose.

APA does not determine the prices for each service separately on the basis of the 'cost' of providing that particular service. APA considers its overall portfolio of costs, and seeks to recover those costs from its portfolio of assets:

- APA provides transportation and storage, and both primary services are factors of the capacity of the pipeline, with the pricing of storage being based on the opportunity cost associated with the 'sterilised capacity' of the pipeline (ie the pipeline cannot be used for transport to the same extent when being used for storage).

- APA considers storage on a portfolio basis (see below), and offers customers a portfolio based service and price so as to facilitate the most efficient means of providing the storage.

- APA does not seek to apportion its *costs* of transport vs storage on a particular pipeline in any meaningful way.

- APA does not determine or allocate any specific cost differential associated with the provision of a firm service as opposed to an interruptible service.

This is not to say that APA cannot provide the AER with some information responsive to this requirement. However, APA would seek to caveat the information appropriately, as it will be based on a post-fact allocation of its portfolio cost in accordance with a set of assumptions, rather than represent any contemporaneous analysis of actual costs incurred in the provision of each specific service.

1.4. Multi asset services and pipeline prices

Rule 103(2)(a) provides:

> 103(2) The pipeline information disclosure guidelines must:
>
> (a) provide for the publication of financial and historical demand information about each pipeline *on a pipeline by pipeline basis*… [emphasis added]

However, as previously discussed with the AER, many APA pipeline services are provided as Multi-Asset Services (MAS), whereby a shipper may inject gas into one APA pipeline and deliver gas from another APA pipeline, as a single transportation service. APA charges a single tariff for this Multi-Asset Service - the agreed contract price does not attempt to specify the price (or cost) of transport on the individual pipeline legs for this service.

For this reason, APA is concerned that reporting revenue on a pipeline by pipeline basis will rely significantly on what is a necessarily arbitrary allocation of the revenue associated with particular contracts to the particular pipelines providing[5] the MAS service. While this allocation process impacts the Weighted Average Price reported under Part 23, APA notes it has the potential to have a more profound effect when applied to individual contracts, as required under Rule 101E.

Based on its experience in reporting Weighted Average Prices under Part 23, APA has found that it is not possible to develop a standardised allocation methodology, due to the wide variety of bespoke arrangements for different shippers.

Moreover, the ACCC's East Coast Gas Inquiry January 2023 Interim Report (s4.7) found that prices for multi-asset transportation lie below minimum prices for equivalent individual services. Any allocation of MAS contract revenue to individual pipeline segments will result in reporting some arbitrary share of the MAS discounted price. This price will not be comparable to the posted price, as the discounted price is only available in the context of a MAS service.

APA considers that there is scope to reduce confusion if there is provision in the reporting templates for the service provider to include information that would assist users in interpreting the price information reported. While the Part 23 and Part 7 templates have been "locked down", APA suggests that providing an avenue for explanatory comments in this document would permit a much more ready reference to contextual information that will assist Users in better understanding its relevance. While this information is provided in the Basis of Preparation, an opportunity for short comments would save the User the additional step of referring to the Basis of Preparation.

Storage

The allocation of revenue to a particular pipeline is also complicated in the context of any allocation of revenue attributable to storage. Each pipeline has different capacities to physically offer storage. When a pipeline stores gas, its ability to transport gas is reduced; this "sterilisation" is caused by the limits on pipeline pressure caused by the need to retain more gas (the stored gas) in the pipeline. This "sterilisation factor" will vary by pipeline, depending on length, diameter, and other factors.

Generally speaking, the price for storage is related to the opportunity cost of lost transport revenue, based on an engineering based sterilisation factor. Consistent with its operation of Multi-Asset transportation services, APA takes a 'portfolio' or Multi-Asset approach to offering and pricing storage. APA might offer storage under a particular contract as though gas is being stored on a particular pipeline, but will in fact service the storage requirement by using one or more different pipelines.

APA therefore prices storage with reference to a grid-wide estimate of the transport sterilisation factors in determining its storage tariffs. A review of APA's storage tariffs will confirm that storage tariffs are the same across all pipelines in the APA east coast grid.

It will therefore be difficult to discern a relationship between transportation and storage tariffs on a particular pipeline, as they are determined on a different geographical basis.

5 Different MAS contracts will feature different pipelines: Gas from the NT destined to Victoria will use the Carpentaria Gas Pipeline, the QSN link and the Moomba Sydney Pipeline to Culcairn. Other gas may be injected on the Roma Brisbane Pipeline, use the combination of the SWQP/QSN link to Moomba and then use the Moomba Sydney Pipeline to Wilton to serve Sydney.

APA suggests that, as noted above, this issue might be best explained in the reporting by facilitating a short commentary field in the templates would be helpful to provide explanatory comments, or refer users to relevant sections of the Basis of Preparation.

2. Improving financial information

Consultation question: **Financial information – General improvements to assist users**

Guiding principles

APA proposes the following guiding principles as being useful in promoting improved levels of understanding of financial information for customers:

- Avoidance of duplication
- Promoting consistency between reporting frameworks
- Value for audits

2.1. Avoidance of duplication

APA is always concerned about duplication of effort in manual processes, and the scope for errors to creep into manual reporting processes. To this end, APA is always keen to use a single source of the truth for information, rather than copying it to another location. An example will be information already provided to the AER in response to an Annual Reporting RIN, and information to be provided under this Guideline.

