



Jemena Gas Networks (NSW) Ltd

2020-25 Access Arrangement Proposal

Attachment 7.8

Averaging Period Proposal



TABLE OF CONTENTS

Abbreviations	3
1. Proposed averaging periods for the 2020-25 AA period	4
1.1 Introduction.....	4
1.2 Proposed return on debt averaging period	4
1.3 Return on equity averaging period.....	4

Abbreviations

AA	Access Arrangement
AER	Australian Energy Regulator
JGN	Jemena Gas Networks (NSW) Ltd

1. Proposed averaging periods for the 2020-25 AA period

1.1 Introduction

The Rate of Return Instrument allows for the regulated service providers, such as Jemena Gas Networks (NSW) Ltd (**JGN**), to nominate return on debt averaging periods. It also allows for nomination of return on equity averaging period that would apply to JGN for the 2020-25 Access Arrangement (**AA**) period. The return on debt and equity estimated as part of the AA Proposal are placeholder estimates and will be replaced by the Australian Energy Regulator (**AER**) in its Final Decision for JGN using the market observations for the averaging periods selected by JGN in this attachment.

1.2 Proposed return on debt averaging period

The below table provides the nominated return on debt averaging periods for JGN for each year of 2020-25 AA period.

Table 1–1: Return on debt averaging periods

2020-21	
2021-22	
2022-23	
2023-24	
2024-25	

These nominated averaging periods satisfy the conditions specified in the clause 24 of the Rate of Return Instrument as they:

- are of 10 or more consecutive business days, up to a maximum of 12 months
- start no earlier than 16 months prior to the commencement of a regulatory year
- finish no later than 4 months prior to the commencement of a regulatory year
- are specified for each regulatory year within the regulatory control period
- do not overlap for each different regulatory year
- are nominated both:
 - prior to the start of the return on debt averaging period, and
 - no later than the lodgement date of the regulatory proposal for the regulatory control period
- will allow annual updating of return on debt in the 2020-25 AA period
- all the dates provided take place in future and are nominated on confidential basis.

1.3 Return on equity averaging period

JGN proposes the averaging period for the return on equity for the 2020-25 AA period to be all consecutive business days starting [REDACTED]. This period will replace the placeholder averaging period in JGN's AA proposal. This period satisfies the conditions of clause 8 of the Rate of Return Instrument as it:

- covers a period of 20 or more business days up to a maximum of 60 business days

- starts no earlier than 7 months prior to the commencement of the access arrangement period
- finishes no later than 3 months prior to the commencement of the access arrangement period, and
- is nominated both:
 - prior to the start of the risk free rate averaging period, and
 - no later than the date of lodgement of the regulatory proposal for the access arrangement period.