AusNet Gas Services Pty Ltd

AER Annual Regulatory Accounts

2020 Regulatory Year

Basis of Preparation

Overview

This Basis of Preparation ("**BoP**") document supports the preparation and reporting of the data presented in AusNet Gas Services Pty Limited's ("**AusNet Gas Services**" **or** "**the Company**") reports entitled 'AusNet Gas Services 2020 Regulatory Accounts - Consolidated', 'AusNet Gas Services 2020 Regulatory Accounts - Actual', 'AusNet Gas Services 2020 Regulatory Accounts - Estimated' and 'AusNet Gas Services 2020 Regulatory Accounts – Public version' ("**the Reports**" **or** "**Regulatory Accounts**").

The Reports have been prepared in accordance with the 'Regulatory Information Notice issued under section Division 4 of Part 1 of Chapter 2 of the *National Gas (Victoria) Law*' ("**RIN**") issued by the Australian Energy Regulator ("**AER**") on 2 March 2020.

AusNet Gas Services' regulatory year is the period 1 January to 31 December ("**Regulatory year**"). Data included in the reports have been provided for the 2020 regulatory year. All financial data is presented in whole Australian dollars, unless otherwise stated in the template. Non-financial data is stated as per the measures specified in the reports. The ultimate Australian parent entity of the company is AusNet Services Limited.

The AusNet Services' Group ("**the Group**") owns and operates 3 regulated networks – an electricity distribution network, a gas distribution network and an electricity transmission network, as well as unregulated businesses. Employees of the AusNet Services Group work across the 3 regulated networks and there are shared costs, overheads and other corporate costs that cannot be directly allocated to a particular network. These costs are proportioned amongst the Group's 3 regulated networks, as well as the unregulated businesses. For the Regulatory Year, a new indirect cost allocation methodology ("**CAM"**) came into effect. In accordance with the new CAM, monthly ABC surveys were removed, and the new indirect allocation approach was applied.

Materiality has been applied throughout the Reports and Basis of Preparation. Materiality is defined as information that if omitted, misstated, or not disclosed has the potential, individually or collectively to influence the economic decisions of users.

In conformity with AER requirements, the preparation of the Reports require the use of certain critical management estimates. For the purpose of preparing the Reports, 'Estimated Information' is defined as information presented in the Reports whose presentation is not materially dependent on information recorded in accounting records or other records used in the normal course of business, and whose presentation for the purpose of the RIN is contingent on judgments and assumptions for which there are valid alternatives, which could lead to a materially different presentation in the Reports.

Where estimated information has been presented, the circumstances and the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is AusNet Gas Services' best estimate has also been set out through this BoP. Estimates are considered to be Management's best estimate based on the data available. Estimates will often not equal the related actual results and estimates have only been made for the purpose of disclosing the information required under the RIN. Considerations of the cost and efficiency of preparation as well as the reliability and accuracy of data available have been considered in determining the best methodology to determine the estimates.

'Actual Information' is defined as information materially dependent on information recorded in historical accounting records or other records used in the normal course of business, and whose presentation is not contingent on judgments and assumptions for which there are valid alternatives, which could lead to a materially different presentation. Any information or allocation which has been calculated via the indirect cost allocation process is considered actual information, as this is in accordance with the AER approved CAMs for Electricity Distribution and Electricity Transmission, which apply across the Group.

Amounts reported as 'Audited Statutory Accounts' are sourced from the AusNet Gas Services Pty Limited's trial balance which reconciles in aggregate to the audited Special Purpose Financial Report ("**SPFR**") for the calendar year 2020. The Financial Statements have been prepared to assist the Directors of AusNet Gas Services Pty Ltd to meet the requirements of the AER. Where the SPFR does not contain sufficient information to enable separation into the categories prescribed in the Regulatory Accounts, no amounts have been shown in the Audited Statutory Accounts column.

The preparation methodologies and information sources adopted in the preparation of the Reports are set out through this BoP.

Contents

E1. EXPENDITURE SUMMARY

E1.1 - Capex

Capital Expenditure ("**Capex**") includes all costs that are directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

E1.1.1 - REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

The underlying information reported for the above periods were sourced from the financial systems of the Company. The Company records costs associated with its capex spend in cost collectors (projects) which are reviewed by an experienced Gas Subject Matter Expert (**"SME"**) who provides the categorisations specified in the AER's pre-populated asset classes (listed in the table above). The capex spend is reconciled in total to the financial statements of the Company.

E1.1.2 – NON-REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

For the current period, information reported was sourced from the financial systems of the Company. The Company records costs associated with its capex spend in cost collectors (projects) which are reviewed by an experienced SME who provides the categorisation specified in the AER pre-populated asset classes listed in the table. The capex spend is reconciled in total to the financial statements of the Company.

E1.2 - Opex

AusNet Gas Services allocates costs directly to opex projects and services where possible and appropriate. Where costs are not directly project costed, indirect (causal) costing is used to allocate costs across projects and services. This is in accordance with the Group's CAM.

E1.2.1 - REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

Information reported for this period is sourced from the financial systems of the Company. The Company records costs associated with its opex spend in cost collectors (projects & GL accounts) which are then categorised into the AER's pre-populated opex categories listed in the table. The opex spend is reconciled in total to the financial statements of the Company.

Note: for the current reporting period AusNet Gas Services will report Unaccounted for Gas ("**UAFG**") rewards in 'Other Revenue' in tables F1.1.1 - Revenue and F1.3.1 – Revenue of template F1. Income, with the corresponding penalties in table F4.1.3.

E1.2.2 – NON-REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

Information reported for this period was sourced from the financial systems of the Company. The Company records costs associated with its opex spend in cost collectors (projects & GL accounts). The Company used cost collector information to identify its non-reference service costs.

E1.3 - Capcons

E1.3.1 - REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

Information reported for this period was sourced from the financial systems of the Company. The Capcons were allocated by the SME and mapped to the specified AER pre-populated asset classes listed in the table. The Capcons is reconciled in total to the financial statements of the Company.

E1.3.2 – NON-REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

For the current period, information reported was sourced from the financial systems of the Company. The Company records costs associated with its capex spend in cost collectors (projects) which are reviewed by an experienced SME who provides the categorisation specified in the AER pre-populated asset classes listed in the table. The capex spend is reconciled in total to the financial statements of the Company.

E1.4 – Capitalised Overheads

E1.4.1 - REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

The Company capitalises a share of network and corporate overheads to capex. The Company uses SAP functionality to apply overheads where applicable at the individual project level. Master data in SAP allows for the alignment to the RIN categories required by the table.

E1.4.2 – NON-REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

For the current period, information reported was sourced from the financial systems of the Company. The Company records capitalised overheads associated with its capex spend in cost collectors (cost elements) which are reviewed by an experienced SME who provides the categorisation specified in the AER pre-populated asset classes listed in the table.

E.11 LABOUR

E11.3 - Labour / Non-Labour Expenditure Split

Labour includes all expenditure used to deliver reference and non-reference services that is associated with people. Labour expenditure relates to –

- Full time, part time and casual employees;
- Ongoing and temporary employment contracts; and
- Labour hire contracts.

Labour expenditure includes wages, salaries, overtime payments, bonuses, allowances, incentive payments, superannuation contributions, taxes, termination and redundancy payments, workers compensation, training and study assistance and purchases made on behalf of employees.

AusNet Gas Services applied the RIN definitions when reporting these variables, with the Company disclosing information against 'In-house labour expenditure' and 'Non-labour expenditure' only.

AusNet Gas Services notes that the definition of labour only includes labour hire arrangements and contracts of employment with the network service provider (**"NSP"**), i.e. AusNet Gas Services. This arrangement did not result in employment contracts with the NSP and does not constitute a labour hire arrangement. On this basis, these costs are not reported as labour in Template E.11. AusNet Gas Services also has contracts with a third-party service provider for capex and opex field work. The labour services that the contractor provides as part of their contract arrangements does not require employment contracts or result in labour hire arrangements (as defined in the RIN) and therefore these field labour costs have not been reported as labour expenditure.