This is particularly relevant for historical usage information, as discussed in more detail in section 4.5.

APA proposes to work collaboratively with the AER (and AEMO) to develop this Guideline in a way that reduces the scope for double handling of information and reduce the scope for error.

2.2. Promoting consistency between reporting frameworks

See the note on Special Purpose Financial Reporting Frameworks above.

One of the themes in this Issues Paper surrounds the scope for confusion when seemingly similar items appear to be reported differently. APA and various AER staff have struggled with conflicting definitions across the Reset Regulatory Information Notices, the Annual Reporting Regulatory Information Notices, and reporting under the Part 7 and Part 23 frameworks. Corporate overheads, network overheads and capitalised overheads appear to be the most difficult areas.

APA commits to working collaboratively with the AER and other industry participants to achieve a more consistent set of definitions across the reporting frameworks in an effort to reduce the scope for confusion.

2.3. Financial statements

The issues Paper comments that the purpose of this information is to "enable users to estimate a reasonable cost-based tariff". The cost information developed must be internally consistent with the demand information applied in order for a meaningful "cost based tariff" to be determined. This is discussed more fully in section 4.5 below.

2.3.1. Reconciliation of financial and asset valuation information

See the note on Special Purpose Financial Reporting Frameworks above.

See the comments regarding consistency of definitions above.

The issues paper suggests (p13):

> We propose that the Guidelines require that fields in the statement of financial assets and the recovered capital method that have the same definition must have the same values. Where they do not, service providers must provide an explanation in their basis of preparation that allows reconciliation of the values between the worksheets.

APA does not support this proposal.

Different reporting frameworks treat different items differently – this is the essence of a Special Purpose Financial Reporting Framework.

A requirement to reconcile items that are different because of the structural differences in financial reporting frameworks could require the Basis of Preparation to restate the requirements of the General Purpose and Special Purpose Financial Reporting Frameworks for virtually every line of the financial information presented.

A common example might be a contract which General Purpose Financial Statements would require to be amortised over the life of the contract. There is no avenue in the RCM calculation for amortisation to be reflected in the RCM statements.

Rather, to assist users in understanding any differences between the General Purpose and Special Purpose financial statements, APA proposes that the Basis or Preparation should include a link to the Pipeline Information Disclosure Guideline, and any explanatory statement that may be issued with it.

2.3.2. Summary of financial information

Further to Brattle's recommendations, the most recent update to the Non-scheme pipeline templates included an extensive summary of the information contained in the following worksheets.

However, the summary is so extensive that it virtually duplicates all the information in the rest of the template.

Moreover, it appears that the upcoming pricing template will capture much of the relevant information that might be included in such a summary.

APA questions whether such a fulsome "summary" is useful to shippers, and would be pleased to work with the AER and shippers to distil this information into a useful, concise summary of the reported information.

2.3.3. Financial information – Prescribing financial statements

See the note on Special Purpose Financial Reporting Frameworks above.

At the highest level, APA is comfortable with the notion of the Pipeline Information Disclosure Guideline prescribing the same financial statements to be provided for both scheme and non-scheme pipelines – but this principle must be tempered by the nature of the reporting regime. In particular, scheme pipelines will be required to report a regulatory asset value using the regulatory asset base roll forward approach, whereas non-scheme pipelines will be required to report under the recovered capital method.

APA does not support reporting of general purpose financial accounting information (statutory accounts) for scheme pipelines[6] – this information is not relevant to any price determination or dispute resolution process under the National Gas Law and Rules. Provision of statutory account information could well be confusing for users. APA is also concerned that, should this information be subject to assurance requirements, audit costs will be imposed (and wasted) to verify information that is not relevant to the reporting framework.

APA considers that it is important to manage expectations on the extent to which the purportedly same financial statements will promote comparability between pipelines, owing primarily to the differences in asset valuation approaches.

2.3.4. Guidance on methods, principles, and inputs

See the note on Special Purpose Financial Reporting Frameworks above.

APA is comfortable with the notion of a Guideline providing guidance on methods, principles, and inputs – but cautions against *prescribing* methods, principles, and inputs.

APA considers that, in contrast to the general purpose financial reporting framework, the regulatory financial reporting frameworks are quite immature, and there is still extensive scope for judgement in preparing financial information in these frameworks. The Rule 101 Access Information Standard and Rule 103 guidance on cost allocation already require a focus on substance over form. APA is concerned that prescribing methods, principles, and inputs in a Guideline lends scope to unintended consequences and spurious reporting.

It is important to note that any information required to be reported according to the Australian Accounting Standards, and audited against them, must be reported in accordance with these standards. This may affect asset valuation, capitalisation principles, asset life and depreciation principles, impairment, and other factors.

It is reasonable to expect that there will always be an “Other” category for assets, revenues, or expenses. A requirement to report what is in “catch-all” categories should be subject to a materiality threshold. That is, detail for the “Other” category should only be required to be reported in the Basis of Preparation of it greater than 10% of the total to which it applies (that is, if “Other Revenue” is greater than 10% of Total Revenue, etc).

For scheme pipelines, APA considers that the approaches to asset valuation, depreciation, etc should align with any applicable access arrangement. For example, if the AER-approved access arrangement provides that the capital base is to be rolled forward using depreciation based on forecast, rather than actual capital expenditure, then any reporting under this Guideline should align with the access arrangement in that regard.

