Independent Auditor's Review Report

To the Directors of the Darling Downs Pipeline Service Providers

Report on the review of the Financial Information within the Financial Reporting Guideline for Non-Scheme Pipeline Templates

Conclusion

We have reviewed the financial information in Tables 4.1, 4.2 and 4.1.1 of the Financial Reporting Guideline for Non-scheme Pipeline Templates (Financial Information) of the Darling Downs Pipeline Service Providers (Service Providers).

The Darling Downs Pipeline Service Providers comprises the following entities:

- Jemena Darling Downs Pipeline (1) Pty Ltd
- Jemena Darling Downs Pipeline (2) Pty Ltd
- Jemena Darling Downs Pipeline (3) Pty Ltd

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Financial Information within the Financial Reporting Guideline for Non-scheme Pipeline Templates for the year ended 31 December 2023 is not prepared, in all material respects, in accordance with the Financial Reporting Guideline for Non-Scheme Pipelines (Guideline) issued by the Australian Energy Regulator (AER) on 19 December 2017 and the Basis of Preparation as prescribed by the Guideline.

Emphasis of matter – basis of preparation and restriction on use

The Financial Information has been prepared in accordance with the Basis of Preparation as prescribed by the Guideline and has been prepared by the Directors of the Service Providers to meet their reporting requirements under the Guideline. As a result, the Financial Information and this Auditor's Review Report may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

Our report is intended solely for the Directors of the Service Providers and should not be used by parties other than the Directors of the Service Providers. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Information to which it relates, to any person other than the Directors of the Service Providers, or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in the Service Providers' annual regulatory reporting which is provided in addition to the Financial Information, the Basis of Preparation and the Auditor's Review Report. The Directors are responsible for the Other Information.

Our review conclusion on the Financial Information does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our review, which is not an audit of the Financial Information, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Information, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Review Report we have nothing to report.

Matters relating to the electronic publication of the reviewed Financial Information

This Auditor's Review Report relates to the Financial Information of the Service Providers for the year ended 31 December 2023 included on the Jemena website. The Directors of the Service Providers are responsible for the integrity of the Jemena website. We have not been engaged to report on the integrity of the Jemena website. The Auditor's Review Report refers only to the subject matter described above. It does not provide a conclusion or opinion on any other information which may have been hyperlinked to/from the Financial Information.

Responsibilities of the Directors and Management for the Financial Information

Management of the Service Providers is responsible for:

- the preparation of the Financial Information in accordance with the requirements of the Guideline and the Basis of Preparation; and
- implementing necessary internal control to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error; and

The Directors of the Service Providers are responsible for:

- overseeing the Service Providers' regulatory reporting process; and
- determining that the Basis of Preparation is appropriate to meet the needs of the AER in order to fulfil the Service Providers' reporting obligations.

Auditor's responsibilities for the review of the Financial Information

Our responsibility is to express a conclusion on the Financial Information in order to state whether, on the basis of the procedures described below, we have become aware of any matter that makes us believe that the Financial Information is materially misstated and does not comply with the requirements of the Guideline.

We conducted our review of the Financial Information in accordance with the Australian Standard on Review Engagements ASRE 2405 Review of Historical Information Other than a Financial Report.

A review of the Financial Information consists of:

- Making enquiries with the persons responsible for financial, accounting and regulatory reporting matters to understand the internal controls, governance structure and reporting process of the Financial Information;
- Applying analytical procedures over the Financial Information; and
- Other review procedures including:
  - performing walkthroughs to understand the process for collating of information in the Financial Information with reference to the Service Provider's source documentation;
  - evaluating the appropriateness of the Basis of Preparation with respect to the Financial Information; and
  - reviewing the Financial Information in its entirety to ensure it is consistent with our overall knowledge of our review engagement.

A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit or reasonable assurance opinion.

KPMG

KPMG

G. [signature]

Glenn Austin
Partner
Melbourne
29 April 2024

Contents

Recovered capital method (rule 569(4))

Darling Downs Pipeline

Year ending **31/12/2023**

Table 4.1: Recovered capital method - pipeline assets

Basis of Preparation reference	Asset description		Total	2005	2006	2007	2008	2009	2010	2011	2012
	Pipeline assets										
4.1.a		Construction cost	177,071,575	25,563,025	-	-	-	-	151,508,550	-	-
4.1.b		Negative residual value	4,464,986	801,587	17,863	18,261	18,668	19,084	2,188,208	68,274	69,795
4.1.a		Additions	44,893,044	-	1,049,117	-	-	-	5,734,412	553,505	499,010
4.1.c		Maintenance capitalised	-	-	-	-	-	-	-	-	-
4.1.d		Disposal (at cost)	(62,668)	-	-	-	-	-	-	-	-
		Leased Asset	-	-	-	-	-	-	-	-	-
		Cost base	226,366,937	**26,364,612**	**1,066,981**	**18,261**	**18,668**	**19,084**	**159,431,170**	**621,779**	**568,805**
	Shared assets										
4.1.e		Construction cost or acquisition cost (where allowed) apportioned	-	-	-	-	-	-	-	-	-
4.1.f		Additions	2,142,895	-	-	-	-	-	-	-	-
4.1.e		Maintenance capitalised	-	-	-	-	-	-	-	-	-
4.1.e		Disposal (at cost)	-	-	-	-	-	-	-	-	-
		Leased Asset	-	-	-	-	-	-	-	-	-
		Cost base	2,142,895	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		Total assets	228,509,832	26,364,612	1,066,981	18,261	18,668	19,084	159,431,170	621,779	568,805
	Return of capital										
4.1.g		Revenue	457,202,755	-	-	-	3,364,971	6,141,010	14,886,794	25,843,934	28,412,578
4.1.g		Operating expenses	(108,860,525)	-	-	-	(150,590)	(380,201)	(3,192,303)	(5,518,906)	(5,705,033)
4.1.h		Net tax liabilities	(55,289,307)	-	-	-	-	(405,162)	(1,591,457)	(2,324,767)	(3,030,546)
		Leased Asset Interest/Financing Charge	-	-	-	-	-	-	-	-	-
4.1.i		Return on capital	(193,457,827)	-	(2,346,198)	(2,741,501)	(3,023,432)	(2,951,084)	(2,803,777)	(17,161,065)	(16,587,401)
		Total Return of Capital	99,595,096	**-**	**(2,346,198)**	**(2,741,501)**	**190,950**	**2,404,563**	**7,299,256**	**839,196**	**3,089,597**
		Recovered capital method total asset value	128,914,736	**26,364,612**	**3,413,179**	**2,759,763**	**(172,282)**	**(2,385,479)**	**152,131,914**	**(217,417)**	**(2,520,792)**
	For information	Opening asset value			26,364,612	29,777,791	32,537,553	32,365,272	29,979,793	182,111,707	181,894,290
4.1.j	For information	Rate of return (WACC)		N/A	8.90%	9.21%	9.29%	9.12%	9.35%	9.42%	9.12%

Table 4.2: Pipeline details

Construction date	30/06/2005
Negative residual value	4,464,986

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
-	-	-	-	-	-	-	-	-	-	-
71,351	72,941	74,566	76,228	77,927	79,663	81,439	83,254	663,984	864,161	(882,270)
560,138	20,874	88,546	-	22,491,540	10,332,344	65,321	882,201	909,034	474,810	1,232,191
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	(62,668)
-	-	-	-	-	-	-	-	-	-	-
631,489	**93,815**	**163,113**	**76,228**	**22,569,467**	**10,412,008**	**146,759**	**965,454**	**1,573,018**	**1,338,971**	**287,253**
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	154,734	596,675	389,609	410,330	591,547
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**154,734**	**596,675**	**389,609**	**410,330**	**591,547**
631,489	93,815	163,113	76,228	22,569,467	10,412,008	301,493	1,562,129	1,962,628	1,749,301	878,800
30,467,071	32,939,606	32,524,331	31,899,683	31,179,067	30,923,805	30,980,999	34,155,863	38,721,934	40,549,706	44,211,403
(7,988,785)	(9,963,412)	(9,964,671)	(10,283,842)	(10,529,639)	(5,085,214)	(5,341,620)	(7,743,700)	(8,448,027)	(8,420,854)	(10,143,728)
(2,991,450)	(3,203,846)	(3,188,990)	(3,025,632)	(2,833,559)	(4,184,682)	(4,171,835)	(4,594,503)	(5,922,004)	(6,574,330)	(7,246,543)
-	-	-	-	-	-	-	-	-	-	-
(16,429,120)	(15,880,848)	(14,960,631)	(14,203,624)	(13,188,088)	(14,182,364)	(13,814,205)	(11,427,646)	(10,595,003)	(10,848,422)	(10,313,420)
3,057,717	**3,891,500**	**4,410,039**	**4,386,586**	**4,627,781**	**7,471,544**	**7,653,338**	**10,390,015**	**13,756,900**	**14,706,100**	**16,507,712**
(2,426,228)	**(3,797,685)**	**(4,246,926)**	**(4,310,358)**	**17,941,686**	**2,940,464**	**(7,351,845)**	**(8,827,886)**	**(11,794,272)**	**(12,956,799)**	**(15,628,912)**
179,373,499	176,947,271	173,149,585	168,902,659	164,592,302	182,533,987	185,474,451	178,122,605	169,294,720	157,500,447	144,543,649
9.16%	8.97%	8.64%	8.41%	8.01%	7.77%	7.45%	6.42%	6.26%	6.89%	7.14%

