Independent Auditor's Report

To the Directors of Jemena VicHub Pipeline Pty Ltd

Report on the audit of the financial information within the Financial Reporting Guideline for Non-Scheme Pipeline Templates

Opinion

We have audited the **_Financial Information_** of Jemena VicHub Pipeline Pty Ltd (Service Provider).

In our opinion, the accompanying Financial Information of the Service Provider for the year ended 31 December 2023 is prepared, in all material respects, in accordance with the Financial Reporting Guideline for Non-Scheme Pipelines (the Guideline) issued by the Australian Energy Regulator (AER) on 19 December 2017 and the Basis of Preparation attached to the Financial Information as prescribed by the Guideline.

The **_Financial Information_** is the information in Tables 2.1, 2.1.1, 2.2.1, 2.2.2, 2.3.1, 2.4.1, 3.1, 3.1.1, 3.2.1, 3.2.2, 3.3.1, 3.3.2 and 3.4.1 within the Financial Reporting Guideline for Non-Scheme Pipeline Templates for the year ended 31 December 2023.

Basis for opinion

We conducted our audit in accordance with _Australian Auditing Standards_. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the _Auditor's responsibilities for the audit of the Financial Information_ section of our report.

We are independent of the Service Provider in accordance with the ethical requirements of the _Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)_ (the Code) that are relevant to our audit of the Financial Information in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of preparation and restriction on use and distribution

The Financial Information for the year ended 31 December 2023 has been prepared in accordance with the Basis of Preparation as prescribed by the Guideline.

The Financial Information has been prepared to assist the Directors of the Service Provider, for the purpose of fulfilling their reporting obligations under the Guideline. As a result, the Financial Information and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Directors of the Service Provider and should not be used by parties other than the Directors of the Service Provider. 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 Service Provider 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 Provider's annual regulatory reporting which is provided in addition to the Financial Information, the Basis of Preparation and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion 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 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 Report we have nothing to report.

Matters relating to the electronic publication of the audited Financial Information

The Auditor's Report relates to the Financial Information of the Service Provider for the year ended 31 December 2023 included on the Jemena website. The Directors of the Service Provider 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 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 Provider 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.

The Directors of the Service Provider are responsible for:

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

Auditor's responsibilities for the audit of the Financial Information

Our objective is:

- to obtain reasonable assurance about whether the Financial Information as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Information.

A further description of our responsibilities for the audit of the Financial Information is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Glenn Austin
Partner
Melbourne
29 April 2024