[6] For clarity, APA notes that the Issues Paper does not suggest that scheme pipelines should report general purpose financial accounting information (statutory accounts).

Asset life principles

Australia is currently progressing an unprecedented change in the way it produces and uses energy. Government decarbonisation policy, such as Victoria's Gas Substitution Roadmap, has created considerable uncertainty for the gas industry. As a result, there may well be a divergence between the technical life of pipeline assets and their economic life.

It is also possible that, as Australia progresses along its decarbonisation journey, the role of gas pipelines and networks in meeting Australia's energy needs may change. In light of this uncertainty, APA considers that the Guideline should not specify asset lives for particular asset categories, and should allow for depreciable lives to change over time as we learn and experience more.

APA also considers that the standard life for capital expenditure related to a pipeline should not exceed the remaining useful life of that pipeline. Applying the Weighted Average Remaining Life, as envisioned by the Issues Paper (p13) is also problematic, as many scheme pipelines have been subject to historical capital expenditure being included in the AER roll forward model with extended asset lives, causing the Weighted Average Asset Life to be inappropriately extended.

APA commits to working constructively with the AER to devise a sensible approach to determining standard and remaining asset lives.

The Issues Paper (p13) also canvassed a proposal for "scheme pipelines to report depreciation annually, as the information reported under the access arrangement process is insufficient for the purposes of the gas pipeline reforms." APA notes that service providers elect, in the context of the access arrangement process, to roll forward the capital base on the basis of either forecast or actual capital expenditure. Where the service provider has elected to roll forward using forecast capital expenditure, the amount of depreciation approved in the access arrangement will be the same as that reported annually under this proposal.

2.3.5. Reporting of pipeline capacity expansions and extensions

The Part 23 reporting guideline already requires the service provider to report significant levels of capital expenditure, and the reason for that capital expenditure. Capacity expansions would be captured by this requirement.

APA acknowledges that a description of the increase in capacity derived from such capacity expansions, or new areas to be served by an extension, may be useful to users.

However, APA is always keen to ensure consistency of information across the many reporting platforms with which it interfaces, and accordingly recommends that a reference to the AEMO Gas Bulletin Board could be provided to reduce duplication, manual data entry, and the risk of error.

APA is concerned with the proposal to publish "planned" capacity expansions. As a publicly traded entity, APA is very conscious of providing information in a regulatory reporting context that may be relevant to the financial market. This is consistent with its submissions in regard to AEMO's broadened reporting powers.

Consistent with its approached in other fora (see for example, the APA VTS proposed access arrangement submission) APA considers that a project is not "planned" until it has publicly announced that it has reached a Final Investment Decision (FID). Consistent with its submissions to AEMO relating to planned capacity expansions, APA proposes to provide this information once FID has been made public to the financial market.

To the extent that much of this information (capital and opex cost, etc), by its nature, will be forecast, it is not clear that it can be reported by publicly traded businesses. The requirements for audit assurance should also be considered carefully.

In the context of the current observed trend to short term contracting of gas supply and gas transportation services, and the national trend to decarbonisation, it is not clear that the economic, or expected useful life, of the assets creating a capacity expansion is readily ascertainable or relevant to a potential User. APA proposes that this component should be removed from the reporting requirements.

2.4. Allocation of costs between pipeline services

***Consultation question:* Financial information – Guidance on other cost allocation methodology principles**

APA supports a more general approach to cost allocation, as outlined in section 3.5 of the Issues paper. This mirrors the cost allocation principles in APA's Part 7 and Part 23 Basis of Preparation documents:

> The key cost allocation principles APA has adopted are as follows:
>
> • costs are not allocated more than once;
>
> • costs cannot be treated as a directly attributed cost and other directly attributable cost;
>
> • costs are allocated on a causal basis, in instances where direct attribution is not possible.

APA notes in this context that the AER has expressed satisfaction with the manner in which APA has presented these documents over the years. APA is concerned that if a more rigid cost allocation methodology is adopted, there is a significant potential for outcomes that do not make intuitive sense and do not aid comprehension,

***Consultation question:* Financial information – Approach on allocation of direct costs between pipeline services**

See the note on pipeline services above.

Similarly in this context, APA considers that higher level guidance on cost allocation is more fit for purpose, and can be applied to different service providers and different pipelines. More specifically, APA notes that

- APA considers that any cost allocation requirement should not apply to scheme pipelines, as the allocation of costs to services will have been reviewed and approved by the AER through the access arrangement process. The access arrangement process does not specify a particular methodology for allocating costs to services (see Rule 93).

- APA cautions against requiring the same cost allocation methodology to be applied across different pipelines with different physical characteristics, in different markets. A rigid approach may lead to unintended outcomes.

- the capacity sterilisation impact of providing a storage service is greater on long, small diameter pipelines than on large diameter pipelines. To prescribe a given allocation percentage to allocate costs between these services would inappropriately disregard the drivers of those services.

- APA also notes that the Rule 101 Access Information Standard and Rule 103 guidance on cost allocation already require a focus on substance over form.

APA believes that Users will benefit from an approach which permits a more 'substance over form' approach to the cost allocation.

3. Asset valuation

Please see the note on Special Purpose Financial Reporting Frameworks above.

The Issues Paper (p19) indicates that the AER proposes to require service providers to reconcile the inputs between the various frameworks.