Contents

Capital expenditure

Darling Downs Pipeline
Year ending 31/12/2023

Table 4.1.1: Capital expenditure greater than 5% of construction cost

Basis of Preparation reference	Description of works	Date recognised	Expenditure ($ nominal)
4.1.1.a	Kunstobjekte instrumentation upgrade	Various dates during calendar year 2018	1,342,450
4.1.1.a	Talinga Meter Station Pressure Control Valve Autom	Various dates during calendar year 2018	2,284,312
4.1.1.a	Other	Various dates during calendar year 2018	6,702,666
4.1.1.a	Wallumbilla Meter Station ML1A gas process equipm	Various dates during calendar year 2017	10,554,310
4.1.1.a	Darling Downs Power Station Meter Station control u	Various dates during calendar year 2017	6,058,989
4.1.1.a	Darling Downs Power Station Meter Station gas proc	Various dates during calendar year 2017	3,162,202
4.1.1.a	Other	Various dates during calendar year 2017	2,716,040

Darling Downs Pipeline

Basis of Preparation

Public

Year ended 31 December 2023

OVERVIEW

The Australian Energy Regulator (**AER**) issued a non-scheme pipeline financial reporting guideline (**the Guideline**) in December 2017 under Part 23 of the National Gas Rules (**NGR**). This Guideline requires service providers of such pipelines to publish certain financial information about those pipelines.

Due to the operation of National Gas Rules Schedule 6 Rule 22, this Guideline applies to the Darling Downs Pipeline (**DDP**) for the reporting period 1 January to 31 December 2023.

To apply the Guideline we have adopted the following general interpretations:

- All Jemena Group[1] legal entities that have a controlling interest in DDP are 'service providers' and so all costs incurred, revenue earned or assets owned by those entities that relate to the pipeline should be captured and consolidated in the Gas Market Reform (**GMR**) financial reporting templates.
- Similarly, because SGSPAA is the parent company of the Jemena Group, acquisition costs and associated dates (mainly in the Recovered Capital Method (**RCM**) template) are determined by reference to that entity for the purposes of complying with the Guideline. This means for instance that the acquisition of the DDP occurred on 6 June 2017 when the Jemena Group acquired the pipeline from Origin.
- Although the DDP consists of three pipeline licences covering different sections of the pipeline that were constructed at different times, together these form a single transmission pipeline for the purposes of complying with the Guideline – and so costs, revenues and asset values are consolidated across those three licences.
- Actual information includes information calculated directly from information contained in Jemena Group's systems and other records without material judgement required. Estimated information is anything other than actual information.
- To meet the requirements of the Guideline when compiling the RCM valuation (section 4.1), DDP undertook all reasonable steps to obtain historical information where this was not already available to the Jemena Group. These steps are further explained in the RCM section (section 13) of this basis of preparation.
- All 'Previous reporting period' amounts have been sourced from the prior year published GMR financial reporting templates (refer to Tables: 2.1, 2.1.1, 3.1, 3.3).
- Jemena Group costs are direct or indirect in nature. Direct costs, such as maintenance, program management, engineering support are directly allocated to specific assets within the Jemena Group. Jemena Group shared or indirect costs such as IT, finance, legal, people, safety and environment are allocated to specific assets within the Jemena Group in accordance with the principles of the Jemena Group Cost Allocation Methodology procedure. These principles are further explained in the Revenue and Expenses section (section 3) of this Basis of Preparation.
- From 2019 the DDP's accounts include a separate lateral (the Atlas Gas Pipeline) and a production facility (the Atlas Gas Processing Facility)[2] which are not part of the DDP pipeline. The Atlas Gas Pipeline is a separate pipeline to the DDP for the purposes of Part 23 of the NGR and the production facility is not a pipeline for the purposes of the NGR. Revenues and costs attributable to the Atlas Gas Pipeline and Atlas Gas Processing Facility have been excluded from the DDP financial reporting templates with supporting BoP explanations of the approach adopted (**non-DDP**).

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1 The Jemena Group includes SGSP (Australia) Assets Pty Ltd (**SGSPAA**) and its subsidiaries excluding Zinfra Pty Ltd and its subsidiaries. Jemena Group costs may include charges from Zinfra Pty Ltd and its subsidiaries where they relate to the pipeline.

2 As at date of publication DDP's service providers had a 3 year exemption from the ringfencing provisions under the National Gas Law effective from 2 March 2023, which effectively allows the DDP's service providers to carry on a business which produces, purchases or sells gas in relation to the Atlas Gas Processing Facility.

The rest of this basis of preparation document explains how we have populated each of the templates required by the Guideline, including by identifying where estimated data was used when actual data was not available.

As per the Jemena Group access user guide, Jemena Darling Downs Pipeline (1) Pty Ltd, Jemena Darling Downs Pipeline (2) Pty Ltd and Jemena Darling Downs Pipeline (3) Pty Ltd are the service providers for DDP, being the licensed operators. The other service providers in the Jemena Group have appointed Jemena Darling Downs Pipeline (1) Pty Ltd, Jemena Darling Downs Pipeline (2) Pty Ltd and Jemena Darling Downs Pipeline (3) Pty Ltd as the responsible service provider for the purposes of publishing the financial information.

1. PIPELINE INFORMATION

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
Table 1.1: Pipeline Details	No Basis of Preparation (**BoP**) Reference cells in the template	Pipeline details	Actual	Pipeline Location and Length The data is sourced either from the original as-built survey data, or where that is not available from the results of intelligent pigging data. Number of Customers PypIT (Is the billing/invoicing system used by DDP which provides the detailed breakdown of volumes and revenue data by service type and shipper as well as the corresponding contract information). Service Type As per pipeline type on AEMC's gas scheme register https://www.aemc.gov.au/energy-system/gas/gas-scheme-register and meets the definition of a transmission pipeline under the National Gas Law.	Pipeline Location and Length The pipeline lengths are calculated in the Geographic Information System (**GIS)** by summing the geometric lengths of the pipeline and all its laterals. Number of Customers Determined from a revenue report run in PypIT outlining the breakdown of revenue by service type and shipper. The report was run for the relevant period to determine the number of shippers whom we have earnt revenue from.	N/A
Table 1.2: Pipeline Services Provided	No BoP Reference cells in the template	Pipeline services provided	Actual	PypIT	Based on current service offerings as described below. Service description A revenue transaction report that discloses revenue by service types, was downloaded from the PypIT revenue billing system for the reporting period. A Subject Matter Expert mapped the revenue service	N/A

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					types against the relevant 'Service description' categories based on the nature of the underlying revenue transactions and customer contracts. Where a service exists but has not been used by a customer during the year it is considered to not be a service provided. Provided to non-related parties All services were provided to non-related parties as sourced from PypIT. Provided to related parties No services were provided to related parties.	

2. FINANCIAL PERFORMANCE MEASURES

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
Table 1.1.1: Return on assets	No BoP Reference cells in the template	Earnings before interest and tax, Total assets, Return on assets	Actual	N/A – Populated based on formulas referencing supporting schedules.	All categories in this template are based on the AER's designed formulae that references the supporting tables within the workbook. <u>Earnings before interest and tax</u> References earnings before interest and tax (**EBIT**) in 'Table 2.1: Statement of pipeline revenues and expenses'. <u>Total assets</u> References total assets in 'Table 3.1: Pipeline assets'. <u>Return on assets</u> Calculated as: Earnings before interest and tax divided by Total Assets.	N/A

3. REVENUES AND EXPENSES

<table>
<tr><th rowspan="2">Table Name</th><th colspan="2">Base Information</th><th>Population Approach</th><th rowspan="2">Source</th><th rowspan="2">Methodology</th><th rowspan="2">Assumptions</th></tr>
<tr><th>Reference</th><th>Item</th><th>Actual / Estimate</th></tr>
<tr><td>Table 2.1 Statement of pipeline revenues and expenses</td><td>2.1.a</td><td>Description</td><td>Actual (except for estimate of revenue attributable to Atlas)</td><td>Populated based on formulas referencing supporting schedules.

SAP

SAP</td><td><u>Total service revenue</u>
References ‘Total service revenue’ in ‘Table 2.1.1 Revenue by service’.

<u>Customer Contributions Revenue</u>
References ‘Total’ in ‘Table 2.2.1: Customer contributions received’.

<u>Government Contributions Revenue</u>
References ‘Total’ in ‘Table 2.2.2: Government contributions received’.

<u>Profit from sale of fixed assets</u>
DDP captures such amounts in its accounting systems and was sourced from the DDP’s Trial Balance (TB).