The Company has included an alternate table in this section of the BoP that will show the substance over form view of the contract labour arrangements.

Preparation Methodology:

E11.3.1 - OPEX

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

In-house labour expenditure
The nature of these costs are generally time writing based for non-office-based staff as these employees are required to account for their time which are recorded in projects. Office based staff costs are generally allocated to projects using the principles of the Group's CAM. The Company's current ERP system, SAP has functionality to record and report in-house labour expenditure in cost collectors.

Non-labour expenditure
The nature of these costs represents the remainder of costs (e.g., contractor costs) as disclosed in table E1.2.1 template and E1.2.2 Expenditure Summary but excludes In-house labour expenditure , including UAFG penalty expenditure.

E11.3.2 - CAPEX

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

In-house labour expenditure
The nature of these costs are generally time writing based for employees who are required to account for their time whilst working on capex projects. The Company's SAP system has functionality to record and report in-house labour expenditure in cost collectors.

Non-labour expenditure

The nature of these costs represents the remainder of costs (e.g. contractor costs) as disclosed in table E1.1.1 and E1.1.2 of template E1 Expenditure Summary but excludes In-house labour expenditure.

Alternate unaudited Presentation of Table E11.3 - Labour / Non-Labour Expenditure Split

'Labour Expenditure Outsourced to Related Parties' and 'Labour Expenditure Outsourced to Unrelated Parties' have been reported as $nil in table E11.3 This is based on the definitions outlined above. AusNet Gas Services incurs expenditure from Contractors (related and unrelated) for labour services. However, the contractor arrangements do not constitute employment contracts or labour hire arrangements and as such have not been reported as Labour Expenditure. This definition differs to how AusNet Gas Services interprets 'Outsourced Labour' internally and in the Access Arrangement and therefore underestimates the total (i.e. both internal and contracted) labour costs incurred by AusNet Gas Services.

E11.3 - LABOUR / NON-LABOUR EXPENDITURE SPLIT	
	EXPENDITURE $0's, nominal 2020
E11.3.1 - OPEX	
In-house labour expenditure	12,946,895
Labour expenditure outsourced to related parties	798,195
Labour expenditure outsourced to unrelated parties	26,282,252
Non-labour expenditure	17,564,340
Total	**57,591,682**
E11.3.2 - CAPEX	
In-house labour expenditure	4,933,150
Labour expenditure outsourced to related parties	195,283
Labour expenditure outsourced to unrelated parties	76,360,130
Non-labour expenditure	12,470,985
Total	**93,959,548**

E.21 ANCILLARY REFERENCE SERVICES

Ancillary Reference Services are services where the customer pays a prescribed fee for the services. These include the following in relation to Distribution Supply Points at which Gas is withdrawn by or in respect of a Residential Customer:

a) On-site meter and gas installation test: testing to check the accuracy of a Meter and the soundness of a Gas Installation, to determine whether the Meter is accurately measuring the Quantity of Gas delivered.

b) Disconnection Service - Disconnection by the carrying out of work being: removal of the Meter at a Metering Installation, or the use of locks or plugs at a Metering Installation in order to prevent the withdrawal of Gas at the Distribution Supply Point.

c) Reconnection Service – Reconnection by turning on Supply, including the removal of locks or plugs used to isolate Supply or reinstallation of a Meter if it has been removed, performance of a safety check and the lighting of appliances where necessary.

d) Special Meter Reading Service – meter reading for a DSP in addition to the scheduled meter readings that form part of the Haulage Reference Services.

Preparation Methodology:

E21.1 - VOLUMES

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

The volume information was obtained from billing information sourced from the Company's Billing system, (Kinetiq). Each month, an extract of this data is stored in an SQL database for use in company reporting. This extract includes, amongst other things, the number of ancillary reference services provided and charged to each retailer. To report the volume information in the RIN, the relevant table in the database is queried and the total number of each ancillary reference service provided in the regulatory year is reported in the RIN.

Whenever there is a reversal of a previous charge (which can arise for various reasons), the billing system processes this by multiplying a negative price against the volume to be reversed. Therefore, the volume stays positive, but the overall charge is negative. Therefore, when adding up the volume of charges, we need to build this into the query. If we did not do this, we would add the original volume (e.g., 1) and the reversal (e.g., 1) as positive numbers, resulting in a total of 2, when in fact, the actual number of services provided (and billed) was zero.

E21.2 - EXPENDITURE

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

The expenditure information by category was sourced from SAP using Opex project, work breakdown structure **(WBS)** and work code information. All Ancillary Reference Service costs reported are direct project costs and no indirect costs were included.

N.1 DEMAND

Preparation Methodology:

N1.1 – DEMAND – BY CUSTOMER TYPE

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

The volume of gas was sourced from the billing system (Kinetiq) and accruals calculation. The accruals are based on an algorithm in a Microsoft SQL database. The algorithm is essentially a regression that determines the relationship between billed volumes (from Kinetiq) and weather. It then applies this relationship to the unbilled period, using actual weather where available and average weather for the period between the day when the accrual is generated and the end of the month.

The data is then categorised into the demand by customer type and the relevant demand by Tariff.

N1.2 - DEMAND - BY TARIFF

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

The volume of gas was sourced from the billing system (Kinetiq) and accruals calculation. The accruals are based on an algorithm in a Microsoft SQL database. The algorithm is essentially a regression that determines the relationship between billed volumes (from Kinetiq) and weather. It then applies this relationship to the unbilled period, using actual weather where available and average weather for the period between the day when the accrual is generated and the end of the month.

The data is then categorised by the relevant demand by Tariff.

N.2 NETWORK CHARACTERISTICS

Preparation Methodology:

N2.1 - NETWORK LENGTH - BY PRESSURE AND ASSET TYPE (N2.1-3 LOW, MEDIUM, HIGH PRESSURE)

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

This variable was determined using AusNet Gas Services' GIS system, SDMG. The information for each pipe included material, pressure, installation date, abandoned date and length.

The GIS data does not disaggregate the pipe types into the same categories as the RIN. The table below lists which AusNet Gas Service Codes were categorised with which RIN pipe types.

Length of mains has been calculated based on filtering date ranges and the following operating pressures:

- High (140 to 1050kPa) (including High1 140-515kPa and High2 515-1050kPa)
- Medium (MP) (15 to 140kPa)
- Low pressure (up to 3kPa)

Below is a mapping table which maps the AusNet Gas Services' service codes to that listed in the pre-populated AER table.

RIN Pipe Types	AusNet Gas Service Codes
Cast Iron	C2, C3, C4, C5, C6, C7, C8, C9, C10
PVC	P3
Polyamide	This is not in AusNet Gas Services Network
High density polyethylene (80)	P8
High density polyethylene (100)	P9, P10
High density polyethylene (250)	P4
High density polyethylene (575)	P2
Medium density polyethylene	N/A – none reported
Other polyethylene	P5, P6, P7
Unprotected steel	S2, S5
Protected steel	S3, S4, S6, S11, S7, S8, S9, S10, S20, S21, S22, S23, S24
Other	W2

N2.1 - NETWORK LENGTH - BY PRESSURE AND ASSET TYPE (N2.1.4 TRANSMISSION)

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

This variable was determined using AusNet Gas Services' GIS system, SDMG. Transmission minimum operating pressure is 1050kPa. Data was extracted into an excel file 'Transmission'. The length of transmission pipes was determined by filtering by relevant years of installation and abandoned date.

N2.2 – CITY GATES

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

This variable was determined using AusNet Services asset management system (SAP). Data was extracted into an excel file: CITY GATE-REGULATOR INSTALLATION DATE. The number of city gates was determined by filtering on the 'user status' and 'start-up date' columns of the Regulators of each City Gate. To establish when a city gate was installed the following method was used:

1. Create a pivot table.
2. Select 'Functional Location' as the main row.

3. Filter by 'technical obj type' selecting only 'REGBOWL' and 'REGSLEEVE'.
4. Filtering by all 'user status'.
5. Filtering by 'start-up date'.