APA considers that there should be no requirement to reconcile information where the differences arise from the differences in the reporting framework.

For example:

- capital expenditure under the scheme pipeline framework (using the AER's asset base roll forward model) will include a half-year WACC to reflect that capital is invested over the course of a regulatory year. The half-year WACC allowance is calculated at the regulatory WACC.
- where the same approach is applied in an RCM calculation, the half-year WACC allowance will be based on the rate of return applicable to that year under the RCM model.
- for financial accounting purposes, a business is allowed to capitalise interest during construction, but the Australian Accounting Standards do not allow for a return on equity funding to be capitalised.

Moreover, the information provided under the reporting frameworks is required under the Guideline to be subject to some form of audit or review report. That audit or review is conducted in the context of the reporting framework to which the report relates.

APA does not believe the benefit of requiring service providers to reconcile amounts reported will outweigh the costs, particularly in circumstances where:

- the information reported under the Australian Accounting Standards is subject to robust rules and audit requirements, and
- the other two frameworks (asset base roll forward and RCM) are both regulatory concepts implemented by the AER

3.1. Asset valuation information requirements

Please see the note on Special Purpose Financial Reporting Frameworks above.

3.2. Asset valuation approach for non-scheme pipelines

The Issues paper (p19) proposes to require the service provider to: "reconcile the inputs for the two methods [the recovered capital method and the depreciated book value method], including explaining and quantifying differences in value for each asset class."

Please see the discussion on reconciliation of financial and asset valuation in section 2.3.1. In summary, APA considers it is inappropriate for the Guideline to require service providers to reconcile amounts where differences arise through the nature of the relevant General Purpose or Special Purpose Financial Reporting Framework.

The Issues Paper (p19) asks "should the Guidelines limit which valuation methods service providers can use for calculating asset values or opening balances?" Please see the discussion on non-scheme pipelines that were previously scheme pipelines in section 3.3.

3.2.1. Approach to estimating the rate of return

Consultation question: **Asset valuation – Proposed approach on estimating the rate of return**

P11 Issues paper states that the Guideline must provide further guidance on the return on capital and rate of return used to calculate the return on capital. This appears in Rule 103(2)(a)(ii)(E):

> (2) The pipeline information disclosure guidelines must:
>
> (a) provide for the publication of financial and historical demand information about each pipeline on a pipeline by pipeline basis and in respect of the financial year of the service provider for the pipeline, which must include: …
>
> > (ii) information on the methods, principles and inputs used to calculate: …
> >
> > > (E) the return on capital and the rate of return used in the calculation of the return on capital;

APA is comfortable disclosing the cost of capital that has been used in its RCM calculations, as required in the latest update to the Part 23 templates. While APA sees some benefit in the AER providing guidance to assist access seekers in comparing RCM values across pipelines, APA considers that it is inappropriate for a regulator to *mandate* a methodology or parameters to be used in estimating the cost of capital to be applied in the RCM calculations applicable to non-scheme pipelines. Acknowledging the Rule requirements in this regard, APA considers that the AER's guidance on the parameters to be applied in determining the cost of capital pre-supposes the cost of capital that may have been used in the decision to invest in pipeline infrastructure. To mandate a rate of return after investment has been sunk is tantamount to retrospective regulation.

In this regard, APA considers that the Pipeline Information Disclosure Guideline should be clear that the WACC applied through the application of this guideline, and the resulting RCM value derived under Rule 103(2)(a)(iii)(B) should be considered as guidance, and is not binding in the event of an access dispute. That is, Rule 103(2)(a)(iii)(B) provides a model approach to calculating the RCM value for the purposes of Rule 113Z(5)(b), but Rule 113Z(5)(b) does not require the RCM value calculated under Rule 103(2)(a)(iii)(B) to be applied.

This is consistent with the AER's comments in the December 2017 Explanatory Statement on the Financial Reporting Guideline for non-Scheme Pipelines (s4.3):

> Finally, it is worth noting that while service providers will be required to publish the recovered capital value, arbitrators will not, as noted in the Explanatory note to the initial rules, be bound by this information or by any of the methods, principles or inputs specified in the guideline. Prospective users and service providers will therefore have an opportunity to debate the methodology and inputs used in the calculation of the RCM asset value if an access dispute arises and proceeds to arbitration under Part 23 of the NGR.

APA agrees with the AER, and believes the Guideline should clearly reflect this.

Cost of equity

APA applies the Sharpe-Lintner Capital Asset Pricing Model to calculate the cost of equity for RCM purposes; it is a widely used and well-understood model. However, APA questions whether it is necessary for the AER to mandate the model and its inputs.

Requiring the non-scheme service provider to use some parameters from the Rate of Return Instrument is particularly problematic, in that the RORI applies to fully regulated pipelines and electricity networks – it is not obvious that the parameters in the RORI can be transferred to service providers that are not subject to the regulatory compact implicit in an access arrangement or electricity price determination. APA considers that it is inappropriate to apply the RORI to non-scheme pipelines.

Moreover, this leaves only one parameter, Beta, for the service provider to adjust to deliver a rate of return which it believes is commensurate with the risks of the business, when the business may indeed have differing opinions as to the level of the contemporaneous risk free rate and market risk premium than those specified in the RORI. This leaves the business to "back-calculate" a beta value to deliver a reasonable rate of return, which undermines any information value that the Beta may have.