<u>Other direct revenue</u>
Includes:
• Items that are not pipeline service related. DDP collects such items using cost elements and projects.
<u>Other revenue</u></td><td>N/A</td></tr>
</table>

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					References the 'Total' in 'Table 2.3.1: Indirect revenue allocation'. <u>Non-DDP revenue</u> Refer to BoP Reference 2.1.1.a for the explanation of the methodology applied to remove Non-DDP revenue from Firm forward haul transportation services (part of Total service revenue).	
Table 2.1 Statement of pipeline revenues and expenses	2.1.b	Direct Costs, Shared Costs, Earnings before interest and tax (**EBIT**)	Estimate (Non-DDP allocation)	SAP	Most of the entities within SGSPAA and its controlled entities use an Enterprise Resource Planning (**ERP**) system known as **SAP** to collect costs. DDP as part of the Jemena Group, uses SAP to record its financial transactions. Costs are collected in planned maintenance orders (**PMO**) that cascade up to projects (**WBS elements**) in SAP based on the activity, on which an employee works or where an external supplier provides goods/services. Reporting tools (BI and Analysis for Office) are used to download the operating expenditure costs from SAP. The data is aggregated by WBS element and general ledger account code (**cost element**) and mapped into the relevant cost category of the template. <u>Related party and non-related party</u> The majority of costs that DDP incurs are sourced from a related entity, Jemena Asset Management Pty Ltd (**JAM**), which is part of the Jemena Group. JAM records costs that are attributable to DDP and uses SAP functionality to	Estimates applied are an appropriate basis to calculate DDP Costs: • Management expert estimate of the non-DDP routine maintenance costs based on technical understanding and experience of the routine maintenance requirements for the key components making up the Atlas assets is an appropriate basis to estimate (estimate) • Non-Maintenance costs calculated as non-DDP revenue as a percentage of total revenue *multiplied* by the remaining DDP non-maintenance opex stack.

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					transfer such costs at zero margin to DDP. These costs are reported in the ‘related party transactions’ column. Where project costs are collected directly to the pipeline and not through a related party entity they were reported in the ‘amounts excluding related party transactions’ column. <u>Direct costs and Shared costs</u> Direct and shared cost classification is based upon the activity/service category codes included as part of the WBS element structure for each project. An activity/service mapping table is used to map activities into relevant cost categories: • Direct Costs: Asset Management (Asset: Strategy, Planning, Investment, Information and Management system activities), Service Delivery (Construction & Supply Chain, Maintenance & Faults, Network Control & Emergency Maintenance, Metering, Customer Service), Customer and Markets (Commercial Management). • Shared Costs: Enterprise Support Functions (executive management, finance, legal, human resources, information technology (**IT**) etc.). ***Note***: Shared costs flow into Table 2.1 from Table 2.4 1 Shared cost allocation.	

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					Corporate property costs have similarly been allocated between direct and shared costs based on property usage by function <u>Mapping into the template categories</u> The cost element description field from costs within DDP was used to map into the template's categories (e.g. 'wages', 'other direct costs', 'employee costs', 'indirect operating expenses', etc.). DDP has interpreted direct wages as the payroll costs assigned to staff who directly work on the pipeline. DDP's shared employee costs are the allocated payroll costs of administration type staff such as finance, legal, people, safety and environment. Where project descriptions and activity/service category codes support classification within a more specific category then the cost element based mapping was overridden[3]. The following description categories were populated based on project description/activity code mapping: • Information technology and communication costs • Rental and leasing costs • Repairs and maintenance • Leasing and rental costs	

[3] Labour cost element mapping was not overridden based on project descriptions and activity/service category code mapping.

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					Note: Insurance costs are included in the enterprise supports costs which are shared across the Jemena Group, therefore a $nil value has been reported for Direct Insurance costs. <u>Earnings before Interest and tax (**EBIT**)</u> EBIT is calculated as: Total revenue (excluding Non-DDP revenue) less Total costs (excluding Non-DDP opex) <u>Non-DDP direct costs and Non-DDP shared costs</u> Non-DDP direct costs and Non-DDP shared costs were estimated by aggregating the following amounts and then removing them from the DDP Opex stack: • Specially identifiable non-DDP non-routine maintenance (*actual*) • Management expert estimate of the non-DDP routine maintenance costs based on technical understanding and experience of the routine maintenance requirements for the key components making up the Atlas assets (*estimate*) • Non-Maintenance costs calculated as non-DDP revenue as a percentage of total revenue	

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					multiplied by the remaining DDP non-maintenance opex stack. (*estimate*) .	
Table 2.1 Statement of pipeline revenues and expenses	2.1.c	Depreciation, Shared Asset Depreciation	Actual	SAP – Fixed Asset Movement Report (**FAMR**) and Equipment Register The SGSPAA Group Consolidation support schedule (Business Combination Adjustments and Goodwill)	SAP FAMR A detailed FAMR was downloaded from SAP. SGSPAA Group Consolidation supporting schedule Depreciation expense was extracted from the SGSPAA Group Consolidation supporting schedule for pipeline assets not included in the SAP FAMR. Total depreciation was based on the mapping of the individual assets in the FAMR applied in Table 3.3 Depreciation. DDP used the FAMR Asset descriptions, category and equipment register descriptions to map individual assets into specific categories. All depreciation expenses are recorded directly within the Pipeline and are not transferred from a related party entity and therefore are reported in the 'Amounts excluding related party transactions' column.	N/A

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					<u>Reconciling difference between Table 2.1 Depreciation with Table 3.3.1 Current year depreciation</u> The AER template file includes a Summary worksheet with a reconciliation between Table 2.1 Depreciation with Table 3.3.1 Current year depreciation. Where there is a reconciling difference between the two tables it is attributable to disposals of assets in the current year resulting in a reversal of accumulated depreciation in the SAP ledger (Balance sheet entry only) reported only in Table 3.3.1 Current year depreciation. Table 2.1 is the relevant source to refer to for depreciation expense impacting the Profit and loss template in the current year. <u>Non-DDP Asset Depreciation</u> Refer to BoP Reference 3.3.1.a for the methodology applied to remove depreciation expense attributable to Non-DDP assets.	

4. REVENUE BY SERVICE

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
Table 2.1.1: Revenue by service	2.1.1.a	Description, Reporting period - Amount excluding related party transactions, Reporting period - Related party transactions	Actual (except for estimate of revenue attributable to Atlas)	PypIT and SAP	<u>Description</u> The 'description' categories are pre-populated by the AER for this template. <u>Reporting period -Amount excluding related party transactions</u> A revenue transaction report that discloses revenue by service types, was downloaded from the PypIT system for the reporting period. A Subject Matter Expert mapped the revenue service types against the relevant 'Service description' categories based on knowledge and the nature of the underlying revenue transactions. DDP has also included other revenue items that are not sourced from PypIT. These include miscellaneous revenue items such as profit from sale of fixed assets and revenue from non-gas transportation activities. <u>Firm forward haul transportation services removing Non-DDP revenue</u> The relevant Atlas services form part of a single delivered service and are not charged in their separate component parts. The Non-DDP portion of the revenue which needs to be removed from the DDP financial templates has been calculated as the balance remaining after deducting the revenue attributable to DDP1 & DDP3. The revenue	Published reference tariffs are an appropriate price basis to calculate the revenue attributable to DDP1 & DDP3.

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					attributable to DDP 1 and DDP 3 was calculated by applying the published reference tariffs to the relevant gas volumes. Other pipeline services (if relevant) Includes: Items that are miscellaneous in nature. DDP collects such items using cost elements and projects; In the current reporting period, revenue figures have not been adjusted for exempt services (associated with Weighted Average Price (WAP) information), with WAP information not reported for the current reporting period due to the repeal of Rule 556 of the National Gas Rules. It is important to note that prior year data remains as previously stated and does not reflect this methodological change. That is, previous reporting period presents Exempted services (as defined in the Financial reporting guideline for non-scheme pipelines 2017) within other pipeline services. For the current reporting period, such services have been classified accordingly to the relevant service type.	

5. REVENUE – CONTRIBUTIONS

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
Table 2.2.1: Customer contributions received	No BoP Reference cells in the template	N/A	Actual	SAP	No customer contributions revenue was received during the reporting period as such amounts would have been recorded against an appropriate cost element in DDP's TB.	N/A
Table 2.2.2: Government contributions received	No BoP Reference cells in the template	N/A	Actual	SAP	No government contributions revenue was received during the reporting period as such amounts would have been recorded against an appropriate cost element in DDP's TB.	N/A

6. INDIRECT REVENUE

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
Table 2.3.1: Indirect revenue allocation	N/A	N/A	Actual	SAP	No Indirect revenue was allocated to DDP during the reporting period as such amounts would have been recorded against an appropriate cost element in DDP's TB.	N/A

7. SHARED COSTS

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
Table 2.4.1 Shared Cost Allocation	2.4.1.a	Description categories, Income statement account applied to, Income statement account applied to, Shared costs excluding related parties, Shared costs paid to related parties, (Gross shared costs), Percent allocated to pipeline, Total allocated to pipeline excluding related parties, Total related party amounts allocated	Actual	SAP	Shared Costs relate to enterprise support functions such as executive management, finance, legal, information technology (**IT**), human resources etc. Description categories & Income statement account applied to The cost element description field from costs within DDP was used to map into the template's categories (e.g. 'wages', 'other direct costs', 'employee costs', 'indirect operating expenses', etc.). Project descriptions were also used as a basis to categorise costs into description categories (e.g. 'Information technology and communication costs'). Where project descriptions and activity/service category codes supported classification within a more specific category then the cost element based mapping was overridden[4]. The following description categories were populated based on project description/activity code mapping: • Information technology and communication costs	The causal drivers that allocate shared costs to DDP are a reasonable method for such allocations.