To establish when a field or district regulator was abandoned, disposed or placed out of service the following method was used:

1. Create a pivot table.
2. Filter by 'technical obj' selecting only 'REGBOWL' and 'REGSLEEVE'.
3. Selecting only user status of 'OOS'
4. Filtering by change-on date.
5. Any changed-on date to the above user statuses for 2020 was classed as a city gate no longer in use in the current year and was excluding from the count.

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

This variable was determined by using AusNet Services GIS system, SDMG. Similar to mains and transmission pipeline lengths, City Gates were extracted from SDMG to an excel spreadsheet. The data was then filtered on 'SPA_FUNCTIONAL_TYPE' = City Gate and 'STATUS' = Live.
Although the data has been extracted from SDMG rather than SAP (as was for the 2011-2019 submission), it is the same source data as both systems are fully integrated.

N2.2 – REGULATORS

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

This variable was determined using AusNet Services asset management system (SAP). Data was extracted into an excel file: DISTRICT REGULATORS (SAP IHO8) 230720 and FIELD REGULATORS (SAP IHO8) 230720. The number of District and Field Regulators was determined by using a pivot table. To establish when a field or district regulator was installed the following method was used:

1. Create a pivot table.
2. Select 'Functional Location' as the main row.
3. Filter by 'technical obj type' selecting only 'REGBOWL' and 'REGSLEEVE'.
4. Filtering by all 'user status'.
5. Filtering by 'start-up date'.
6. Any start-up date included in 2020 was classed as a regulator installed in the current year.

To establish when a field or district regulator was abandoned, disposed or placed out of service the following method was used:

1. Create a pivot table.
2. Filter by 'technical obj' selecting only 'REGBOWL' and 'REGSLEEVE'.
3. Selecting only user status of 'ABDN', 'DISP' and 'OOS'.
4. Filtering by change-on date.
5. Any changed-on date to the above user statuses for 2020 was classed as a regulator no longer in use in the current year and was excluding from the count.

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

These variables were determined by using AusNet Services GIS system, SDMG. Like City Gates, regulators were extracted from SDMG to an excel spreadsheet. The data was then filtered on 'SPA_FUNCTIONAL_TYPE' = Field and 'STATUS' = Live to find the number of Field Regulators. District Regulator count was found by filtering the data on 'SPA_FUNCTIONAL_TYPE' = District and 'STATUS' = Live.
Again, the data has been extracted from SDMG rather than SAP as it was more convenient and required less processing steps to find the variables.

S1. CUSTOMER NUMBERS

Preparation Methodology:

S1.1 – CUSTOMER NUMBERS – BY CUSTOMER TYPE

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

This table is a summary of the data reported in S1.2. AusNet Services' tariffs are split into Residential, Commercial and Industrial categories; therefore, this table is populated by summing:

1. Residential Tariff V tariffs for the Residential category
2. Commercial Tariff V tariffs for the Commercial category
3. Tariff D and Tariff M tariffs for the Industrial category.

*** Template design errors ***

AusNet Gas Services notes that the templates issued, have the incorrect 'as at date'. They should be 1 January and 31 December, instead of 1 July and 30 June.

S1. CUSTOMER NUMBERS

Preparation Methodology:

S1.2 – CUSTOMER NUMBERS – BY TARIFF

Customer numbers are sourced from AusNet Services' outage management system PowerOn Gas ("**POG**"). A monthly extract from POG is stored on an internal database with the December information extract from the database. Each unique MIRN's postcode was used to map to AusNet Services' network tariff zones and the customer type field was used to determine whether the customer was commercial or residential. Since the commercial field in POG does not distinguish between Tariff V, D and M, the billing system (Kinetiq) was used to allocate the commercial MIRNs into those categories. All MIRNs billed as Tariff D or Tariff M were extracted from the billing database. This provides a comprehensive list of Tariff D and Tariff M MIRNs in the RIN reporting period. When the POG data was mapped to the RIN categories, these MIRNs were specified as Tariff D or Tariff M, leaving the remaining commercial MIRNs in POG to be allocated to Tariff V.

Since not every MIRN will be billed in every month, POG is treated as the system which has the comprehensive list of connected MIRNs. For the avoidance of doubt, to the extent that fewer customers have been billed than are recorded in POG for any given month, the number of customers reported in the RIN reflects the number of customers connected in POG. Internal MIRN codes listed below assist the business in identifying the MIRN status.

- C: Commissioned, i.e., a MIRN (customer) that is currently consuming energy.
- DC: De-commissioned, i.e., a MIRN (customer) that still exists, but is not consuming energy through the on-site meter.
- DR: De-registered, i.e., a MIRN that no longer exists (has been abolished).

S1.2.1 - CUSTOMER NUMBERS AS AT 1 JANUARY

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

The information disclosed in the table is designed by the AER where it contains formulae that links to table S1.2.2 Customer Numbers as at 31 December of the prior year.

S1.2.2 - CUSTOMER NUMBERS AS AT 31 DECEMBER

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

The December extract from POG, together with the Kinetiq extracts, contains the information required to allocate each MIRN into the relevant tariff. The number of MIRNs report includes all MIRNs connected to the network, both commissioned and decommissioned. It does not include MIRNs which have been abolished (extinct).

S1.2.3 - TOTAL CUSTOMER CONNECTIONS

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

Total customer connections is the difference between (1) the MIRNs as at 31 December of the relevant year and (2) the MIRNs as at 1 January of the relevant year, plus the number of MIRNs disconnected in the year.

This table is populated from the formula {S1.2.2 – S1.2.1 + S1.2.4}.

S1.2.4 - TOTAL CUSTOMER DISCONNECTIONS

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

Disconnected MIRNs are assigned a MIRN_STATUS of ‘DR’ in POG. An extract of all MIRNs with the status ‘DR’ was obtained from POG system. These MIRNs were allocated into each tariff on the same basis as described above in S1.2.

*** Template design errors ***

AusNet Gas Services notes that the templates issued, have the incorrect ‘as at date’. They should be 1 January and 31 December, instead of 1 July and 30 June.

RECONILIATION OF INFORMATION PREVIOUSLY SUBMITTED

Section 1.4, Part A: General Pg. 22 notes:

> *Where information provided in the regulatory templates has previously been reported to the AER:*
> *(a) this information must reconcile with the previously provided information; or*
> *(b) the pipeline service provider must explain why the information does not reconcile with the previously provided information in its basis of preparation.*

In addition, Section 2.7 (c), Part B Explanatory Instructions Pg. 29, also provides for a reconciliation where the closing balance of the previous year is not the same as the opening balance of the current year.

> *The pipeline service provider must provide a reconciliation in the basis of preparation if the customers on the first day of each regulatory year does not equal the customer numbers on the last day of the previous regulatory year.*

The opening number of customers (1 Jan) reported in the 2020 RIN contains some differences at the tariff class/zone level when compared to the closing (31 Dec) figure reported in the 2019 RIN. The total number of customers remains the same.

Since there is nowhere in the RIN to include tariff re-assignments and since it would be misleading to refer to these movements as connections or disconnections,1 they have been re-classified in the opening Jan 2020 balance to reflect their current (2020) tariff.

The reasons for the differences in closing Dec 2019 / opening Jan 2020 balances fall into three categories:
Five postcodes (3241, 3331, 3467, 3468, 3750) were mis-allocated to incorrect pricing zones in the 2011-19 RIN. This affected 500 customers in the Dec 2019 closing balance of 738,791.

The movements between pricing zones/customer classes of each of these postcodes is summarised below:

	Into Jan 2020 opening	Out of Jan 2020 opening	Net change
Tariff V Central Domestic	0	(398)	(398)
Tariff V Central Non-Domestic	1	(6)	(5)
Tariff V Adjoining Central Domestic	240	0	240
Tariff V Adjoining Central Non-Domestic	2	0	2
Tariff V West Domestic	0	(90)	(90)
Tariff V West Non-Domestic	0	(5)	(5)
Tariff V Adjoining West Domestic	248	0	248
Tariff V Adjoining West Non-Domestic	9	(1)	8
Total customers affected	**500**	**(500)**	**0**

1. Five customers had their tariff re-assigned. Of these five customers:
    a. Two customers were re-assigned from Tariff V West Non-Domestic to Tariff M West. On sheet S1.1, this reduces the opening Jan 2020 Commercial by two and increases the Jan 2020 Industrial balance by two.
    b. Three customers were re-assigned from Tariff M Central to Tariff D Central. Since these are both Industrial tariffs, there is no impact on Sheet S1.1. One of these customers was re-assigned in 2019, but this was not reflected in the 2019 RIN.