APA considers that the service provider should be able to choose its approach to determining the cost of capital, and disclose that approach and the parameters applied.

Cost of debt

As previously discussed with the AER, APA's practice is to raise debt at the consolidated, corporate level, rather than specific project financing of assets. This gives APA access to international capital markets, and access to lower cost debt sources that require sufficient size to access. In the context of reporting on the cost of debt, APA notes that:

- APA is not able to identify the cost of debt applicable to any particular business in the Group. To do so would require some form of risk assessment, gearing level and cost of debt estimate for every business, regulated and unregulated, in the APA portfolio.
- It would not be reasonable to assume that an individual service provider could access the global capital markets and the lower cost debt sources that APA, by virtue of the size of its debt portfolio, is able to access.

In order to address these issues in past reporting processes, and as discussed in its Part 23 Basis of Preparation, APA has applied a market index based benchmark cost of debt applicable to a stand alone firm,[7] rather than attempting to allocate the APA portfolio debt. APA considers this to be a more relevant and reliable approach in the circumstances. APA submits that this approach should be permitted under the Guidelines.

Capital structure

As with the cost of debt, APA is not able to determine the capital structure for an individual business within the APA portfolio. As with the cost of debt, any assessment of the capital structure of a particular subsidiary would require some form of risk assessment, gearing level and cost of debt estimate for every business, regulated and unregulated, in the APA portfolio.

APA has applied a 60/40 debt/equity capital structure to all capital expenditure in the RCM calculation. This is consistent with the AER's Rate of Return Instrument. However, as explained in the APA Part 23 Basis of Preparation, where the business has suffered a revenue shortfall (a negative return of capital) the additional capital injection has been deemed to be provided by equity rather than debt. This is consistent with the principle that lenders will not finance losses. As a result, the capital structure of a particular reporting entity may diverge from the 60/40 capital structure over time.

3.2.2. Specifying the role of, and a value for, Gamma

The RCM approach is unique in that it calculates the return of capital as the residual cash flow after allowing for the recovery of operating costs, a return on capital, and the tax thereon. In determining the amount of capital returned *to the service provider*, it will be important to report (or estimate – see below) the amount of tax paid *by the service provider*.

Imputation credits do not provide value (or cash flow) to the service provider - their value accrues to the end investor, not to the service provider. Attributing a value for gamma reduces the tax allowance, and deems more capital to have returned to the service provider when indeed that capital has not been returned to the reporting entity.

APA considers that, in this Special Purpose Financial Reporting Framework, it is inappropriate to apply a measure for Gamma in the context of a return of capital calculation for RCM purposes Gamma does not have a role to play in this Special Purpose Financial Reporting Framework.

3.2.3. Decommissioning costs

Consultation question: **Asset valuation – Approach on decommissioning costs**

APA acknowledges that estimating decommissioning costs is difficult, particularly in a world of changing environmental legislation and regulation. But decommissioning costs are genuine costs that must be recovered through cash flows over the life of the pipeline.

APA is therefore of the view that decommissioning costs must be permitted to be reflected in the required reporting.

---

[7] AER, Financial Reporting Guideline for non-Scheme Pipelines, p17. Rule 103(2)(a) also requires financial information to be reported on a pipeline by pipeline basis.

As discussed in APA's Part 23 Basis of Preparation, for RCM purposes APA relies on estimates and considerations determined for the purposes of financial accounting purposes.

From FY21, management has estimated the costs of undertaking the necessary decommissioning costs as if these activities were undertaken today, given today's costs and today's legislated environmental requirements. This amount was then deflated by actual inflation to derive the amount to be recorded at the time of pipeline construction. This inflation allowance is reflected as part of the annual adjustment to the reported negative residual value amount, such that the total reported negative residual value reflects today's cost estimate.

3.2.4. Improving information on tax liability

Consultation question: **Asset valuation – Improvements on tax liability**

See the note on Special Purpose Financial Reporting Frameworks above.

APA is firmly of the view that the approach being considered by the AER in the Issues Paper does not reflect normal corporate tax compliance processes or record keeping, and would ask the AER to reconsider its approach.

The current AER approach is reflected in its comments (p22) that:

> Our preferred approach is for service providers to publish actual taxes paid and use these values when calculating recovered capital values through time. This should provide users with more meaningful information compared with using benchmark tax liabilities. It is also consistent with our proposed approach of requiring service providers to publish pipeline specific cost of capital and gearing values when calculating the rate of return.
>
> The *Financial reporting guideline for non-scheme pipelines explanatory statement* noted that service providers have raised concerns about the difficulties in allocating tax liabilities to pipelines, stating that such allocation may be misleading and arbitrary. Despite these difficulties, we consider that it is necessary for service providers to allocate tax to pipelines and pipeline services for users to assess price offers. We have not yet formed a position as to whether we prescribe the approach that service providers must use to allocate tax.
>
> However, we consider that:
>
> • it is appropriate that service providers take an approach that broadly reflects their approach to allocating other costs to pipeline services
>
> • where a service provider operates more than one pipeline, a consistent approach is used across pipelines
>
> • service providers fully explain their chosen allocation approach in the basis of preparation.

APA considers that reporting under any financial reporting framework must be internally consistent for any information reported under that framework to be in any way meaningful. For an approach to calculate depreciation using a net cash flow approach to then draw actual tax payable from a different financial reporting framework creates an incomprehensible menage of information that, when combined, presents meaningless results.