[4] Labour cost element mapping was not overridden based on project descriptions and activity/service category code mapping.

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
		to pipeline (Net shared costs).			• Rental and leasing costs Each Description category row in the template is the aggregation of multiple cost element description categories and Project descriptions therefore the column 'Income statement account applied to' has been populated as 'Various'. <u>Related party and non-related party:</u> • <u>Shared costs excluding related parties</u> Where project costs are allocated directly to the pipeline and not through a related party entity they were reported in the 'Shared costs excluding related parties' column. Shared asset depreciation is the only value included in this column as depreciation is based on shared assets purchased by the Jemena Group and allocated to DDP. • <u>Shared costs paid to related parties,</u>	

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					The gross shared costs paid to related parties e.g. Finance, Legal, Managing Director are the total shared costs incurred across the Jemena Group before allocating to specific assets (e.g. pipelines, distribution networks etc.). Gross shared costs are collected in SAP at the JAM entity. It is at this entity that the allocation of shared costs occur. These allocated costs are transferred to DDP using SAP functionality and mapped into the template categories based on a methodology consistent with the approach outlined above for net shared costs, therefore based on: • cost element mapping; and • project descriptions and activity/service category codes <u>Percent (%) allocated to pipeline and total allocated to pipeline excluding related parties</u> As described above, the majority of costs that DDP incurs are sourced from a related entity JAM which records costs that are attributable to DDP and uses SAP functionality that transfers such costs at zero margin to DDP. These costs are reported in the 'Shared costs paid to related parties' column. Shared costs are allocated to the pipeline in the following ways:	

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					• Directly to the asset through a PM Order which is the lowest level cost collector. PM Order's settle or cascade up to a specific project (**WBS**) in SAP. • Based on allocation methodologies such as historic time-writing data. • Causal drivers e.g. number of laptops users for IT Telecommunication costs. The costs allocated to each shared cost category (e.g. 'Employee costs', 'information technology and communication costs' etc.) is an aggregate of one or more projects with varying cost allocation percentages from the different shared functions. The percentage allocated to a pipeline is calculated as: *Amounts allocated to pipeline divided by the gross amount across the Jemena Group.* The shared costs allocated to the pipeline is sourced from SAP using a combination of projects and cost elements.	

8. STATEMENT OF PIPELINE ASSETS

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
Table 3.1: Pipeline assets	3.1.a	Initial construction or acquisition costs, Additions, Capitalised maintenance or improvements, Disposals or early termination (at cost), Depreciation.	Actual	Table 3.3.1: Fixed assets at cost - pipeline assets Table 3.3.2: Shared assets at cost (less straight line depreciation)	All items were populated based on Australian Energy Regulator (**AER**) designed formulas which referenced the supporting 'Table 3.3.1: Fixed assets at cost - pipeline assets'. and 'Table 3.3.2: Shared assets at cost' <u>Non-core pipeline assets</u> No allocation of non-core pipeline assets has been included in Table 3.1 where there is a remote nexus with the pipeline activities such as treasury hedging financial instruments, defined benefit assets, minor assets sitting in JAM (receivables etc.), and other corporate assets etc. <u>Non-DDP Assets</u> Refer to BoP Reference 3.3.1.a for the methodology applied to remove non-DDP Assets from the template.	
Table 3.1: Pipeline assets	3.1.a.1	Other non-depreciable pipeline assets	Actual (except estimated for non-DDP asset portion)	The SGSPAA Group Consolidation support schedule (Business Combination Adjustments and Goodwill) SAP	<u>Other non-depreciable pipeline assets - SGSPAA Group Consolidation support schedule</u> The SGSPAA Group consolidates its resulting Goodwill from acquisitions at a SGSPAA level, meaning that it does not pass-on any Goodwill into its subsidiary entities. The business combination adjustments are maintained in an excel spreadsheet outside the SGSPAA Group's SAP	.

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					system and allocated to the SGSPAA Group's cash generating units (e.g. pipelines) for the purpose of impairment testing, in accordance with Australian Accounting Standards. The Guideline does not restrict consideration to only those assets identifiable at the direct pipeline owning entity level and accordingly DDP allocated Goodwill to the pipeline in its statement of assets. DDP considered this a reasonable allocation and disclosure. As there is no specific Goodwill category, DDP has included Goodwill in the 'Other non-depreciable pipeline assets' in the template Other non-depreciable pipeline assets – SAP TB Amounts have been extracted from DDP's Trial Balances for the reporting period and include GL accounts such as accrued receivables, inventories, deferred tax assets and amounts due from related parties. SAP has functionality that records and identifies any transactions from related parties to DDP, known as trading partner. Related party loan accounts with each trading partner entity were aggregated, where the receivable amount was greater than the payable amount the net amount was reported in 'Other non-depreciable pipeline assets'. Where the payable amount was greater than the receivable amount the balance was a net liability and therefore not included in 'Other non-depreciable pipeline assets' in the template. DDP has a legally-enforceable right to set off the recognised amounts and DDP intends	

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					either to settle on a net basis or realise the asset and settle the liability simultaneously. In accordance with accounting standards DDP has netted off deferred tax assets and liabilities in its Balance Sheet. <u>Non-DDP Other Assets</u> Trade debtor receivable amounts attributable to non-DDP assets as at year end have been removed from the Other Assets amount. Refer to BoP Reference 2.1.1.a for the methodology applied to Non-DDP attributable revenue (and associated trade debtor).	
Table 3.1: Pipeline assets	3.1.b	Inventories, Deferred tax assets, Other assets	Actual	The SGSPAA Group Consolidation support schedule (Business Combination Adjustments and Goodwill) SAP	DDP's Inventories, deferred tax assets and other assets are not shared assets, they form part of Pipeline Assets and are reported on the row 'Other non-depreciable pipeline assets'. (refer to BoP reference 3.1.a for further details).	N/A

9. ASSET USEFUL LIFE

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
Table 3.1.1: Asset useful life	3.1.1.a	Description (list each individual balance sheet item), Acquisition date, Useful life years, Reason for choosing this useful life	Actual	Table 3.3.1: Pipeline assets at cost Table 3.3.2: Shared assets at cost	<u>Description (list each individual balance sheet item)</u> The 'Description' column was referenced from the 'Description' column as listed in: • Table 3.3.1: Pipeline assets at cost • Table 3.3.2: Shared assets at cost Assets under construction (**AUC**) are assets that are still in the process of being constructed and not yet installed ready for use, therefore they are excluded from Table 3.1.1. <u>Acquisition date</u> The assets in the FAMR sourced from SAP, have been aggregated into similar 'Description' items in Table 3.1.1. As there were numerous individual assets in the FAMR therefore the acquisition date is reported as 'various acquisition dates'. <u>Useful life years</u> A FAMR lists individual assets that contain the following information: • Asset description (text field) • Depreciation start date (date field) • Estimated useful life (years) • Original Cost ($) • Acquisition ($) (includes Transfers) • Disposals/retirements ($) • Accumulated depreciation ($)	N/A

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					• Depreciation for the year ($) • Depreciation retirements ($) • Closing book value ($) The useful life for each category was calculated based on the calculated weighted average cost useful life formula below with the information sourced from FAMR. Weighted average cost useful life equals: $\sum \frac{(Opening\ Cost + Aquisitions + Retirements)}{Total\ 'Description'\ Cost} * Asset\ useful\ life$ Note that the Total Description Costs is the sum of Opening cost + Additions– Retirements. <u>Reason for choosing this useful life</u> The economic useful life of individual assets is defined in terms of the Australian Accounting Standards and the asset’s expected use to DDP which may not fall within the Guideline’s Appendix A – Pipeline asset lives. The estimation of the economic useful life of an asset is a matter of judgement based on the Jemena Group’s experience with similar assets. Additionally, economic useful life shall be considered in relation to the life assigned to similar assets within the asset category.	

