

9 May 2023

General Manager, Network Expenditure
Australian Energy Regulator
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By email: AERgasreform@aer.gov.au

To whom it may concern,

Pipeline information disclosure guidelines Issues Paper

AusNet welcomes the opportunity to provide this submission to the Australian Energy Regulator (AER) on the Pipeline information disclosure guidelines Issues Paper (the Issues Paper).

As an overarching point, we would like to highlight the considerable information that AusNet already provides to the AER as part of the annual RIN process. To the degree there are any inconsistencies between the two reporting requirements, this will add additional cost and workload including a separate audit requirement.

We understand that the AER intends to use the *Financial reporting guideline for non-scheme pipelines – template – May 2021.xls* as a starting point for the combined reporting requirements for both scheme and non-scheme pipelines. We appreciate that harmonising the reporting requirements of scheme and non-scheme pipelines will necessitate some changes to the data we provide. However, we request that in developing the Pipeline information disclosure guidelines that the AER:

- Clarify whether the financial information is to be provided on a statutory accounting basis or a regulatory accounting basis for scheme pipelines. AusNet considers that for scheme pipelines, that it is not useful to stakeholders to provide this information on a statutory basis and considers reporting in a manner consistent with our regulatory accounts is appropriate. This will also impact the 'financial year' that we need to report on as it differs. For clarity, this should also include the RAB roll forward methodology currently applied by the Victorian gas distribution businesses.
- Limit as far as practicable any additional information that is required by scheme pipelines. Any additional information requirements should be strongly supported with evidence that it will provide genuine additional value to stakeholders. Whilst we appreciate a desire for consistency in reporting requirements across scheme and non-scheme pipelines, given the extensive and ongoing RIN reporting, we are uncertain that stakeholders will in practice benefit from additional information reporting requirements.
- Where additional information is deemed necessary, consider harmonising it with the annual RINs, so a single process can be used to prepare and audit all data.
- Ensure that duplicate information is found in a similar form and with consistent definition across both the RIN templates and the financial reporting template. This will minimise audit requirements and workload involved in populating multiple inconsistent spreadsheets.
- Make it clear that no financial information is required to be audited more than once.

We have made some specific comments about aspects of the issues paper in the table below. If you have any questions about the submission, please contact Michael Larkin, Senior Regulatory Economist

[Redacted]

Sincerely,

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Tom Hallam
General Manager Regulation (Transmission and Gas)

AusNet

Ausnet Comments

Heading	Question	Response
3	<p>Financial information – General improvements to assist users</p> <p>We seek stakeholders' views on the information, methodologies and explanation service providers must publish so that the information can better help users in negotiations.</p>	<p>As AusNet Gas is a scheme pipeline, much of the financial information and existing bases of preparations are on the AER's web site.</p> <p>We suggest the AER carefully consider stakeholders views on what information is useful to help users in negotiations and limit as far as possible any additional information requirements for scheme pipelines.</p>
3.3.1	<p>Financial information – Guidance on asset lives</p> <ul style="list-style-type: none"> • adopting the weighted average remaining useful life used in regulatory asset base calculations for scheme pipelines, as this approach considers the depreciation profiles of assets acquired at different times • requiring scheme pipelines to provide depreciation information annually, as the information reported under the access arrangement process is insufficient for the purposes of the gas pipeline reforms • whether the Guidelines will need to give further guidance on accelerated depreciation of assets, where it is probable that the assets will not be utilised for their full useful life • any other considerations that we should consider so that this information is useful for users. 	<p>We support adopting the approach used in the regulatory asset base calculations as this is consistent with our existing reporting requirements.</p> <p>We note that AusNet now uses a depreciation tracking approach and so does not use a weighted average remaining useful life approach anymore.</p>
5.2	Other issues – General improvements to the basis of preparation	As far as possible, the content and structure of this document should be consistent with the Annual RIN prepared by scheme pipelines.
5.3	Other issues – Requirements on service providers for publishing and accessing information	We support the AER's approach to publishing information.
5.4	Other issues – Approach to assurance and auditing standards	<p>The Auditing standards applicable are correct.</p> <p>However, AusNet requests that no financial information is audited more than once and that this should be appropriately allowed for in the guidelines.</p>