APA considers that it is inappropriate, in the context of the AER's Special Purpose Financial Reporting Framework, to require service providers to attempt to report actual tax payable in the context of the RCM approach.

Like many businesses, APA lodges its tax returns as a tax consolidated group – that it, it does not lodge tax returns for individual service provider subsidiaries. These subsidiaries include a range of businesses, including pipelines, networks, gas storage facilities, wind and solar farms, electricity generators, and other businesses. Some of these businesses may be able to avail themselves of special tax incentives while others may not; some may have historical tax losses carried forward which has been applied to reduce the taxable income of the consolidated group. To suggest that the amount of actual tax ultimately paid by the consolidated group could somehow be allocated among individual service providers in some meaningful way is nonsensical.

Is it possible to un-scramble the consolidated tax return to ascertain how much of the tax payable is attributable to which subsidiary? Possibly. While this would impose significant costs on the reporting entity, it is also possible that, while the consolidated entity lodged a NIL return, a positive amount of tax payable would be attributed to the service provider, offset in the consolidated tax return by losses carried forward, or investment tax incentives, attributable to other businesses in the portfolio. APA considers that this cost and effort is disproportionate to the information value gained.

Particularly relevant to the RCM regime, the service provider is required to report information dating back to the original construction of the pipeline, in the hands of the business that undertook the original construction. Notwithstanding the age of the relevant financial records to calculate or allocate actual tax paid to the reporting pipeline, it must be remembered that in many cases, these pipelines were built by a different entity than that which is currently reporting the RCM financial information. To recreate historical actual tax payable information would be nigh impossible.

APA strongly favours a benchmark approach to calculating the net tax liability under the RCM approach. As discussed in its Basis of Preparation, APA calculates a benchmark tax liability for each year as:

	Revenue
Less:	Opex
Less:	Interest expense (calculated using the cost of debt implicit in the WACC)[8]
Less:	Estimated tax depreciation (RCM value depreciated over a 20 year tax life)
Equals:	Estimated taxable income
Multiplied by:	Tax rate applicable to the relevant year
Equals:	Benchmark tax payable.

This approach implicitly assumes that the business is profitable in the relevant year. In years where there is a revenue shortfall (that is, Estimated taxable income is less than zero) APA's RCM model calculates a tax loss and carries it forward for application to future years until all tax losses are exhausted.

This approach calculates a tax liability that is internally consistent with the Special Purpose Financial Reporting Framework of which it is a part.

On the question of allocating taxes to pipeline services, APA is not aware of any reasonable approach that could be used to allocate taxes payable to any particular pipeline services. Unless there was some way to link the provision of a given service to the generation of a tax liability (which

8 See the discussion on the cost of debt and capital structure.

would presume that some pipeline services are more profitable than others), attempting to allocate tax to pipeline services does not appear to add any information value.

As discussed above, APA advocates a benchmark tax liability calculation. However, acknowledging the AER's comments on allocating tax to various pipelines within the portfolio, APA reserves its views on whether it would be reasonable to require the same allocation methodology to be applied to different pipelines. Until a more detailed analysis of tax incentives can be undertaken, it would be premature to assume that a consistent allocation of tax liabilities to different pipelines would be appropriate.

3.3. Non-scheme pipelines that were previously covered pipelines

There are a number of pipelines in Australia that were once covered pipelines that have either:

- become uncovered pipelines via a revocation of coverage decision (eg MSP Moomba-Marsden section); or
- previously been covered pipelines subject to light regulation, and become non-scheme pipelines effective 2 March 2023 through the operation of transitional Schedule 3, Part 19, s105 of the National Gas Law (eg the Marsden-Wilton/Wagga Wagga section of the MSP).

APA considers that the upcoming Pipeline Information Disclosure Guideline must recognise the regulatory history of these pipelines.

The AER's December 2017 Financial Reporting Guideline for non-Scheme Pipelines (s4.1) specifies that a previously determined regulatory asset value can be used as the opening value for RCM reporting purposes:[9]

> If a pipeline was previously regulated and a determination made on the asset value, the service provider may use this as the opening balance for the calculation under this method from the date the determination was made and to roll it forward using the method set out in the Guideline.

APA supports the recognition of previously determined regulatory asset values. However, APA considers that this approach, acknowledging only the *opening* regulatory asset valuation, incorrectly disregards the regulatory history of those pipelines that were previously covered pipelines - it would apply a non-scheme valuation methodology to a pipeline for a period in which it was a covered (ie. scheme) pipeline.

APA considers that the National Gas Rules contemplates the circumstance in which a period intervenes between access arrangement periods during which the pipeline is not subject to an access arrangement. Rule 77(3) provides:

[9] This is somewhat inconsistent with the AER's December 2017 Explanatory Statement (s4.3) which states: "The guideline also states that if a pipeline was previously regulated and ***a determination made on the depreciated actual cost***, the service provider may use this value as the opening value for the calculation under this method from the date the determination was made and to roll it forward using the method set out in the guideline." [emphasis added]

77 Opening capital base

(3) If a period intervenes between *access arrangement periods* during which the pipeline is not subject to an access arrangement, the opening capital base for the later *access arrangement period* is to be:

(a) the opening capital base determined in accordance with these rules for a notional access arrangement taking effect at the end of the *access arrangement period* for the last access arrangement (the **relevant date**);

plus:

(b) the amount of capital expenditure since the relevant date;

plus: [depreciated value of extensions]

less:

(c) depreciation since the relevant date; and

(d) the value of pipeline assets disposed of since the relevant date.