10. ASSET IMPAIRMENT

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
Table 3.2.1: Assets impaired	BoP reference field not included in table	Asset description, Impairment amount $ nominal, Impairment date, Basis for impairment	Actual	SAP	Management tested the DDP Cash Generating Unit, including allocated goodwill for impairment as part of its usual annual impairment testing for December 2023 financial reporting purposes in accordance with Australian Accounting Standard requirements, with no impairment recognised. In assessing the position as at December 2023, management considered both external and internal indicators of impairment such as; changes in the regulatory environment, current and future performance, asset characteristics, physical damage, business environment and market conditions. No impairment was noted as part of testing indefinite life intangible assets therefore no impairment has been recognised for the year ended 31 December 2023.	N/A
Table 3.2.2: Asset impairment reversals	BoP reference field not included in table	Asset description, Prior Impairment amount $ nominal, Impairment date, Basis for impairment, Reversal amount $nominal, Reversal date, Basis for Reversal	Actual	SAP	No assets impairment reversals were recorded during the reporting period.	N/A

11. DEPRECIATION

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
Table 3.3.1: Pipeline assets at cost - pipeline assets & Table 3.3.2: Shared assets at cost (less straight line depreciation)	3.3.1.a	Description, Category, Acquisition date, Useful life, Estimated residual value, Initial construction or acquisition cost, Additions, Capitalised Maintenance or improvements, Disposals or Early termination, Cost Base, Prior years' accumulated depreciation Current year depreciation, Written Down Value	Actual	SAP FAMR and equipment listing report The SGSPAA Group Consolidation support schedule (Business Combination Adjustments and Goodwill)	The FAMR lists individual assets and was downloaded from SAP. <u>Category</u> Each asset was mapped into the relevant categories provided in the AER template drop down list (e.g. Pipeline, Compressor, City Gates etc.) based on: • analysis of the FAMR Asset description & Asset class; • input from engineers and subject matter experts; and • where relevant, analysis of a separate corresponding equipment listing report which contains more detailed information than the FAMR. DDP used subject matter experts to map its asset categories to that in the template as DDP's SAP system was designed prior to the establishment of the GMR reporting regime. <u>Description</u> The asset description was mapped to the categories in the template except AUC Network which was not included in the AER's drop down list of categories. AUC are assets that are still in the process of being constructed and not yet installed ready for use. Therefore depreciation expense was not yet applied.	N/A

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					<u>Acquisition date</u> Refer to 'Acquisition date' explanation for Table 3.1.1 Asset useful life. <u>Useful life</u> Refer to 'Useful life' explanation for Table 3.1.1 Asset useful life. <u>Estimated residual value</u> DDP has estimated there to be no residual value for all pipeline assets which is in accordance with its internal Property, Plant and Equipment policy and aligns with AASB 116 Property, Plant and Equipment which recognises that in practice, the residual value of an asset is often insignificant and therefore immaterial in the calculation of the depreciable amount (AASB 116(53)). <u>Construction or acquisition cost</u> The 'Construction or acquisition cost' column value ($) was populated for each 'Description' item based on the FAMR data which was aggregated because there were too many separate assets in the FAMR to report them separately in Table 3.3.1. The 'Original cost' of assets in the FAMR were aggregated based on asset 'Description' where the 'Depreciation start date' value was prior to the SGSPAA acquisition of the pipeline on 6 June 2017. Fair value uplift adjustments has been applied to the applicable categories in the template.	

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					Prior year disposal removed from the ‘Construction or acquisition cost’ were added back to report a life to date ‘Construction or acquisition cost’ (refer to disposal explanation below for methodology explanation) prior to SGSPAA’s acquisition of the pipeline during June 2017. <u>Additions</u> The ‘Additions’ column was populated for each description item based on the FAMR data which was aggregated because there were too many separate assets in the FAMR to report them separately in Table 3.3.1. The ‘Original cost’ and the ‘Acquisition’ value of assets in the FAMR were aggregated based on asset ‘Description’ where the ‘Depreciation start date’ value was after SGSPAA’s acquisition of the pipeline during June 2017. Prior year disposals removed from the original cost were added back to report a life to date original cost after SGSPAA’s acquisition of the pipeline during June 2017. <u>Capitalised Maintenance</u> DDP does not have any capitalised maintenance. Maintenance costs such as day to day servicing including labour, consumables and spare parts are excluded from measurement of an item of PPE in accordance with the SGSPAA Group’s PPE policy and AASB 116 (12). <u>Disposals</u>	

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					DDP took reasonable steps to source historical disposal information but was unable to obtain FAMR transactional data from the previous owner. <u>Prior years' accumulated depreciation</u> Sourced based on the aggregation of prior year GMR template's: • Prior years' accumulated depreciation • Current year depreciation <u>Current year depreciation</u> The 'Current year depreciation' values in the FAMR were aggregated for each 'description' row and then populated in this column of the table. Accumulated fair value uplift depreciation has been applied to the applicable categories in the template. Fair value uplift depreciation has been applied to the applicable categories in the template. Reversal of accumulated depreciation in the FAMR (Balance sheet entry only) upon disposal of an asset was recorded in this column of the table. <u>Written down value</u> The 'Written down value' of all assets in table 3.3.1 was aggregated.	

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					Other depreciable pipeline assets - SGSPAA Group Consolidation support schedule Contract intangible and Capitalised interest sourced from the SGSPAA Group Consolidation support schedule have been reported within the 'Other depreciable pipeline assets' category. Non-DDP Fixed Assets • Non-DDP Fixed Assets are recorded in a separate cost centre. Assets recorded in the Non-DDP cost centre are removed from the financial reporting template.	

12. SHARED SUPPORTING ASSETS

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
Table 3.4.1: Shared supporting asset allocation	3.4.1.a	Description (list each individual shared asset category greater than 5 percent), Category of shared assets, Total amount, Percent allocated to pipeline, Total allocated to pipeline	Actual	SAP – FAMR & project cost download for Shared Assets Capex at DDP's level.	<u>Description (list each individual shared asset category greater than 5%)</u> Shared asset 'Asset class description' in the FAMR were reported in Table 3.4.1. <u>Category of shared assets</u> The 'Category of shared assets' was reported as 'Other assets' based on the nature of the asset additions and referenced to the drop down list of categories in Table 3.3.2. <u>Total amount</u> Costs are collected in projects (WBS elements) in SAP based on the activity, on which an employee works or an external supplier provides goods/services. For shared assets the capex costs are collected in a WBS element before allocating the shared asset costs to the relevant pipelines/distribution network assets. DDP aggregates the shared asset additions into the relevant asset classes as per the template. <u>% allocated to pipeline</u> The percentage allocated to the pipeline was calculated as: 'Total allocated to the pipeline' divided by the 'Total Amount' Where: • 'Total allocated to the pipeline' is defined below; and	N/A

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					• 'Total Amount' is defined above. <u>Total allocated to pipeline</u> Shared Asset additions during the reporting period were aggregated by the 'Asset class description' field in the FAMR.	

13. RECOVERED CAPITAL METHOD - PIPELINE ASSETS

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[5]			
Table 4.1: Recovered capital method - pipeline assets	Pipeline Assets	2005 - 2023	Construction cost, Additions BoP Reference: 4.1.a	Actual	SAP FAMR	The SAP FAMR was exported into an excel file. The assets were aggregated by year, based on the year within the field 'Capitalisation date'. *Mid-point Net Capital Expenditure Gross Up* Capex additions and disposals for each year are escalated to a mid-year point to account for the return on capital for capital expenditure incurred during the year. $Mid\ Point\ Gross\ Capex$ $= Capex\ \times (1 + Rate\ of\ Return\ percentage)^{0.5}$ The Rate of Return percentage input calculation methodology is further explained below (refer to 'Rate of Return' item).	
Table 4.1: Recovered	Pipeline Assets	2005 – 2023	Negative residual value BoP Reference: 4.1.b	Estimate	Expert Engineering Report	Negative residual value is calculated as:	Negative residual value is interpreted as the

[5] For all Estimates, refer to the following table explaining why estimates were required, steps taken to locate actual information, the basis for the estimate and why the estimate represents the best estimate possible and has been arrived at on a reasonable basis.

<table>
<tr><th rowspan="2">Table Name</th><th colspan="3">Base Information</th><th>Population Approach</th><th rowspan="2">Source</th><th rowspan="2">Methodology</th><th rowspan="2">Assumptions</th></tr>
<tr><th>Asset Description</th><th>Year</th><th>Item & Basis of Preparation (BoP) Reference</th><th>Actual / Estimate[5]</th></tr>
<tr><td>capital method – pipeline assets</td><td></td><td></td><td></td><td></td><td><u>Inflation rate:</u>
SGSPAA internal CY23 budgeted CPI

<u>Discount rate:</u>
5 year average rate for 15 year Australian Government Securities (AGS) bonds</td><td>$PV(Decommissioning)_t = C_{T_E} \times \frac{(1+i)^{T_D - T_E}}{(1+r)^{T_D - t}}$
Where:
• C_{T_E} is the estimated cost of decommissioning in dollars as at time T_E
• T_D is the expected year of decommissioning
• i is the estimated inflation rate
• r is the estimated discount rate
• t is the year of the estimate

An Internal Engineering report was used as the basis for estimating the decommissioning cost (C_{T_E}).

<u>Phasing of Negative Residual value</u>
The year 1 value of the decommissioning cost was reported in year 1. The cost of debt incremental was then reported for each subsequent year until 2020. From 2021 onwards, each year's increment negative residual value is calculated as the movement in total negative residual value between that year and the prior year.</td><td>present value of the forecast decommissioning cost that the service provider will pay when the pipeline is removed from service in the future.