2. Three customers had conflicting data on their customer type. In the outage management system (Poweron Gas), the customers had been set up as residential customers, however they were on industrial (Tariff D) tariffs. In the 2011-19 RIN, these customers had been assigned to Residential (two in

[1] This is because they are existing customers who have been neither connected, nor disconnected, in the RIN reporting period. Further, including these customers as 'connections' would interfere with a connection unit rate calculation derived by [{Connections capex} / {No. of connections in S1.1 or S1.2}].

Central, one in Adjoining West), however on closer inspection, they are in fact industrial (Tariff D) customers. These three customers have been changed in Industrial (Tariff D) in the Jan 2020 opening balance.

S10. SUPPLY QUALITY

Preparation Methodology:

S10.1 – PRESSURE FAULTS

Period	Type	Information	Assumption – Estimated Information
2020	Public	Estimated	It is assumed that if there is a poor pressure event on AusNet Gas Services pipes there is also a poor pressure event in AusNet Gas Services main pipes.

Variable: Poor Pressure Events – mains
This variable was determined using pressure results from fringe pressure monitors installed on service pipes within AusNet Gas Services network.

Poor pressure events are defined as any known breaches in the minimum obligated pressure as defined by the Gas Distribution System Code (GDSC). Minimum obligated network pressure as per the GDSC is as follows:

- High pressure minimum 140kPa
- Medium pressure minimum 15kPa
- Low pressure minimum 1.4kPa

The number of breaches were exported from SCADA via OSI Pi (a reporting tool for SCADA data) into a spreadsheet format and was plotted as a chart in excel. Additionally, a single constant line showing the minimum obligated pressure of 140kpa was added to show the instances where the minimum obligated network pressure was breached. Every instance where minimum pressure was breached was classed as a poor pressure event.

AusNet Gas Services is evaluating the capture of data to determine whether Actual information can be provided in future years.

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

Variable: Poor Pressure Events – services
This variable was determined using pressure results from fringe pressure monitors installed on service pipes within AusNet Gas Services network.

Poor pressure events are defined as any known breaches in the minimum obligated pressure as defined by the Gas Distribution System Code (GDSC). Minimum obligated network pressure as per the GDSC is as follows:

- High pressure minimum 140kPa
- Medium pressure minimum 15kPa
- Low pressure minimum 1.4kPa

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

Variable: Poor Pressure Events – meters
AusNet Gas Services has reported a zero value for this variable because it does not measure poor pressure events on meters and has no basis to make an estimate. Reporting zero values would indicate that AusNet Gas Services has no poor pressure events on meters.

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

Variable: Pressure events impacting 5+ customers
This variable was determined using AusNet Gas Services 'Trouble Order data set', from its 'PowerOn' Gas system.
Pressure events were defined by any incident reported that resulted in customer minutes off supply. The data was filtered by year of interest and the number of customers affected for each incident, that being affecting 5 or more customers.

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

Variable: Pressure events with >12 hr resolution

This variable was determined using AusNet Gas Services 'Trouble Order data set', from its 'PowerOn' Gas system. Pressure events > 12 hours were determined by creating a new column to distribute the CMOS evenly across the number of affected customers. The formula used was CMOS/ number of customers. This new column was then filtered to find events that lasted 720 minutes or longer.

S11. NETWORK RELIABILITY

Preparation and Methodology:

S11.1 - NETWORK OUTAGES
S11.1.1 – PLANNED

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

Variable: Count of outage events

This information was extracted from the PowerOn Gas system using a SQL script. Count of planned outages was determined by the count of "AMFM_PLANNED_OUTAGE_ID" from PO_REQUEST TABLE. Only planned outages with "complete" status are used in counting. The "START_TIME" from PO_OUTAGE TABLE is used for calculating calendar year of each outage.

Variable: Outages affecting 5+ customers

This information was extracted from the PowerOn Gas using a SQL script. Count of planned outages was determined by the count of "AMFM_PLANNED_OUTAGE_ID" from PO_REQUEST TABLE. Only planned outages with "complete" status are used in counting. To determine the number of customers impacted the count the count of "Location_desc" from PO_ORDER TABLE was used. Only outages with status in "closed" were used in counting. The "START_TIME" from PO_OUTAGE TABLE is used for calculating calendar year of each outage.

Variable: Outages with >12 hr supply interruption

This information was extracted from the PowerOn Gas using a SQL script. Count of planned outages was determined by the count of "AMFM_PLANNED_OUTAGE_ID" from PO_REQUEST TABLE. Only planned outages with "complete" status are used in counting. To determine the number of outages longer than 12 hours the "TIME_RESTORED" from PO_RESTORATION is used for outage end time and the "START_TIME" from PO_OUTAGE TABLE is used for outage start time. The "START_TIME" from PO_OUTAGE TABLE is used for calculating calendar year of each outage.

There has been reduction in planned outages due to Government requirements over approved works and safety considerations. Covid put a stop to many works that were not an emergency or deemed not to be an immediate necessity. Community research also showed that with many working from home or home-schooling, there was a significant change in preferences around planned outages. Protection of vulnerable members of the community through this period was also paramount. As such, several MRP Projects where safety, reliability and security were deemed to not be adversely affected in the short term were deferred till late in 2020. As a result, there were fewer planned outages to coincide with these works in CY20.

S11.1.2 – UNPLANNED

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

Variable: Count of outage events
This variable was determined using AusNet Gas Services 'Trouble Order data set', from its 'PowerOn' Gas system. An outage was defined by any incident reported that resulting in customer minutes off supply.

Variable: Outages affecting 5+ customers
This variable was determined using AusNet Gas Services 'Trouble Order data set', from its 'PowerOn' Gas system. An outage was defined by any incident reported that resulted in customer minutes off supply. The data was filtered by year of interest and the number of customers affected for each incident.

Variable: Outages with >12 hr supply interruption

This variable was determined using AusNet Gas Services 'Trouble Order data set', from its 'PowerOn' Gas system. An outage was defined by any incident reported that resulted in customer minutes off supply Pressure events longer than 12 hours were determined by creating a new column to distribute the CMOS evenly across

the number of affected customers. The formula used was CMOS/number of customers. This new column was then filtered to find events that lasted 720 minutes or longer.

All non-essential works across the construction industry were stopped for much of CY20 due to COVID restrictions. Therefore, fewer third party/AusNet works in vicinity of or on a main/service that could result in an incident or damage to a pipe triggering an outage event.

S11.2 - LEAKS - BY ASSET TYPE AND CAUSE OF LEAK

S11.2.1 - LOW PRESSURE
S11.2.2 - MEDIUM PRESSURE
S11.2.3 - HIGH PRESSURE

Period	Type	Information	Assumption – Estimated Information
2020	Public	Estimated	The selection of the leak cause code via our Delivery Partner is not always reported accurately and hence the data is classified as estimated

These variables were determined using AusNet Gas Services asset management system, SAP, and GIS system, SDMG. The data from SAP was corrective maintenance work order data that relates to gas leakages and the data from SDMG was pipe material type.

Using SDMG and the pipe IDs for the work order data pipe types were established. The table 1 below lists which AusNet Gas Services material type codes were categorised against the RIN pipe types. It should be noted unlike template N2, Network Characteristics, this template does not provide an 'other' material type option. As a result, all 'other' material types where categorised under 'other polyethylene'.

When AusNet Gas Services delivery partner is entering leak data a drop-down option is available to select to assist with categorising each leak.

The count of leaks was divided by the number of km's per pressure per material type noted in N2.

Cells that are empty mean no leaks were recorded within that category.

