



Jemena Gas Networks (NSW) Ltd

Revised 2020-25 Access Arrangement Proposal

Attachment 6.4

Response to the AER's draft decision - Capital base



1. Capital base

This document provides the roll forward of the Wilton to Wollongong trunk pipeline capital base, the Wilton to Newcastle trunk pipeline capital base and the NSW distribution capital base.

1.1 2015-20 capital base roll-forward

Table 1–1: Roll forward of Wilton to Wollongong trunk pipeline capital base over 2015-20 AA period (\$Nominal, \$M)

	2015-16	2016-17	2017-18	2018-19	2019-20
Opening balance	8.4	8.6	9.2	9.2	9.1
Add net capex at start of year	0.1	0.4	-	0.0	0.2
Add indexation	0.1	0.1	0.2	0.2	0.2
Add net capex at end of year	0.1	0.4	-	0.0	0.2
Less straight-line depreciation	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)
Adjustment	-	-	-	-	(1.4)
Closing balance	8.6	9.2	9.2	9.1	8.0

(1) Net capex = gross capex (including equity raising costs) less capital contributions less asset disposals.

(2) Indexation = (opening balance + net capex at start of year) x CPI for the year.

(3) Depreciation for the current period is consistent with AER approved forecast straight-line depreciation.

(4) These notes also apply to the other tables in this section.

Table 1–2: Roll forward of Wilton to Newcastle trunk pipeline capital base over 2015-20 AA period (\$Nominal, \$M)

	2015-16	2016-17	2017-18	2018-19	2019-20
Opening balance	129.4	129.5	128.9	128.1	127.9
Add net capex at start of year	0.5	0.3	0.0	0.4	0.3
Add indexation	2.2	1.9	2.5	2.3	2.9
Add net capex at end of year	0.5	0.3	0.0	0.4	0.3
Less straight-line depreciation	(3.1)	(3.2)	(3.3)	(3.4)	(3.5)
Adjustment	-	-	-	-	(1.9)
Closing balance	129.5	128.9	128.1	127.9	126.1

Table 1–3: Roll forward of NSW distribution system capital base over 2015-20 AA period (\$Nominal, \$M)

	2015-16	2016-17	2017-18	2018-19	2019-20
Opening balance	2,842.4	2,953.6	3,023.8	3,102.7	3,142.5
Add net capex at start of year	100.3	89.6	94.0	81.9	97.5
Add indexation	49.7	44.9	59.5	56.8	72.9
Add net capex at end of year	102.0	90.9	95.8	83.4	99.7
Less straight-line depreciation	(140.9)	(155.2)	(170.5)	(182.4)	(169.5)
Adjustment	-	-	-	-	(46.2)
Closing balance	2,953.6	3,023.8	3,102.7	3,142.5	3,196.9

The closing balance values for 2019-20 constitute the opening capital base for the 2020-25 AA period.

1.2 2020-25 capital base roll-forward

Table 1–4: Roll forward of Wilton to Wollongong capital base over 2020-25 AA period (\$Nominal, \$M)

	2020-21	2021-22	2022-23	2023-24	2024-25
Opening balance	8.0	8.0	7.9	7.8	7.7
Add net capex	-	-	-	-	-
Add indexation of capital base	0.2	0.2	0.2	0.2	0.2
Less straight-line depreciation	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)
Closing balance	8.0	7.9	7.8	7.7	7.7

Table 1–5: Roll forward of Wilton to Newcastle trunk pipeline capital base over 2020-25 AA period (\$Nominal, \$M)

	2020-21	2021-22	2022-23	2023-24	2024-25
Opening balance	126.1	125.7	125.1	124.5	123.8
Add net capex	-	-	-	-	-
Add indexation of capital base	3.0	3.0	3.0	3.0	2.9
Less straight-line depreciation	(3.4)	(3.5)	(3.6)	(3.7)	(3.8)
Closing balance	125.7	125.1	124.5	123.8	123.0

Table 1–6: Roll forward of NSW distribution system capital base over 2020-25 AA period (\$Nominal, \$M)

	2020-21	2021-22	2022-23	2023-24	2024-25
Opening balance	3,196.9	3,324.8	3,444.2	3,539.3	3,620.8
Add net capex	199.0	201.5	186.9	185.4	191.3
Add indexation of capital base	76.1	79.1	82.0	84.2	86.2
Less straight-line depreciation	(147.1)	(161.3)	(173.7)	(188.2)	(178.5)
Closing balance	3,324.8	3,444.2	3,539.3	3,620.8	3,719.7