The expert engineering report is an accurate basis for estimating the cost to decommission the pipeline.

The 5 year average of the 15 year AGS bonds are appropriate to estimate rate of return for present value calculation purposes.</td></tr>
<tr><td>Table 4.1: Recovered capital method – pipeline assets</td><td>Pipeline Assets</td><td>2005 – 2023</td><td>Maintenance capitalised

BoP Reference: 4.1.c</td><td>N/A</td><td>2005 – 2017
Origin Energy Trial Balances & Fixed Asset Register</td><td>No data for capitalised maintenance was noted in the review of the Fixed Register reports and the relevant Trial Balances.</td><td>N/A</td></tr>
</table>

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[5]			
					2017 – 2023 SAP Trial Balance and FAMR: • Jemena Darling Downs Pipeline (1) Pty Ltd (DDP 1) • Jemena Darling Downs Pipeline (2) Pty Ltd (DDP 2) • Jemena Darling Downs Pipeline (3) Pty Ltd (DDP 3)		
Table 4.1: Recovered capital method – pipeline assets	Pipeline Assets	1 Jan 2005 – 5 June 2017	Disposals (at cost) BoP Reference: 4.1.d	Estimate	Pipeline Assets – Disposals (at cost) (6 June 2017 – 31 December 2023)	DDP estimated there to be no proceeds of disposals for the pipeline in the pre-acquisition period. This estimate is based on analysis of the actual data for the SGSPAA post-acquisition period when there were no proceeds of disposals for the pipeline.	Disposal (as cost) has been interpreted to mean cash proceeds from the sales of property, plant and equipment which is the equivalent to the cost paid by the 3rd party which acquired the asset.

<table>
<tr><th rowspan="2">Table Name</th><th colspan="3">Base Information</th><th>Population Approach</th><th rowspan="2">Source</th><th rowspan="2">Methodology</th><th rowspan="2">Assumptions</th></tr>
<tr><th>Asset Description</th><th>Year</th><th>Item & Basis of Preparation (BoP) Reference</th><th>Actual / Estimate[5]</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>No material proceeds on disposals over the life of the pipeline. Pipelines are a stable asset and it is reasonable to expect that proceeds on disposals of pipeline assets would be immaterial.</td></tr>
<tr><td>Table 4.1: Recovered capital method – pipeline assets</td><td>Pipeline Assets</td><td>6 June 2017 – 31 December 2023</td><td>Disposals (at cost)

BoP Reference: 4.1.d</td><td>Actual</td><td>SAP FAMR:
• DDP 1
• DDP 2
• DDP 3</td><td>No proceeds on disposal were noted in the SAP system following a review of the SAP FAMR to identify disposal transactions.</td><td>N/A</td></tr>
<tr><td>Table 4.1: Recovered capital method – pipeline assets</td><td>Shared Assets</td><td>6 June 2017 – 31 December 2023</td><td>Additions

BoP Reference: 4.1.f</td><td>Actual</td><td>SAP FAMR:
• DDP 1
• DDP 2
• DDP 3</td><td>Asset were aggregated by year based on the year within the Depreciation start date (date field) in the FAMR.

Shared assets were identified based on:
• analysis of the FAMR Asset description & Asset class;
• input from engineers and subject matter experts; and
• where relevant, analysis of a separate corresponding equipment listing report which contains more detailed information than the FAMR.</td><td>N/A</td></tr>
</table>

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[5]			
						Judgement was applied to map the items into the shared asset category because the system was designed prior to the establishment of the GMR reporting regime. Materially different categorisation would not result if the SAP system were redesigned to include a field for GMR categories. Shared asset additions were aggregated by year based on the year within the field 'Depreciation start date.	
Table 4.1: Recovered capital method pipeline assets	Shared Assets	1 Jan 2005 – 5 June 2017	Construction cost or acquisition cost (where allowed) apportioned, Maintenance capitalised, Disposal (at cost) BoP Reference: 4.1.e	Estimate	Shared Assets 6 June 2017 – 31 December 2023 Actual Data	Data for the following items was not available prior to the SGSPAA acquisition of the pipeline: • Construction cost or acquisition cost (where allowed) apportioned, • Maintenance capitalised, • Disposal (at cost)	No transactions recorded pre-acquisition for: • Construction cost or acquisition cost (where allowed) apportioned, • Maintenance capitalised, • Disposal (at cost)
Table 4.1: Recovered capital method	Return of capital	1 Jul 2006 – 5 June 2017	Revenue, Operating expenses	Actual	Origin Energy Trial Balance for DDP 1, DDP 2 & DDP 3 for	Origin energy provided the service provider with Trial Balances from their ERP system.	The only revenue of the entity was pipeline revenue.

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[5]			
- pipeline assets			BoP Reference: 4.1.g		the Reporting Period	A review was performed on the relevant general ledger accounts included in the SAP Trial Balance to identify any non-cash general ledger accounts including: • Profit/(Loss) on disposal of assets • Bad Debt expense • Impairment expense • Debt forgiveness ERP trial balances were relied upon because statutory accounts are not prepared for the pipeline.	Material non cash items have been excluded from revenue receipts and operating expenditure.
Table 4.1: Recovered capital method - pipeline assets	Return of capital	6 June 2017 – 31 December 2023	Revenue, Operating expenses BoP Reference: 4.1.g	Estimate	SAP Trial Balance for DDP 1, DDP 2 & DDP 3 for the Reporting Period	Revenue and operating expenditure general ledger accounts were aggregated based on the relevant SAP Trial Balances. A review was performed on the relevant general ledger accounts included in the SAP Trial Balance to identify any non-cash general ledger accounts including: • Profit/(Loss) on disposal of assets • Bad Debt expense • Impairment expense ERP trial balances were relied upon because statutory accounts are not prepared for the pipeline.	The only revenue of the entity was pipeline revenue. Assume no material non-cash items included in revenue receipts and operating expenditure.
Table 4.1: Recovered capital method	Return of capital	2005 - 2023	Net tax liabilities BoP Reference: 4.1.h	Estimate	Origin Energy Trial Balance for DDP 1, DDP 2 & DDP 3 for	The pipeline is part of a consolidated tax group and does not pay corporate tax as a stand-alone entity. Therefore the net tax liability needs to be estimated.	'Net tax liability' is interpreted as the notional cash tax payable that would be

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[5]			
- pipeline assets					the Reporting Period SAP Trial Balance and FAMR for DDP 1, DDP 2 & DDP 3 for the Reporting Period	Net tax liability is calculated as: ((Profit/(loss) before interest, tax, depreciation and amortisation Less tax depreciation Less interest expense) Multiplied by the tax rate (i.e. 30 percent). Where: • Profit/(loss) before interest, tax, depreciation and amortisation equals Revenue less Operating expense explained above. • Tax Depreciation (2005 – 2023) was calculated as: Total Assets divided by tax useful life. The selection of this tax asset life most closely aligns calculated tax depreciation across all component pipelines over 2013 to 2016 with Jemena Group's reported accounting depreciation. • Interest Expense (2005-2023) was calculated as: Opening assets multiplied by gearing ratio multiplied by cost of debt. The accounting profit and loss has been reviewed to identify material non-cash items that may require adjustment for when estimating the net tax liability cash flow (e.g. Accounting depreciation expense). Interest costs were not allocated down to the pipeline asset level. A notional interest allocation has been included in the net tax liabilities calculation.	payable if the pipeline was a stand-alone entity. When estimating each year's tax depreciation, current year net capex was assumed to be incurred mid-year and therefore only a half year of tax depreciation was incurred. The value of imputation credits to shareholders are not included in the RCM valuation.