Table: 1

RIN Pipe Types	AusNet Gas Service Codes
PVC	P3
Polyamide	This is not in AusNet Gas Services Network
High density polyethylene (80)	P8
High density polyethylene (100)	P9, P10
High density polyethylene (250)	P4
High density polyethylene (575)	P2
Medium density polyethylene	N/A – none reported
Other polyethylene	P5, P6, P7, W2 and #N/A
Unprotected steel	S2, S5
Protected steel	S3, S4, S11, S6, S7, S8, S9, S10, S20, S21, S22, S23, S24
Cast Iron	C2, C3, C4, C5, C6, C7, C8, C9, C10

AusNet Gas Services is evaluating the capture of data for leak by asset type to determine whether Actual information can be provided in future years.

Period	Type	Information	Assumption – Estimated Information
2020	Public	Estimated	The selection of the leak cause code via our Delivery Partner is not always reported accurately and hence the data is classified as estimated

These variables were created using data from SAP, SDMG, and Power On Gas's Trouble Orders.
The SAP Leak Data was extracted via the 'MA036 Gas Leaks Report – Detailed' report. This data was copied to a new spreadsheet 'Leaks by Material' and all columns were suffixed with 'SAP_'. SDMG materials were joined

to each row using a VLOOKUP on the FLOCs under column name 'SDMG_Material'. Then the RIN Pipe Types were added by using a VLOOKUP on the SDMG Materials and the RIN Pipe Types as described in Table 1 above. Lastly, Trouble Orders Order Comments and Cause were added to the spreadsheet in columns L and M by using the SAP Leak Data 'SourceSystem_Ref' as a VLOOKUP for Trouble Order's 'Order Reference'.

Once all the data had been joined, the data was copied and pasted values to avoid any issues with formulas being corrupted during filtering. A new column was added 'RIN Leak Category', The data was filtered on the SAP Description and the RIN Leak Category was manually populated for the applicable filtered rows according to the following Table.

As the SAP data does not account for all RIN Leak Categories, the Trouble Orders were also used to extract more detail on the leaks. Using text filters on the TO_Order_Comments, Leaks were filtered according to the values listed in table below. The order comments were then reviewed alongside the SAP description and then assigned a RIN Category.

RIN Leak Category	SAP Description	Trouble Order Text Filter
Broken pipe - cracked		Cracked
Broken pipe - full break		Broken
Corrosion	Repair Leak on main - corrosion fault, Repair of Corrosion Faults	Corrode
Joint leak		Joint
3rd party damage	3rd Party Damage SERVICE Non-C/W Unpaved, 3rd Party Damaged MAIN C/W (sealed), 3rd Party Damaged MAIN C/W (Unpaved), 3rd Party Damaged SERVICE C/W (sealed), 3rd Party Damaged SERVICE C/W (Unpaved), 3rd Party Damaged SERVICE Non-C/W sealed	
Identified water in main		Water in main
Other	Leak repair after Leakage Survey, Leak repair after Leakage Survey main, Leak repair after Leakage Survey service, Repair Reported Leak DISTRIBUTION VALVE, Repair Reported Leak On MAIN (Sealed) Repair Reported Leak On MAIN (Unpaved) Repair Reported Leak On SERVICE (Sealed) Repair Reported Leak On SERVICE (Unpaved)	

Once all leaks were reviewed and assigned a RIN Leak Category, the data was pivoted to get the count of leaks by the RIN Pipe Type and RIN Leak category with a filter on pressure. Data was copied to a new sheet for each pressure, creating a summary table of count of leaks by RIN Pipe Type and RIN Leak Category. The pipe length for each RIN pipe type was added to the summary table (data sourced from that stated in N2. Network Characteristics). Finally, Leaks per KM were created by dividing the count of leaks / pipe length for each row.

S11.3 - UNACCOUNTED FOR GAS - TRANSMISSION AND DISTRIBUTION

Period	Type	Information	Assumption – Estimated Information
2020	Public	Estimate	UAFG settlements for 2020 have not yet been finalised, as final settlement data has not been received from AEMO and meter reads are still subject to change.

Unaccounted for gas has been prepared in accordance with AEMO's *Wholesale Market Distribution UAFG Procedures (Victoria)*. This document is available on AEMO's website here:

https://www.aemo.com.au/-/media/files/gas/dwgm/2016/wholesale-market-distribution-uafg-procedures-vic-ver30-effective-1-january-2016.pdf

Injection data, withdrawals data for interval meter sites (usually large industrial customers) and price data is obtained from AEMO via the Market Information Bulletin Board (MIBB). Withdrawals (i.e., consumption) from basic (accumulation) meters is derived from the billing system (Kinetiq). These data are used in accordance with the above procedure to produce the UAFG volumes.

Notwithstanding the above, UAFG settlements for 2020 have not yet been finalised, as final settlement data has not been received from AEMO and meter reads are still subject to change. For this reason, amounts reported are considered estimates, even though they are based on the actual data available at the time of submission.

S14. NETWORK INTEGRITY

Preparation and Methodology:

S14.1 - LOSS OF CONTAINMENT

S14.1.1- MAINS
S14.1.2 - SERVICES

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

Variable: Number of leaks publicly reported
This variable was determined by using the asset management system module of the AusNet Gas Services' SAP system. The data from SAP was corrective maintenance work order data that relates to gas leakages. Table 3 below lists which AusNet Gas Service work order description was categorised as which RIN leak type. Data was extracted from SAP into an excel file. The number of leaks was determined by filtering the 'gas leak type' and 'description' columns in an excel file 'MA-036_Gas_Leaks_Report_- 2020'.

Variable: Number of leaks found through leakage survey
This variable was determined by using the asset management system module of the AusNet Gas Services' SAP system. The data from SAP was corrective maintenance work order data that relates to gas leakages. Table 3 below lists which AusNet Gas Service work order description was categorised as which RIN leak type. Data was extracted from SAP into an excel file. The number of leaks was determined by filtering the 'gas leak type' and 'description' columns in an excel file 'MA-036_Gas_Leaks_Report_- 2020'.

Variable: Repaired Leak
Total repaired leaks = Number of Leaks - publicly reported+ Number of Leaks - found through survey

Variable: Mains – Length of network subject to survey
Leakage survey data was sourced from spreadsheets that AusNet Gas Services receives monthly from their delivery partner (Downer) that details length of network surveyed.

Table: 3

RIN Pipe Types	AusNet Gas Service Codes
Leak – publicly reported	3rd Party Damage SERVICE Non C/W Unpaved
Leak – publicly reported	3rd Party Damaged MAIN C/W (sealed)
Leak – publicly reported	3rd Party Damaged MAIN C/W (Unpaved)
Leak – publicly reported	3rd Party Damaged SERVICE C/W (sealed)
Leak – publicly reported	3rd Party Damaged SERVICE C/W (Unpaved)
Leak – publicly reported	3rd Party Damaged MAIN Non C/W (Unpaved)
Leak – publicly reported	3rd Party Damaged MAIN Non C/W (sealed)
Leak – found through survey	Leak repair after Leakage Survey
Leak – found through survey	Leak repair after Leakage Survey main
Leak – found through survey	Leak repair after Leakage Survey service
Leak – publicly reported	Repair Leak on main - corrosion fault
Leak – publicly reported	Repair of Corrosion Faults
Leak – publicly reported	Repair Reported Leak DISTRIBUTION VALVE
Leak – publicly reported	Repair Reported Leak on MAIN (Sealed)
Leak – publicly reported	Repair Reported Leak on MAIN (Unpaved)
Leak – publicly reported	Repair Reported Leak on SERVICE (Sealed)
Leak – publicly reported	Repair Reported Leak on SERVICE Unpaved

S14.1.3 - METERS

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

Variable: Number of leaks publicly reported

This variable was determined using AusNet Gas Services trouble order system, PowerOn Gas. Data was extracted to an excel file 'Trouble Orders (Gas) (1 Jan 20 - 31 Dec 20)'. The number of leaks was determined by filtering the 'Cause' column for '10 - Gas Meter' and 'Order Status' = 'Closed'.