Statement of pipeline revenues and expenses

VicHub

Year ending   **31/12/2023**

Table 2.1: Statement of pipeline revenues and expenses

Basis of Preparation reference	Description	Reporting period			Previous reporting period		
		Amounts excluding related party transactions	Related party transactions	Total	Amounts excluding related party transactions	Related party transactions	Total
		$ nominal	$ nominal	$ nominal	$ nominal	$ nominal	$ nominal
	Direct revenue						
2.1.a	Total service revenue	5,412,834	-	5,412,834	5,200,022	-	5,200,022
2.1.a	Customer contribution revenue	-	-	-			-
2.1.a	Government contribution revenue	-		-			-
2.1.a	Profit from sale of fixed assets			-			-
2.1.a	Other direct revenue			-			-
	Total direct revenue	**5,412,834**	**-**	**5,412,834**	**5,200,022**	**-**	**5,200,022**
	Indirect revenue allocated						
2.1.a	Other revenue	-	-	-			-
	Total indirect revenue allocated	**-**	**-**	**-**	**-**	**-**	**-**
	Total revenue	**5,412,834**	**-**	**5,412,834**	**5,200,022**	**-**	**5,200,022**
	Direct costs						
2.1.b	Repairs and maintenance	-	(91,352)	(91,352)	-	(93,549)	(93,549)
2.1.b	Wages	-	(64)	(64)	-	(687)	(687)
2.1.c	Depreciation	(219,944)	-	(219,944)	(222,086)	-	(222,086)
2.1.b	Insurance	-	-	-	-	-	-
2.1.b	Licence and regulatory costs	-	-	-	-	-	-
2.1.b	Directly attributable finance charges	-	-	-	-	-	-
2.1.b	Leasing and rental costs	-	-	-	-	-	-
2.1.b	Other direct costs	-	14,192	14,192	-	(14,238)	(14,238)
	Total direct costs	**(219,944)**	**(77,224)**	**(297,168)**	**(222,086)**	**(108,474)**	**(330,560)**
2.1.b	**Shared costs**						
2.1.b	Employee costs	-	-	-	-	-	-
2.1.b	Information technology and communication costs	-	-	-	-	-	-
2.1.b	Indirect operating expenses	-	-	-	-	-	-
2.1.c	Shared asset depreciation	-	-	-	-	-	-
2.1.b	Rental and leasing costs	-	-	-	-	-	-
2.1.b	Borrowing costs	-	-	-	-	-	-
2.1.b	Loss from sale of shared fixed assets	-	-	-	-	-	-
2.1.b	Impairment losses (nature of the impairment loss)	-	-	-	-	-	-
2.1.b	Other shared costs	-	-	-	-	-	-
	Total shared costs allocated	**-**	**-**	**-**	**-**	**-**	**-**
	Total costs	**(219,944)**	**(77,224)**	**(297,168)**	**(222,086)**	**(108,474)**	**(330,560)**
	Earnings before Interest and tax (EBIT)	5,192,890	(77,224)	5,115,666	4,977,936	(108,474)	4,869,462

Revenue by service

VicHub
Year ending   **31/12/2023**

Table 2.1.1: Revenue by service

Basis of Preparation reference	Description	Reporting period			Previous reporting period		
		Amounts excluding related party transactions	Related party transactions	Total	Amounts excluding related party transactions	Related party transactions	Total
		$ nominal	$ nominal	$ nominal	$ nominal	$ nominal	$ nominal
	Revenue by service						
2.1.1.a	Firm forward haul transportation services	4,274,131	-	4,274,131	4,187,843	-	4,187,843
2.1.1.a	Interruptible or as available transportation services	-	-	-	-	-	-
2.1.1.a	Backhaul services	869,155	-	869,155	769,459	-	769,459
2.1.1.a	Firm stand-alone compression service	-	-	-	-	-	-
2.1.1.a	Interruptible or as available stand-alone compression service	-	-	-	-	-	-
2.1.1.a	Park services	-	-	-	-	-	-
2.1.1.a	Park and loan services	-	-	-	-	-	-
2.1.1.a	Capacity trading service	-	-	-	-	-	-
2.1.1.a	In pipe trading service	-	-	-	-	-	-
2.1.1.a	Other pipeline services (if relevant)	269,547	-	269,547	242,720	-	242,720
	Total service revenue	**5,412,834**	**-**	**5,412,834**	**5,200,022**	**-**	**5,200,022**

Revenue - contributions

VicHub
Year ending   **31/12/2023**

Table 2.2.1: Customer contributions received

Description	Amounts excluding related party transactions	Related party transactions	Total
	$ nominal	$ nominal	$ nominal
			-
			-
			-
			-
			-
			-
Total	-	-	-

Table 2.2.2: Government contributions received

Source	Description	Total
		$ nominal
Total		-

Indirect revenue

VicHub

Year ending   **31/12/2023**

Please ensure allocation methodologies are explained in sufficient detail in the Basis of Preparation as required under section 3.2.4 of the Guideline

Table 2.3.1: Indirect revenue allocation

Basis of Preparation reference	Description	Indirect revenue excluding related parties	Indirect revenue from related parties	% allocated to pipeline	Total allocated to pipeline excluding related parties	Total related party amounts allocated to pipeline
	(list each individual revenue item)	$ nominal	$ nominal		$ nominal	$ nominal
					-	-
					-	-
					-	-
					-	-
					-	-
					-	-
					-	-
					-	-
					-	-
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					-	-
					-	-
					-	-
					-	-
					-	-
					-	-
					-	-
					-	-
					-	-
					-	-
Total		-	-		-	-