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[5]			
Table 4.1: Recovered capital method - pipeline assets	Return of capital	2005 - 2023	Return on capital BoP Reference: 4.1.i	Estimate	Refer to Table 4.1 - Return on Capital	Return on capital for a given year is estimated as the opening asset value for that year multiplied by the rate of return percentage for that year. Both the opening asset value and the rate of return are explained below.	. N/A
Table 4.1: Recovered capital method - pipeline assets	Return of capital	2005 - 2023	Return on capital (Opening asset value) BoP Reference: 4.1.i	Estimate – Due to the impact of Rate of return components.	Prior period within the RCM Calculation	Aggregation of Prior period LTD RCM Inputs. Opening Asset Value = Prior year Closing Asset Value = Prior year Opening Asset + Prior year net Capex (adjusted to end of year timing) – Prior year Return of capital. The Opening Asset Value for calculating the return on capital does not include the negative residual value reported in 4.1b of this table. Where Return of capital is, Revenue – Operating expenditure – Net tax liabilities - Return on Capital	
Table 4.1: Recovered capital method - pipeline assets	Return of capital	2005 - 2023	Return on Capital (Rate of return) BoP Reference: 4.1.i	Estimate	The rate of return is estimated with reference to the following source inputs.	Weighted Average Cost of Capital (**WACC**) DDP estimates the rate of return as the nominal vanilla WACC. This approach estimates the rate of return as	Gearing assumption The proportion of debt funding to capital is referred to as 'gearing'. DDP applies an

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[5]			
					Gearing assumption input source: • Asset betas adopted by Australian Competition and Consumer Commission (ACCC) and AER since 1998. • Asset betas identified by TDB and Frontier	the weighted average of opportunity costs assessed across two sources of capital funding: debt and equity. $WACC^{vanilla} = gearing \times r_d + (1 - gearing) \times r_e$ Where r_d is the cost of debt, and r_e is the cost of equity. <u>Gearing</u> The proportion of debt funding 'gearing' has been sourced based on guidance from previous, current, forecast financial information used in statutory, management and budgeting reporting. The asset beta that we use is calculated as: • the regulatory asset betas adopted by the ACCC and AER since 1998, which has been paired with a gearing assumption of 60 percent; plus • the asset beta for samples of businesses with unregulated revenues identified by TDB and Frontier described above), at gearings of 39 percent and 28 percent respectively; less • the asset beta for samples of businesses with regulated revenues identified by TDB and Frontier (described above), at gearings of 40 percent and 43 percent respectively.	assumption of 50 percent gearing, constant over time. The gearing assumption reflects reliance on the regulatory risk assumption but takes into account evidence that the gearing adopted by unregulated businesses is lower than that of regulated businesses. Imputation credits assumption DDP assumes the value of imputation credits ('gamma') is equal to zero reflecting SGSPAA shareholders' tax status in Australia.

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[5]			
					Cost of debt and risk free rate input source: Reserve Bank of Australia, Indicative Mid Rates of Australian Government Securities – 1992 to 2008 – F16, and Indicative Mid Rates of Australian Government Securities – 2009 to 2015, Capital Market Yields Government Bonds – Monthly – F2.1 – 1990 to 2023, and Aggregate Measures of Australian Corporate Bond	The service provider considers that a gearing that is consistent with the formulation of asset beta is 50 percent. <u>Cost of debt</u> The cost of debt in each year is estimated as a prevailing cost of debt across the RCM capital base using the yield on corporate bonds with a broad BBB rating, and terms ranging from one to 10 years. A 10 year yield on Australian Government Securities (**AGS**) was calculated on each day using linear interpolation between the yield of the bond with the highest term that is less than 10 years and the yield of the bond with the lowest term that is more than 10 years. Each interpolated 10 year yield was then converted from the semi-annual basis that the RBA reports them on to an annualised basis to reflect their application consistent with the calculation of the asset valuation[6]; and	This assumption is also applied to previous shareholders. <u>Cost of debt and tenor assumptions</u> The cost of debt is calculated under the assumptions that: • DDP aims to achieve a debt portfolio that is 'staggered' so that debt falls due in relatively equal amounts on a year to year basis, limiting refinancing risk; and • DDP aims to achieve a debt portfolio with an average term to maturity from issuance of 10 years.

[6] We convert semi-annual yields to annualised yield using the following formula: $y_{annual} = \left(1 + \frac{y_{semi-annual}}{2}\right)^2 - 1$

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[5]			
					Spreads and Yields – F3 – 1990 to 2023 *Equity beta input source*: ACCC – final decision PTS (Nov 2002); AER – electricity and distribution WACC parameters (May 2009); AER – rate of return guideline (Dec 2013); AER – rate of return instrument (Dec 2018)	An average 10 year yield was calculated for each period as the average of the 12 month-end values in that period. <u>Cost of equity.</u> The cost of equity for each year since the construction of the DDP is estimated using the Sharpe-Lintner capital asset pricing model (S-L CAPM). $r_e = r_f + \beta_e(r_m - r_f)$ where: r_e is the cost of equity; r_f is the risk free rate; $r_m - r_f$ is the MRP; and β_e is the equity beta.	<u>Cost of equity assumptions</u> DDP estimates the cost of equity based on an acceptable return that is commensurate with the expected risk SGSPAA shareholders expect from this asset. This value is calculated under the assumption that, for the duration of each gas transportation contract for capacity agreed on the DDP, the cost of equity applying to the capital expenditure associated with that capacity is held constant at the rate applying at the time the contract was entered into until the expiry of the contract.

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[5]			
					*Market Risk Premium (**MRP**) input source:* Credit Suisse Global Investment Returns Yearbook, prepared by Dimson, Marsh and Staunton (2017 edition)		The best available basis for proxying arm's length arrangements is the current contractual arrangements, which were structured by Origin in 2017 in the context of the sale of the pipeline. These represent terms that were necessary in order for an arm's length party to have sufficient certainty to acquire and operate the DDP. Consistent with this, for the purpose of estimating the cost of equity, we assume that the current contractual arrangements were formed in the year prior to the construction of each component pipeline, rather than their actual signing date in 2017.

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[5]			
							Assumptions applied: • a risk free rate estimated by reference to the yield on 10 year Australian government securities (AGS); • a constant MRP of 6.6 percent over the life of the pipeline; and

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[5]			
							• an equity beta ranging from 0.70 to 0.94 over the period (expressed at a gearing of 50 percent – reflecting regulatory precedent as applied by the ACCC and the AER for gas transmission equity betas, plus a positive adjustment to account for the additional risks associated with operating an unregulated gas transmission business such as DDP and increased technology risks associated with government's climate change and emission policies). Notes: Equity raising costs (i.e. the upfront expenses business may incur when issuing new capital) are assumed to

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[5]			
							be equal to zero, which is a conservative assumption. MRP The Credit Suisse Global Investment Returns Yearbook, prepared by Dimson, Marsh and Staunton, is a well-accepted source of estimates for average excess returns. The 2017 edition of the yearbook estimates the arithmetic average premium of Australian equities over Australian government bonds to be 6.6 percent over the period from 1990 to 2016.[7] Importantly, this estimate includes only the returns from dividends and capital gains, and is not

[7] Dimson, E., Marsh, P. and Staunton, M., *Credit Suisse Global Investment Returns Yearbook 2017*, February 2017, Table 13, p 72

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[5]			
							grossed up for the value of imputation credits. This estimate is therefore consistent with a value for gamma of zero. MRP of 6.6 percent represents our best estimate of a historical average of excess market returns, consistent with valuing imputation credits at zero.
Table 4.1: Recovered capital method - pipeline assets	For information	2003-2023	Rate of return (WACC) BoP Reference: 4.1.j	Estimate	Table 4.1 - Return on Capital. Table 4.1 – Opening asset value.	Rate of return (WACC) = Return on capital in row 30 of the template / Opening asset value in row 33 of the template Where the opening or closing asset value (excluding negative residual value) is zero, we report N/A	N/A

Explanation for Estimated Amounts

For estimated amounts, in accordance with the Guideline Section 7 basis of preparation, the following table explains:

- why it was not possible for the **service provider** to provide actual information;
- what steps the **service provider** took to locate actual information;
- if an estimate has been provided, the basis for the estimate, including the methods, assumptions and inputs used
- why the estimate represents the best estimate possible in the circumstances and has been arrived at on a reasonable basis.

ESTIMATED INFORMATION

Table Name	Base Information			Population Approach	Why it was not possible for the SGSPAA to provide actual information	Steps SGSPAA took to locate actual information;	Basis for the estimate, including the methods, assumptions and inputs used	Why the estimate represents the best estimate possible in the circumstances and has been arrived at on a reasonable basis.
	Asset Description	Year	Item / Description	Actual / Estimate				
Table 2.1 Statement of pipeline revenues and expenses; and Table 2.1.1: Revenue by service	N/A	2019 - 2023	Firm forward haul transportation services	Estimate	Actual tariff information does not exist as the relevant services form part of a single delivered service and not charged in their separate component parts.	Analysis was performed to identify options to split the revenue between Atlas (Atlas Gas Pipeline and Atlas Gas Processing Facility), DDP1 (PPL90) & DDP3 (PPL134) however no actual information sources were identified.	Rely on published reference tariffs for DDP1 & DDP3 to determine the revenue attributable to DDP as a part of the single delivered service.	The reference tariffs are the published price (on the Jemena website) to use the DDP. Accordingly, using these prices provides the best estimate of DDP1 and DDP3 revenue.
Table 2.1 Statement of pipeline revenues and expenses; and Table 2.1.1: Revenue by service	N/A	2019 - 2023	Direct Costs, Shared Costs	Estimate	Actual costs are not separately collected for DDP instead costs are captured together with non-DDP assets.	Analysis was performed to identify options to split DDP and Non-DDP: direct cost and shared costs; however no actual information sources were identified.	Non-DDP direct costs and Non-DDP shared costs were estimated by aggregating the following amounts and then removing them from the DDP Opex stack: • Specially identifiable non-DDP non-routine maintenance (*actual*)	The estimate is a best estimate because it has been calculated based on the following inputs which are sourced based on best available information: • Technical engineering identification of specific non-routine Maintenance costs incurred and estimation of routine maintenance based