Variable: Number of leaks found through leakage survey
AusNet Gas Services only surveys mains, there is no data available for the number of services surveyed.

Variable: Repaired Leak
Total repaired leaks = Number of Leaks - publicly reported

Variable: Mains – Length of network subject to survey
AusNet Gas Services only survey mains, there is no data available for the number of meters surveyed.

S14.2 – INSTANCES OF DAMAGE

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

Mains and Services
This variable was determined by using the asset management system module of the AusNet Gas Services' SAP system. The data from SAP was corrective maintenance work order data that relates to gas leakages.

The data was disaggregated into the following two cause variables:

- a leak caused by a 3rd party activity.
- a leak caused by other.

Table 4 below lists which AusNet Gas Services leak description were categorised as which RIN leak type. Data was extracted to an excel file 'MA-036_Gas_Leaks_Report_- 2020'. The number of instances of damage was determined by filtering the 'gas leak type' and 'description' columns.

Table 4

RIN Pipe Types	AusNet Gas Service Codes
3rd Party Damages	AusNet Gas Services Codes
3rd Party Damages	3rd Party Damage SERVICE Non C/W Unpaved
3rd Party Damages	3rd Party Damaged MAIN C/W (sealed)
3rd Party Damages	3rd Party Damaged MAIN C/W (Unpaved)
3rd Party Damages	3rd Party Damaged SERVICE C/W (sealed)
3rd Party Damages	3rd Party Damaged SERVICE C/W (Unpaved)
3rd Party Damages	3rd Party Damaged MAIN Non C/W (Unpaved)
Other	3rd Party Damaged MAIN Non C/W (sealed)
Other	Leak repair after Leakage Survey
Other	Leak repair after Leakage Survey main
Other	Leak repair after Leakage Survey service
Other	Repair Leak on main - corrosion fault
Other	Repair of Corrosion Faults
Other	Repair Reported Leak DISTRIBUTION VALVE
Other	Repair Reported Leak on MAIN (Sealed)
Other	Repair Reported Leak on MAIN (Unpaved)
Other	Repair Reported Leak on SERVICE (Sealed)

Meters

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

This variable was determined using AusNet Gas Services trouble order system, PowerOn Gas. Data was extracted to an excel file "Trouble Orders (Gas) (1 Jan 20 - 31 Dec 20)'. The number of instances of damage was

determined by filtering the ‘Cause’ column for ’10. Gas Meter’ and the ‘Cause Category’ column for ’20 – Damage’ and ‘Order Status’ = ‘Closed’.

F1. INCOME

F1.1 - AUDITED STATUTORY ACCOUNTS

The accounting terms used in this template have the same meaning as is used for the preparation of the SPFR.

Preparation Methodology:

F1.1.1 – REVENUE
F1.1.2 – EXPENDITURE
F1.1.3 - PROFIT

Period	Type	Information	Assumption – Estimated Information
2020	Confidential	Actual	N/A

Data reported in all three tables were sourced from the trial balance which reconciles in aggregate to the audited SPFRs and mapped to the AER pre-populated categories.

F1.2 – ADJUSTMENTS

F1.1.1 - REVENUE
F1.1.2 - EXPENDITURE
F1.1.3 - PROFIT

All items

Period	Type	Information	Assumption – Estimated Information
2020	Confidential	Actual	N/A

Adjustments reported are the difference between the audited SPFR amounts and the Regulated Business amounts. These differences arise due to the following:

- Certain accounts, such as tax balances, capitalised finance charges, customer contributions revenue, intercompany amounts and impairment, are outside the scope of the Regulatory Accounts per Regulatory Guidelines; and
- Differences between accounting depreciation (i.e. calculated on a straight-line basis) and Regulatory depreciation (i.e. approved 'return of capital' allowance for the period).

All amounts reported were extracted from SAP General Ledger accounts, billing information or from another Templates within the Regulatory Accounts, except as detailed below:

- *Depreciation expenses:* For regulatory reporting, depreciation charges reflect the approved 'return of capital' allowance for the period (as contained in the Access Arrangement). These figures have been adjusted for CPI.

Period	Type	Information	Assumption – Estimated Information
2020	Confidential	Estimate	Debt raising costs are allocated across networks based on the Regulated Asset Based ("**RAB**") value of each network

- *Finance Charges:* obtained via weighting the actual debt raising costs from the General Ledger across networks based on the Regulated Asset Based value of each network. As Interest costs are not brought to the Distribution businesses an adjustment is required to exclude it.

Distribution Revenue includes amounts relating to an under recovery from previous years.

F1.3 - DISTRIBUTION BUSINESS

This table does not require any data population by AusNet Gas Services as it has pre-determined formulae by the AER.

Schedule of Adjustments

As required by Part B: Section 2.11 (c) a schedule of adjustments between the F1.1 Audited Statutory Accounts and F1.3 Distribution Business tables is disclosed in Appendix A.

F2. CAPEX

Capital Expenditure ("**Capex**") includes all costs that are directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management. AusNet Gas Services capitalises overhead expenditure that is directly attributable to bringing an asset to its intended in-service state. This template discloses the gross capex by asset class applicable in the Access Arrangement's AER final decision PTRM and includes customer contributions.

F2.4 - CAPEX BY ASSET CLASS

Preparation and Methodology

F2.4.2- ACTUAL - AS INCURRED

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

Data reported was sourced from SAP based on Capex master data project information. Classifications were determined using project work codes. This data was reviewed by an experienced SME and any necessary project reclassifications were made. The SME also reviewed and allocated the data by project into the prescribed regulatory asset classes. The amounts disclosed in the table F2.4.2 is gross capex and includes any associated customer contributions. Information is reported in the asset classes specified in the applicable access arrangement's AER final decision PTRM.

Capex reported in the Meters asset class incorporates an adjustment of $2M which was recorded in the special purpose financial statements to correct a metering inventory balance.

F2.4.3 - MOVEMENT IN PROVISIONS ALLOCATED TO AS-INCURRED CAPEX

Period	Type	Information	Assumption – Estimated Information
2020	Public	Estimated	Movements in provisions are not recorded by the categories of this table in the financial systems of AusNet Gas Services. The Company adopted an allocation methodology as described below.

AusNet Gas Services has provision obligations for which it is liable. The table below lists the provisions recorded in the financial statements of this business and which provisions have opex and capex movement components.

Provision Name	Opex Movements	Capex Movements
Provision for Doubtful Debts	Yes	No
Employee Entitlements	Yes	Yes
Environmental Provision	Yes	No
Miscellaneous Provision	Yes	No

This table requires movements in provisions applicable to Capex and how they are applied to the prescribed RIN categories. As AusNet Gas Services does not record movements in provisions as required by the template it estimated the capex allocation to these categories.

The capex movement component for each Provision was sourced from the 'F7 Provision' template which was aggregated and then allocated to the prescribed capex categories on a pro rata basis using the asset class category amounts in table F2.4.2 excluding "Non IT and Non- approved asset class – non-network Leasehold land & Buildings".

F2.5 - CAPITAL CONTRIBUTIONS BY ASSET CLASS

Preparation and Methodology

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

Data reported was sourced from SAP based on customer contribution master data project information. Classifications were determined using project work codes. This data was reviewed by an experienced SME and any necessary project reclassifications were made. The SME also reviewed and allocated the data by project into the prescribed regulatory asset classes.

F2.6 - DISPOSALS BY ASSET CLASS

Preparation and Methodology

F2.6.2 - ACTUAL

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

AusNet Gas Services disclosed the retirement of an existing property lease. The value of the retirement is based on the difference between the net present value at the time of the adoption of the new lease accounting standard until its retirement date.

F2.7 - IMMEDIATE EXPENSING CAPEX

F2.7.1 - ACTUAL - AS INCURRED

Period	Type	Information	Assumption – Estimated Information
2020	Confidential	Estimate	AusNet Gas Services allocated its immediate expensing of capex using the ratio of capex spend in table F2.4.2 to the asset classes.

The Company capitalises a share of network and corporate overheads to capex. The Company uses SAP functionality to apply overheads where applicable at the individual project level.