Shared costs

VicHub
Year ending   **31/12/2023**

Please ensure allocation methodologies are explained in sufficient detail in the Basis of Preparation as required under section 3.2.4 of the Guideline

Table 2.4.1: Shared cost allocation

Basis of Preparation reference	Description	Income statement account applied to	Shared costs excluding related parties	Shared costs paid to related parties	% allocated to pipeline	Total allocated to pipeline excluding related parties	Total related party amounts allocated to pipeline
	(list each individual cost)		$ nominal	$ nominal		$ nominal	$ nominal
2.4.1.a	Employee costs	Various	-	(123,519,829)	-	-	-
2.4.1.a	Information technology and communication costs	Various	-	(32,774,139)	-	-	-
2.4.1.a	Indirect operating expenses	Various	-	(25,722,204)	-	-	-
2.4.1.a	Shared asset depreciation	Various	(23,654,835)	-	-	-	-
2.4.1.a	Rental and leasing costs	Various	-	(7,339,177)	-	-	-
2.4.1.a	Borrowing costs		-	-	-	-	-
2.4.1.a	Loss from sale of shared fixed assets		-	-	-	-	-
2.4.1.a	Impairment losses (nature of the impairment loss)		-	-	-	-	-
2.4.1.a	Other shared costs		-	-		-	-
	please identify other shared costs					-	-
						-	-
						-	-
						-	-
						-	-
						-	-
						-	-
						-	-
						-	-
						-	-
						-	-
						-	-
						-	-
						-	-
						-	-
		Total	(23,654,835)	(189,355,350)		-	-

Statement of pipeline assets

VicHub
Year ending   31/12/2023

Table 3.1: Pipeline assets

Basis of Preparation reference	Description	Reporting period	Previous reporting period
	Pipeline assets		
	Pipelines		
3.1.a	Initial construction or acquisition costs	5,301,680	5,301,680
3.1.a	Additions	-	-
3.1.a	Capitalised maintenance or improvements	-	-
	Total capitalised pipeline construction costs	5,301,680	5,301,680
3.1.a	Depreciation	(2,764,465)	(2,623,320)
3.1.a	Disposals or early termination (at cost)	-	-
	Closing pipelines carrying value	2,537,215	2,678,360
	Compressors		
3.1.a	Initial construction or acquisition costs	-	-
3.1.a	Additions	-	-
3.1.a	Capitalised maintenance or improvements	-	-
3.1.a	Depreciation	-	-
3.1.a	Disposals or early termination (at cost)	-	-
	Closing compressors carrying value	-	-
	City gates, supply regulators and valve stations		
3.1.a	Initial construction or acquisition costs	3,557,702	3,557,702
3.1.a	Additions	-	-
3.1.a	Capitalised maintenance or improvements	-	-
3.1.a	Depreciation	(2,349,070)	(2,280,005)
3.1.a	Disposals or early termination (at cost)	-	-
	Closing city gates, supply regulators and valve stations carrying	1,208,632	1,277,697
	Metering		
3.1.a	Initial construction or acquisition costs	96,547	96,547
3.1.a	Additions	-	-
3.1.a	Capitalised maintenance or improvements	-	-
3.1.a	Depreciation	(68,124)	(63,412)
3.1.a	Disposals or early termination (at cost)	-	-
	Closing metering carrying value	28,422	33,135
	Odorant plants		
3.1.a	Initial construction or acquisition costs	-	-
3.1.a	Additions	-	-
3.1.a	Capitalised maintenance or improvements	-	-
3.1.a	Depreciation	-	-
3.1.a	Disposals or early termination (at cost)	-	-
	Closing odorant plants carrying value	-	-
	SCADA (Communications)		
3.1.a	Initial construction or acquisition costs	-	-
3.1.a	Additions	-	-
3.1.a	Capitalised maintenance or improvements	-	-
3.1.a	Depreciation	-	-
3.1.a	Disposals or early termination (at cost)	-	-
	Closing SCADA carrying value	-	-
	Buildings		
3.1.a	Initial construction or acquisition costs	-	-