Table Name	Base Information			Population Approach	Why it was not possible for the SGSPAA to provide actual information	Steps SGSPAA took to locate actual information;	Basis for the estimate, including the methods, assumptions and inputs used	Why the estimate represents the best estimate possible in the circumstances and has been arrived at on a reasonable basis.
	Asset Description	Year	Item / Description	Actual / Estimate				
							• Management expert estimate of the non-DDP routine maintenance costs based on technical understanding and experience of the routine maintenance requirements for the key components making up the Non-DDP asset (*estimate*) • Non-Maintenance costs calculated as non-DDP revenue as a percentage of total revenue *multiplied* by the remaining DDP non-maintenance opex stack. (*estimate*)	on their technical understanding and experience of the routine maintenance requirements for the key components making up the Non-DDP assets. • For the remaining opex (i.e. Non-maintenance opex), revenue is the best available cost driver due to alternative cost information not being available.
Table 4.1: Recovered capital method –	Pipeline Assets	2005 – 2023	Negative residual value	Estimate	Cost have not yet been incurred to decommission the pipeline, therefore an estimate is	No steps taken as actual information does not exist.	An engineering estimate was used to estimate the cost of	The estimate is a best estimate because it has been calculated based on the following inputs

Table Name	Base Information			Population Approach	Why it was not possible for the SGSPAA to provide actual information	Steps SGSPAA took to locate actual information;	Basis for the estimate, including the methods, assumptions and inputs used	Why the estimate represents the best estimate possible in the circumstances and has been arrived at on a reasonable basis.
	Asset Description	Year	Item / Description	Actual / Estimate				
pipeline assets					inherently required to measure future costs. Further, the actual timing of decommissioning the pipeline in the future is also uncertain, therefore increasing the level of estimation required. In addition, the CPI escalation factor and the discount rate inputs are estimates used to inflate for forecast future price increases and then discount to the present value respectively.		decommissioning the pipeline.	which are sourced based on best available information: • Technical engineering estimate of the cost to decommission the pipeline. • Discount rate: 5 year average for the 15 year Australian Government Securities (AGS) bond rate. • CPI escalation: SGSPAA internal CPI estimate (reasonable when compared with Australian Bureau of Statistics (ABS)/Reserve Bank of Australia (RBA) rate). • Estimated year of decommissioning the pipeline.

Table Name	Base Information			Population Approach	Why it was not possible for the SGSPAA to provide actual information	Steps SGSPAA took to locate actual information;	Basis for the estimate, including the methods, assumptions and inputs used	Why the estimate represents the best estimate possible in the circumstances and has been arrived at on a reasonable basis.
	Asset Description	Year	Item / Description	Actual / Estimate				
Table 4.1: Recovered capital method – pipeline assets	Pipeline Assets	2005 – 2017	Disposals (at cost)	Estimate	SAP FAMR and general ledger transactional data was not available prior to the SGSPAA ownership period.	Information requests were sent to previous owners but no response was received.	Analysis of SAP FAMR reports since acquisition did not identify a significant level of disposals. Therefore it is unlikely that there would be a material level of proceeds on disposal to use as an input. The SAP FAMR does not report on proceeds on disposals but it can be used as a reference point to assess the level of disposals. Pipelines are a stable asset and it is reasonable to expect that there would be low levels of asset disposals and therefore proceeds on disposals of pipeline	Data from the SGSPAA ownership period is actual data. This actual data represents the best source for arriving at a best estimate.

Table Name	Base Information			Population Approach	Why it was not possible for the SGSPAA to provide actual information	Steps SGSPAA took to locate actual information;	Basis for the estimate, including the methods, assumptions and inputs used	Why the estimate represents the best estimate possible in the circumstances and has been arrived at on a reasonable basis.
	Asset Description	Year	Item / Description	Actual / Estimate				
							assets would be immaterial.	
Table 4.1: Recovered capital method – pipeline assets	Return of capital	2005 – 2023	Net tax liabilities	Estimate	An actual 'Net tax liability' for the pipeline does not exist because it is part a consolidated tax group and does not pay corporate tax as a stand-alone entity. Therefore the net tax liability needs to be estimated as if it were a stand-alone entity.	No steps taken as actual information does not exist for net tax liabilities.	Estimated calculated as: Profit/(Loss) before depreciation, interest and tax Less Tax Depreciation Less notional interest) Multiplied by the corporate tax rate (30 percent). The Profit/(Loss) before depreciation, interest and tax has been reviewed to identify material non-cash items that should be removed.	The estimate represents a best estimate because wherever possible actual reference data points have been used as a basis to calculate the estimate. Accounting profit is the best approach for calculating the cash flows each year and therefore is the most appropriate input into the net tax liability calculation.

Table Name	Base Information			Population Approach	Why it was not possible for the SGSPAA to provide actual information	Steps SGSPAA took to locate actual information;	Basis for the estimate, including the methods, assumptions and inputs used	Why the estimate represents the best estimate possible in the circumstances and has been arrived at on a reasonable basis.
	Asset Description	Year	Item / Description	Actual / Estimate				
							Tax Depreciation (2005 – 2023) was calculated as: LTD Net Capex divided by the estimated tax useful life years. The selection of the tax asset life most closely aligns calculated tax depreciation across all component pipelines over 2013 to 2016 with Jemena Group's reported accounting depreciation. Interest expense was calculated based on actual capital expenditure data sourced from the FAMR and the cost of debt and gearing	Accounting profit has been sourced from actual historic records and therefore has been arrived at on a reasonable basis. The first year of post-acquisition tax depreciation is the most appropriate basis to estimate pre-acquisition tax depreciation because it is based on an actual data source.

Table Name	Base Information			Population Approach	Why it was not possible for the SGSPAA to provide actual information	Steps SGSPAA took to locate actual information;	Basis for the estimate, including the methods, assumptions and inputs used	Why the estimate represents the best estimate possible in the circumstances and has been arrived at on a reasonable basis.
	Asset Description	Year	Item / Description	Actual / Estimate				
							assumed within the recovered capital model.	
Table 4.1: Recovered capital method – pipeline assets	Return of capital	2005 – 2023	Rate of return	Estimate	The Guideline advises that the rate of return should be determined each year and should be commensurate with the prevailing conditions in the market for funds and reflect the risk the service provider face in providing pipeline services. The Guideline Explanatory Statement (pg. 25) advises with regard to the ‘Commercial rate of return’ that ‘Service provides will be able to determine how this input is estimated’. Usage of the term ‘estimated’ in the Guideline Explanatory Statement implies that SGSPAA is required to estimate this data input.	Actual information does not exist for the rate of return. SGSPAA estimated the rate of return as a WACC and sourced actual data to input into the WACC calculation. The rate of return is a theoretical concept and does not reference DDP costs, rather it references regulatory decisions that have been applied to the relevant time period.	Refer to Table 4.1: Recovered capital method – pipeline assets -rate of return explanation above.	Using a WACC as an estimate for rate of return is an accepted methodology adopted by the Australian Energy Regulatory (AER) and therefore represents the best estimate possible. The data inputs into the WACC have been sourced from published AER accepted sources and therefore is a best estimate which has been arrived at on a reasonable basis.

14. PIPELINE DETAILS

Table Name	Item	Actual / Estimate	Source	Methodology	Assumptions
Table 4.2: Pipeline details	Construction date	Actual	SAP FAMR	Extracted the year of construction from the FAMR for the construction assets.	Construction date is interpreted as the mid-point of the year when construction commenced based on reference to the FAMR.
Table 4.2: Pipeline details	Negative residual value	Estimate	Refer to 'Table 4.1: Recovered capital method - pipeline assets' source.	Refer to 'Table 4.1: Recovered capital method - pipeline assets' methodology explanation.	Refer to 'Table 4.1: Recovered capital method - pipeline assets' assumptions.

15. CAPITAL EXPENDITURE

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
Table 4.1.1: Capital expenditure greater than 5 percent of construction cost	4.1.1.a	Description of works, Date recognised, Expenditure ($ nominal)	Actual	SAP (Referencing the RCM template)	DDP analysed the underpinning data for the RCM template and with a view to identifying any projects where capex is greater than 5% of the construction cost.. DDP had capex that met the criteria of the template in 2017 and 2018. <u>2017 and 2018:</u> DDP extracted Description of works, Date recognised and Expenditure ($ nominal) from the SAP FAMR. *<u>Mid-point Net Capital Expenditure Gross Up</u>* SAP FAMR Expenditure ($ nominal) are escalated to a mid-year point to account for the return on capital for capital expenditure incurred during the year. $Mid\ Point\ Gross\ Capex = Capex \times (1 + Rate\ of\ Return\ percentage)^{0.5}$ The Rate of Return percentage input calculation methodology is further explained with the Recovered Capital Method above (refer to ‘Rate of Return’ item).	DDP has interpreted that the capex required in the template is for the life to date basis for the pipeline.

16. WEIGHTED AVERAGE PRICES

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
Table 5.1 Weighted average prices					DDP is not required to prepare Weighted Average Price (**WAP**) information due to the repeal of Rule 556 of the National Gas Rules	