In summary, Rule 77 would provide for the asset value to be calculated as:

- The regulatory asset value determined by the relevant regulator[10] in the most recent access arrangement;
- Rolled forward using the asset base roll forward methodology specified in the access arrangement for the period during which the access arrangement was in effect (Rule 77(3)(a));
- Then rolled forward using the AER's "standard approach"[11] asset base roll forward model (indexed straight line depreciation) for the period from the end of the last access arrangement to the commencement of the Guideline (Rules 77(3)(b), (c) and (d)).

APA considers that this approach would best represent the value of the (now) non-scheme pipeline that would apply as the opening balance for RCM purposes from the commencement of this Guideline.

In particular, for the purposes of the Pipeline Information Disclosure Guideline, APA considers that it would be inappropriate to apply the RCM approach, clearly reserved for non-scheme pipelines under Rule 103(2)(a)(iii)(B), to a pipeline for a period during which it was a covered (scheme) pipeline.

APA undertakes to work collaboratively with the AER to develop a framework in which the derivation of the opening RCM value can be disclosed in a transparent manner.

3.4. Scheme pipelines

Reporting regulatory asset base roll forward information

APA notes that the Issues Paper proposes that scheme pipelines are required to publish only regulatory asset values. APA agrees with this proposal, as accounting book values not relevant to

[10] Where no opening capital base has been established under Rule 77(1), the original construction cost (a Depreciated Actual Cost approach) could be used for information purposes.
[11] The AER engaged in an extensive supporting argument for its "standard" indexed straight line approach to depreciation in its APA VTS access arrangement final decision, Part 1, section 6.2.1, pp31-36.

the regulatory framework. In the context of an access dispute, the AER is required to apply the existing access arrangement (Rule 113Y(2)(c)), which is based on regulatory asset values. Users and prospective users are best to rely on the regulatory asset values in assessing the impact of asset value on the reasonableness of proposed tariffs in the context of negotiation.

APA looks forward to working with the AER to streamline the reporting process to rely on AER-determined regulatory asset values as the foundation for this reporting, rather than accounting book values. As discussed above, the current RIN process requires service providers to start with financial accounting-based asset values, which we immediately discard in producing regulatory information. This requires wasted audit activity (and fees), where an AER determination on regulatory asset value is a solid foundation for an audit opinion in the context of the regulatory financial reporting framework.

The Issues paper suggests (p19) that the AER will "propose to require service providers to reconcile the inputs for the two methods, including explaining and quantifying differences in value for each asset class." Further to the discussion in section 2.3.1, APA considers it is inappropriate (and often impossible) to reconcile data that is different by virtue of the financial reporting frameworks under which it is reported. Moreover, APA notes that the RCM approach does not report information by asset class – such a reconciliation would require an arbitrary allocation of the amount of capital that was returned through the RCM approach to asset classes. Indeed if the RCM value was negative for a particular year, the service provider would be required to arbitrarily allocate an asset value *augmentation* to various asset classes.

Historical asset value data

The Issues Paper canvasses (p23) the idea of requiring scheme pipeline service providers to include historical asset value data. A feature of the financial reporting Guidelines for light regulation and non-scheme pipelines is that reports must remain published on the service provider's website for a period of five years. APA considers that historical asset value data under the relevant guideline will already be readily available to users – it is not necessary to require it to be published again.

4. Other issues

4.1. Standing terms

***Consultation question:* Other issues – Approach in calculating standing prices and reasonableness**

See the notes on pipeline services and multi-asset services above.

The AER's September 2022 compliance bulletin advises (p7):

> We expect that, to enable a user or prospective user to understand the service provider's standing price methodology, a service provider should explain their methodology in sufficient detail by including:
>
> 1. a description of all inputs and/or the numerical input values used to calculate the standing prices;

2. a description of the calculations or a mathematical representation of the calculations used to calculate the standing prices; and
3. an explanation of why the chosen inputs and calculations are appropriate in the service provider's circumstances, as well as any supporting analysis or evidence.

This approach reflects a supposition that prices for the use of non-scheme pipelines are based on a rigid, formulaic approach – indeed nothing could be further from the truth.[12]

The Issues paper (p25) modifies this proposal somewhat, but still presumes a rigid, formulaic approach to determining standing prices.

Australia's pipeline industry has a rich and varied past, with pipelines being developed over time, and in differing circumstances, to link resources and markets. The financial arrangements underpinning those pipelines are as varied as the pipelines themselves. Some involve joint ventures among resource owners, some involve foundation contracts of varying terms, and some involve a variety of risk sharing arrangements between the pipeliner and shippers. Many of these approaches will involve information confidential to APA's counterparties.

APA considers that it is unreasonable, in the context of a commercial negotiate-arbitrate framework, to require pipeliners to "manufacture" standing price methodologies, when indeed the various methodologies, such as described on pages 25-26 of the Issues Paper, may not have been employed in a rigid fashion in the derivation of standing prices.

APA considers that a more descriptive approach, as APA has applied in describing its standing pricing methodology, is a more useful methodology that can still allow the service provider to protect the commercially confidential information of counterparties (see Rule 137).