3.1.a	Additions	-	-
3.1.a	Capitalised maintenance or improvements	-	-
3.1.a	Depreciation	-	-
3.1.a	Disposals or early termination (at cost)	-	-
	Closing buildings carrying value	-	-
	Land and easements		
3.1.a	Initial construction or acquisition costs	-	-
3.1.a	Additions	-	-
3.1.a	Capitalised maintenance or improvements	-	-
3.1.a	Disposals or early termination (at cost)	-	-
	Closing land and easements carrying value	-	-
	Other depreciable pipeline assets		
3.1.a	Initial construction or acquisition costs	257,251	257,251
3.1.a	Additions	-	-
3.1.a	Capitalised maintenance or improvements	-	-
3.1.a	Depreciation	(208,478)	(203,456)
3.1.a	Disposals or early termination (at cost)	-	-
	Closing other depreciable pipeline assets carrying value	48,773	53,795
	Leased Assets		
	Initial construction or acquisition costs	-	-
	Additions	-	-
	Capitalised maintenance or improvements	-	-
	Depreciation (Amortisation)	-	-
	Disposals or early termination (at cost)	-	-
	Closing leased asset carrying value	-	-
3.1.a.1	**Other non-depreciable pipeline assets**	36,400,351	30,447,380
	Total pipeline assets	40,223,394	34,490,366
	Shared supporting assets allocated		
	Shared property, plant and equipment		
3.1.a	Initial construction or acquisition costs	-	-
3.1.a	Additions	-	-
3.1.a	Capitalised maintenance or improvements	-	-
3.1.a	Depreciation	-	-
3.1.a	Disposals or early termination (at cost)	-	-
	Closing shared property, plant and equipment carrying value	-	-
	Shared leased assets		
	Initial construction or acquisition costs	-	-
	Additions	-	-
	Capitalised maintenance or improvements	-	-
	Depreciation (Amortisation)	-	-
	Disposals or early termination (at cost)	-	-
	Closing leased assets carrying value	-	-
	Inventories		
	Deferred tax assets		
	Other assets		
	Total shared supporting assets allocated	-	-
	TOTAL ASSETS	40,223,394	34,490,366

Asset useful life

VicHub

Year ending   **31/12/2023**

Table 3.1.1: Asset useful life

Basis of Preparation reference	Description (list each individual balance sheet item)	Acquisition date	Useful life	Reason for choosing this useful life
			years	
3.1.1.a	Pipelines	Various Acquisition Dates	38	The economic useful life of individual assets is defined in terms of the asset's expected use to the service provider. Therefore, the useful life of an asset may be shorter than its Technical or Engineering life. The estimation of the economic useful life of an asset is a matter of judgement based on the 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. Aggregated useful life calculated as aggregate weighted cost useful life of all assets within the asset category.
3.1.1.a	Compressors	NA		N/A - No assets classified within the Description category
3.1.1.a	City gates, supply regulators and valve stations	Various Acquisition Dates	38	The economic useful life of individual assets is defined in terms of the asset's expected use to the service provider. Therefore, the useful life of an asset may be shorter than its Technical or Engineering life. The estimation of the economic useful life of an asset is a matter of judgement based on the 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. Aggregated useful life calculated as aggregate weighted cost useful life of all assets within the asset category.
3.1.1.a	Metering	Various Acquisition Dates	26	The economic useful life of individual assets is defined in terms of the asset's expected use to the service provider. Therefore, the useful life of an asset may be shorter than its Technical or Engineering life. The estimation of the economic useful life of an asset is a matter of judgement based on the 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. Aggregated useful life calculated as aggregate weighted cost useful life of all assets within the asset category.
3.1.1.a	Odorant plants	NA		N/A - No assets classified within the Description category
3.1.1.a	SCADA (Communications)	NA		N/A - No assets classified within the Description category
3.1.1.a	Buildings	NA		N/A - No assets classified within the Description category
3.1.1.a	Other depreciable pipeline assets	Various Acquisition Dates	20	The economic useful life of individual assets is defined in terms of the asset's expected use to the service provider. Therefore, the useful life of an asset may be shorter than its Technical or Engineering life. The estimation of the economic useful life of an asset is a matter of judgement based on the 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. Aggregated useful life calculated as aggregate weighted cost useful life of all assets within the asset category.
3.1.1.a	Leased Assets	NA		N/A - No assets classified within the Description category
3.1.1.a	Shared property, plant and equipment	NA		N/A - No assets classified within the Description category
3.1.1.a	Shared leased assets	NA		N/A - No assets classified within the Description category