As the Group's tax year is based on an Apr-Mar period, the tax return for the current period is not yet complete.

AusNet Gas Services' capitalised overheads and capitalised financing costs are immediately expensed capex items. As the Group's tax return is over a different period to that of the RIN, AusNet Gas Services used its capitalised overheads from its CY20 RIN submission and capitalised financing costs from SAP as a proxy for its immediately expensed capex items.

Capitalised Overheads (Overheads)

- The overheads were sourced from the SAP reports.
- Overheads are based on an incurred basis.

Capitalised Financing costs (CFC's)

- The CFC's were sourced from the SAP reports.
- CFC's are reported on an incurred basis.
- Although these are immediately expensed for tax purposes, they are excluded from capex additions reported in the RINs.

Table 2.7.1 requires that the pipeline service provider must report its immediate expensing of capex on an 'as incurred' basis. As the Group bases its immediate expensing of capex on when the asset addition was incurred, this amount was sourced from the total of table E1.4.1. The amounts were allocated to the PTRM asset class categories using the ratio of the amounts in each asset class to the total capex spend reported in table F2.4.2, excluding Non-approved asset class - Non- Network Leasehold Land & Buildings – CY20 which does not attract overheads.

F3. REVENUE

F3.1 - REFERENCE SERVICES

Preparation and Methodology

F3.1.1 - REVENUE - BY TARIFF

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

Revenue from Reference Services was sourced from the billing system (Kinetiq) and the accruals calculation. The accruals are based on an algorithm in a Microsoft SQL database. The algorithm determines the relationship between billed volumes (from Kinetiq) and weather. It then applies this relationship to the unbilled period, using actual weather where available and average weather where unavailable (usually for the period between when the accrual is run and the last day of the month).

Revenue therefore reflects the amounts billed to retailers for each Reference Service, plus any accrued (unbilled) revenue which has been earned in the relevant year, but not yet billed.

The data is then categorised into the demand by customer type and the relevant demand by Tariff.

F3.2 - ANCILLARY REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

Revenue for the Regulatory Year for each type of Ancillary Reference Service is derived from the billing system (Kinetiq) and reflects the services charged to retailers in the relevant regulatory year.

F3.3 - REBATEABLE SERVICES

AusNet Gas Services does not provide these services.

F3.4 - NON-REFERENCE SERVICES

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

The information reported in the table was sourced from the financial and billing systems of AusNet Gas Services based on the services supplied to customers.

F3.5 - TOTAL REVENUE

This table is derived by AER created formulae and requires no direct input.

F3.6 - REWARDS AND PENALTIES FROM INCENTIVE SCHEMES

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

The efficiency carryover incentive scheme was the only incentive scheme which led to an increase or decrease in regulated revenue over the current period.

Efficiency carryover revenue or penalties were calculated in the following manner:

1. Sum the nominal efficiency carryover allowance contained within the current GAAR determination (2018-2022).

2. Profile the five-year total within the GAAR period by the smoothed revenue forecast approved in that period. For example, if the five-year total for the efficiency carryover allowance was $10M and the smoothed revenue forecast allowed for $200M per year of revenue, the $10M would be allocated equally to each of the five years ($2M p.a.). If the smoothed revenue profile was more 'back ended', then the efficiency carryover revenue allocated to the end of the five-year period would be higher than was allocated at the start of the period.

3. Using steps (1) and (2) above, the amount of revenue earned in a given year from the efficiency carryover scheme was reported in table F3.6.

The difference between the revenue in the income statement and F3 template is Unaccounted for Gas benefits.

F4. OPERATING EXPENDITURE

F4.1 - OPEX - BY PURPOSE

Preparation and Methodology

F4.1.1 - AUDITED STATUTORY ACCOUNTS

Period	Type	Information	Assumption – Estimated Information
2020	Confidential	Actual	N/A

Data reported was sourced from the trial balance which reconciles in aggregate to the audited SPFR and an internal Operating Expense Allocation model which is also used to map opex items to the AER pre-populated categories.

F4.1.2 - ADJUSTMENTS

Period	Type	Information	Assumption – Estimated Information
2020	Confidential	Actual	N/A

Adjustments reported are the differences between the audited SPFR amounts and the Regulated Business amounts. A schedule of the differences is disclosed Appendix A in accordance the RIN requirements.

Note: for this reporting period AusNet Gas Services will not report net value for UAFG. UAFG rewards will be reported in 'Other Revenue' in tables F1.1.1 - Revenue and F1.3.1 – Revenue of template F1. Income. The corresponding UAFG penalties will be reported as expenditure in tables F4.1.1 – Audited Statutory Accounts and F4.1.3 - Distribution Business of template F4. Opex.

F4.1.3 - DISTRIBUTION BUSINESS

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A

AusNet Gas Services records costs directly to projects and services where possible and appropriate. Where costs are not directly project costed, indirect (causal) costing is used to allocate costs across projects and services.

SAP uses work codes to record costs against the relevant pre-populated categories in the table.

Schedule of Adjustments

As required by Part B: Section 2.14 (b) a schedule of adjustments between the F4.1 Audited Statutory Accounts and F4.3 Distribution Business tables is disclosed in Appendix A.

F6. RELATED PARTY TRANSACTIONS

F6.1 - AusNet (Gas) PAYMENTS GREATER THAN $1,000,000 MADE TO RELATED PARTY

F6.1.1 – EXPENDITURE

Preparation Methodology:

Related Party transaction amounts were determined based on a report generated in the financial systems of the Company using the related party vendor data. Transactions shown are the aggregate amounts for related parties where the total of the transactions in the Regulatory Year exceeds $1,000,000.

Period	Type	Information	Assumption – Estimated Information
2020	Confidential	Actual	N/A

Related Party transaction amounts were determined based on a report generated from the financial systems of the Company using the related party vendor data. Transactions shown are the aggregate amounts for related parties where the total of the transactions in the Regulatory Year exceeds $1,000,000.

F6.1.2 - CORRESPONDING EXPENSES INCURRED BY RELATED PARTY

Period	Type	Information	Assumption – Estimated Information
2020	Confidential	Actual	N/A

Preparation Methodology:

Entities within the AusNet Group do provide services to AusNet Electricity Services which is at cost.

F6.2 - AusNet (Gas) PAYMENTS GREATER THAN $1,000,000 RECEIVED FROM RELATED PARTY

F6.2.1 – REVENUE

Period	Type	Information	Assumption – Estimated Information
2020	Confidential	Actual	N/A

Preparation Methodology:

AusNet Gas Services did not have such transactions.

F6.2.2 - CORRESPONDING EXPENSES INCURRED BY AusNet (Gas)

Period	Type	Information	Assumption – Estimated Information
2020	Confidential	Actual	N/A

Preparation Methodology:

AusNet Gas Services did not have such transactions.

F6.3 - RELATED PARTY MARGIN EXPENDITURE - BY CATEGORY

As entities within the AusNet Group provide services to AusNet Services at cost, no margins are applicable.

F6.3.1 – CAPEX

Period	Type	Information	Assumption – Estimated Information
2020	Confidential	Actual	N/A.

Preparation Methodology:

As entities within the AusNet Group provide services to AusNet are applicable.	Services at cost, no margins

F6.3.2 – OPEX

Period	Type	Information	Assumption – Estimated Information
2020	Confidential	Actual	N/A

Preparation Methodology:

As entities within the AusNet Group provide services to AusNet are applicable.	Services at cost, no margins

F6.4 - PER CENTAGE OF CAPEX OUTSOURCED TO RELATED PARTY

Period	Type	Information	Assumption – Estimated Information
2020	Confidential	Actual	N/A

AusNet Gas Services was able to trace the actual related party capex costs to work codes which map to the RIN table categories in the table.

F6.5 - PER CENTAGE OF OPEX OUTSOURCED TO RELATED PARTY

Period	Type	Information	Assumption – Estimated Information
2020	Confidential	Actual	N/A

Based on the opex costs from its related parties AusNet Gas Services calculated a percentage of the total opex costs.