4.2. Basis of preparation

Consultation question: **Other issues – General improvements to the basis of preparation**

The preparation of financial information often requires the application of judgement, even in a well-specified framework such as the Australian Accounting Standards. Judgement is even more critical in a less specified framework such as this disclosure Guideline.

APA supports the role of a Basis of Preparation document to help users and prospective users understand where judgement has been applied in the preparation of the reported financial and other information. This is particularly important where the reporting templates are locked down and do not provide sufficient scope for supporting explanatory information.

It is the important role of judgement in this framework that requires the basis of preparation document to be as flexible as possible. In this regard, APA does not support development of a rigid Basis of preparation template. Where a more flexible template or checklist might be suitable, APA undertakes to work collaboratively with the AER to develop such a flexible template.

[12] See, for example, the explanation of how standing tariffs are derived as reported by the ACCC in its *Gas inquiry July 2019 interim report*, July 2019, p. 133.

4.3. How and where service providers publish information

Consultation question: **Other issues – Requirements on service providers for publishing and accessing information**

APA currently publishes or links all required information related to its (former) Part 7, Part 9 and Part 23 obligations on the web page applicable to the relevant pipeline. It is not clear what further requirements the AER is contemplating.

While website design is a commercial undertaking, APA commits to working with the AER to ensure that relevant information is published in appropriately accessible places to ensure it can be easily accessed by users and prospective users, while still meeting the service provider's commercial needs. To this end APA draws the AER's attention to the Australian Gas and Pipelines Association *Better together* initiative to provide links to all Part 23 information for all member pipelines on a single APGA web page for ease of reference.

4.4. Assurance Requirements

Consultation question: **Other issues – Approach to assurance and auditing standards**

APA accepts the need for some form of audit assurance to provide confidence to users of the financial information.

Issues surrounding audit and assurance requirements are discussed in a n umber of contexts in this submission: see the discussions on audit requirements in sections 2.3.3, 2.3.5, and 3.4.

As discussed in this submission, APA is concerned about the cost burden associated with the audit requirements, and undertakes to work constructively with the AER to streamline the scope of the audit and review requirements to reduce costs.

4.5. Historical demand information

Consultation question: **Other issues – Alternative approaches to publishing historical demand information and service providers' publication of methodologies and inputs for historical demand information**

APA is always concerned about duplication of effort in manual processes, and the scope for errors to creep into manual reporting processes. To this end, APA is always keen to use a single source of the truth for information, rather than copying it to another location.

This is particularly relevant for historical demand and usage information. This data has been gathered, verified and published by AEMO through the Gas Bulletin Board (GBB). The data provided through the GBB is broad and granular, and allows Users to undertake extensive analysis.

APA proposes that, where data has been reported through respected sources such as AEMO's Gas Bulletin Board, the requirements for reporting under the Pipeline Information Disclosure Guideline should be able to be satisfied by providing a link to this information. APA considers that this will reduce the scope for double-handling of information and reduce the scope for error.

AEMO provides a number of comprehensive data sets, notably:

Actual Flow and Storage (all data)	Pipeline Connection Flow (all data)
All actual historical gas flow information. All values are expressed as TJ/day and are aggregated by location into Demand, Supply and Transfers. This report is typically updated daily.	All pipeline connection point delivery and receipt gas flow data for all pipelines, as submitted by the facility operator. All values are expressed as TJ/day. This report is typically updated daily.

These data sets are extremely comprehensive, providing data back to September 2018. They can be filtered to prepare reports relevant to any User's particular needs.

APA currently refers to the GBB in the context of the information it is required to report under Part 23. The AER has commented to the effect that a reference to the GBB is insufficient – that a link to a particular report, or detailed instructions to prepare the necessary reports, are required.

APA is conscious of concerns expressed by the AER that a reference to the GBB may not be sufficient to provide easy access to the information required under the Guideline. However, detailed instructions on filtering comprehensive data sets, or constructing pivot tables in Microsoft Excel is beyond the scope of this Guideline.

APA proposes that industry works collaboratively with the AER and AEMO to have AEMO prepare the historical demand information for all pipelines in an easily-accessible report, in the format required by the AER. These reports could then be linked from the pipeline's website. This would improve accessibility, reduce the need for multiple handling of the data and reduce the scope for errors.

It will also be important to consider the role for assurance if the historical demand information is to be published by AEMO. The Issues Paper indicates (p29) that the "requirement to publish non-financial historical demand information is new and we propose that the certification provided be in accordance with *ASAE 3000."* APA recommends that the AER engage with AEMO to ascertain the level of assurance already provided on Bulletin Board data in order to reduce duplication, particularly in light of the assurance already provided on the same information in the context of the Annual Reporting RIN for scheme pipelines.

APA also undertakes to work constructively with the AER to improve definitional clarity – the current Part 7 requires distribution networks to provide usage information as throughput per month, but for pipelines' pricing purposes, contracted demand or pipeline capacity might be more relevant than throughput information.

4.6. Pricing template

Please see the notes above on services and multi asset services.

APA undertakes to work collaboratively with the AER to develop a pricing template that can provide useful and relevant information to Users.

4.7. Actual prices payable information

Please see the notes above on multi asset services, allocation of revenue and interpretation of actual price information.

APA undertakes to work collaboratively with the AER to develop a reporting template that can provide useful and relevant information to Users.