F7. PROVISIONS

Provisions are recognised when AusNet Gas Services has a present legal or constructive obligation as results of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount of the provision can be measured reliably. Provisions are not recognised for future operating losses.
The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the relevant reporting date, considering the risks and uncertainties surrounding the obligations. Where a provision is measured using the cash flows estimated to settle the present obligation, the carrying amount is the present value of those cash flows.

Preparation and Methodology

The information disclosed in the template is sourced from the financial statements of the Company meaning the opening and closing balances are Actual Information. However, the movements in provisions attributed to Capex and Opex is considered Estimated Information as the level of disaggregation into these categories are not separately captured in SAP. To determine the proportion of the provisions that should be classified as Capex and Opex, AusNet Gas Services used its labour costs sourced from its overheads opex and capitalised opex project costs for the relevant periods and calculated a percentage split of labour opex and capex to the total labour costs. AusNet Gas Services applied the resultant percentage to the applicable provisions movements to estimate the split into Capex and Opex. This is considered Management's best estimate based on the data available. The provision movements classified as "Other" are movements to the balance sheet.

Period	Type	Information	Assumption – Estimated Information
2020	Confidential	Actual	Opening and closing balances, Provision for Doubtful Debts, Environmental and Miscellaneous Provisions.
	Public	Estimate	For Employee Entitlements, - to determine the proportion of the provisions that should be classified as Capex and Opex, AusNet Gas Services used its labour costs sourced from its overheads opex and capitalised opex project costs for the relevant periods and calculated a percentage split of labour opex and capex to the total labour costs. AusNet Gas Services applied the resultant percentage to the applicable provisions movements to estimate the split into Capex and Opex.

As described above, movements in Provision for Doubtful Debts, Environmental and Miscellaneous Provisions as well as the opening and closing balances of all provisions are Actual Information as they are sourced from the financial systems of the Company, with the split of the provision movements between capex, opex and other considered Estimated Information.

Based on the nature of the data requested, this will always be reported as 'Estimated' in future submissions.

Below is a table that shows which provision has opex and capex allocations.

Provision Name	Opex Movements	Capex Movements
Provision for Doubtful Debts	Yes	No
Employee Entitlements	Yes	Yes
Environmental Provision	Yes	No
Miscellaneous Provision	Yes	No

The environmental provision represents an estimate of the costs of rehabilitating sites, including the estimated costs to remediate soil and water contamination on gas sites which were previously used as coal gas production facilities. The provision is based on preliminary cost estimates and timing of remediation, taking into account current legal and regulatory requirements, the estimated extent of the contamination, the nature of the site and surrounding areas, and the technologies and methods available. Management is exploring a number of strategies for future land use options for the three sites, with this process expected to take 12 to 18 months. The extent of remediation activities and associated costs may differ significantly depending on which option is chosen. The provision is a probability-weighted calculation of these options and as a result there is a risk that in the event of full remediation of all three sites, the cost may significantly exceed the provision at 31 December 2020.

F9. PASS THROUGHS

F9.1 - PASS THROUGH EVENT EXPENDITURE

AusNet Gas Services did not incur any pass-through events during the current period.

F10. ASSETS

F10.1 - CAPITAL BASE VALUES

This table is based on Regulatory methodology which although uses some accounting sourced financial information, it does not follow accounting concepts.

Example:
The additions reported in the F10 table is regarded as actual information for regulatory purposes. The AER's view is it considers the movement in capitalised provisions during the regulatory control period should be adjusted from capex inputs to the RFM. This approach means capitalised costs related to these provisions are only included in the RAB when they are paid out (incurred) by the business.

Preparation and Methodology

F10.1 - CAPITAL BASE VALUES

Period	Type	Information	Assumption – Estimated Information
2020	Public	Actual	N/A – additions (regulatory principle based) and disposals (accounting based) are actual information.
		Estimate	AER confirmed that the RAB roll forward must use forecast straight-line depreciation (adjusted for inflation) rather than actual depreciation. As the depreciation is an estimate the Opening, Inflation and Closing amounts become estimates.

Preparation and Methodology

The RAB roll forward for the current period has been prepared in accordance with the RIN instructions. The roll forward is a nominal roll forward approach using the AER's roll forward model (Version 2) for DNSP's.

Methodology

The 2020 opening RAB value was sourced from the 'Distribution roll forward model - version 2 - Dec-16 2018-22 Update 24.03.21'. Opening RAB indexation was applied using 1-year lagged inflation consistent with the all-lagged inflation approach in the Distribution RFM model.

In accordance with the AER's standard approach, actual gross capex inputs (as-incurred) were sourced from the annual regulatory accounts and adjusted to remove capitalised provision movements (as-incurred basis).

Real straight-line depreciation by RAB class was sourced from the final decision Post Tax Revenue Model ('AusNet Services - PTRM - Final Decision - 2021 RoD update - Public.xlsm') for the 2018-2022 control period. The determination made by the AER confirms that the RAB roll forward must use forecast straight-line depreciation (adjusted for inflation) rather than actual depreciation.

Opening RAB indexation was applied using 1-year lagged inflation consistent with the all-lagged inflation approach in the Distribution RFM model.

APPENDIX A – F1 INCOME & F4 OPEX TEMPLATE ADJUSTMENTS.

Part B Section 2.11 (c) (i) (ii) of Appendix E requires that for each adjustment made in tables F1.2 and F4.1.2 the pipeline service provider must in the basis of preparation, specify the amount of the adjustment and describe the nature and basis of each adjustment. Below is a schedule of adjustments. There are some immaterial rounding items, which were not adjusted.

F1.2.1 ADJUSTMENTS	2020
F1.2.1 - INCOME	
Capital contributions - not carried to Reg Accounts	
TOTAL ADJUSTMENTS PER TABLE F1.2.1	

F1.2.2 ADJUSTMENTS	2020
F1.2.2 - EXPENDITURE	
Prior Year Stat. Account adj. (Provisions)	
Exclude UAFG penaltities	-
Exclude non-gas entity & intercompany mgmt fees	-
Operating expenditure adjustments total	
Adjusting to report Regulatory Depreciation in Reg Accounts	
Exclude Interest costs and non-gas entities	
Exclude Non AusNet Gas Entities & Minor item	
Exclude Impairment Losses:	
TOTAL ADJUSTMENTS PER TABLE F1.2.2	

F4.1.2 - ADJUSTMENTS	2020
F4.1.2 - OPEX	
Prior Year Stat. Account adj. (Provisions, insurance & leases)	
TOTAL ADJUSTMENTS PER TABLE F4.1.2	

APPENDIX B – SCHEDULE 1 VARIANCE VS PTRM

Schedule 1 section 1.6 requires the pipeline service provider to explain in the basis of preparation the reasons for each difference identified in section 1.5. The following unaudited tables and explanations present the actual outcomes recorded in the current RIN with amounts expressed in nominal (2020) dollars.

Explanation of variances +/- 10% compared to Approved PTRM.

Operating and Maintenance Expenditure ($M)

Year	Item	Actual	PTRM	Variance	Variance (%)
2020	TOTAL	57.6	55.0	2.6	4.7%

2020
Operating and Maintenance Expenditure was $57.6M compared to the approved PTRM of $55.0M. As the percentage variance of 4.7% is below the threshold of ±10%, no explanation.

Capital Expenditure ($M)

Year	Item	Actual	PTRM	Variance	Variance (%)
2020	Capital expenditure	93.2	101.4	8.2	8.1

Capital Expenditure was $93.2M compared to the approved PTRM of $101.4M. As the percentage variance of 8.1% is below the threshold of ±10%, no explanation is required.

Total Volume of Gas Distributed (TJ)

Note the AER only approves a forecast for Tariff V volumes, this means that the table below does not include Tariff D/M volumes.

Year	Item	Actual	PTRM	Variance	Variance (%)
2020	Volume of Gas Distributed	41,189	38,010	3,179	8.4

Total volume of gas distributed was 41,189 TJ compared to the approved PTRM of 38,010 TJ. As the percentage variance of 8.4% is below the threshold of ±10%, no explanation is required.