Asset impairment

VicHub
Year ending   31/12/2023

Table 3.2.1: Assets impaired

Asset description	Impairment amount $ nominal	Impairment date	Basis for impairment

Table 3.2.2: Asset impairment reversals

Asset description	Prior Impairment amount $ nominal	Impairment date	Basis for impairment	Reversal amount $nominal	Reversal date	Basis for Reversal

Depreciation and amortisation

VicHub
Year ending 31/12/2023

Additions, capitalised maintenance and disposals must be reported on a cumulative basis

Table 3.3.1: Pipeline assets at cost

Basis of Preparation reference	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
				Years	$ nominal	$ nominal	$ nominal	$ nominal	$ nominal	$ nominal	$ nominal	$ nominal	$ nominal
3.3.1.a	Pipelines	Pipelines	Various	37.8	-	5,301,680	-	-	-	5,301,680	(2,623,320)	(141,144)	2,537,215
3.3.1.a	City Gates, supply regulators and valve stations	City Gates, supply regulators and valve stations	Various	38.0	-	3,557,702	-	-	-	3,557,702	(2,280,005)	(69,065)	1,208,632
3.3.1.a	Metering	Metering	Various	25.6	-	96,547	-	-	-	96,547	(63,412)	(4,713)	28,422
3.3.1.a	Other depreciable pipeline assets	Other depreciable pipeline assets	Various	20.2	-	257,251	-	-	-	257,251	(203,456)	(5,023)	48,773
										-			-
										-			-
										-			-
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										-			-
										-			-
		Total pipeline assets			-	9,213,180	-	-	-	9,213,180	(5,170,193)	(219,944)	3,823,043

Table 3.3.2: Shared assets at cost

Basis of Preparation reference	Description	Category	Acquisition date	Useful life	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
				Years	$ nominal	$ nominal	$ nominal	$ nominal	$ nominal	$ nominal	$ nominal	$ nominal
									-			-
									-			-
									-			-
									-			-
									-			-
									-			-
									-			-
									-			-
									-			-
									-			-
									-			-
									-			-
		Total fixed assets			-	-	-	-	-	-	-	-

Shared supporting assets

VicHub

Year ending   31/12/2023

Please ensure allocation methodologies are explained in sufficient detail in the Basis of Preparation as required under section 3.2.4 of the Guideline

Table 3.4.1: Shared supporting asset allocation

Basis of Preparation reference	Description (list each individual shared asset category greater than 5%)	Category of shared assets	Total amount	% allocated to pipeline	Total allocated to pipeline
			$ nominal		$ nominal
					-
					-
					-
					-
					-
					-
					-
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					-
					-
					-
					-
					-
					-
					-
					-
					-
					-
Total			-		-

VicHub Pipeline

Basis of Preparation

Public

Year ended 31 December 2023

Jemena

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. 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 VicHub Pipeline (**VicHub**) 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 VicHub 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 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 VicHub occurred on 1 Aug 2007 when the Jemena Group acquired the pipeline from the Alinta Group.

- Actual information includes information calculated directly from information contained in the 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) VicHub undertook all reasonable steps to obtain historical information where this was not already available to Jemena. 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 Gas Market Reform (GMR) 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.

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 VicHub Pipeline Pty Ltd is the service provider for VicHub, being the licensed operators. The other service providers in the Jemena Group have appointed Jemena VicHub Pipeline Pty Ltd as the responsible service provider for the purposes of publishing the financial information.

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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.

1. PIPELINE INFORMATION

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
Table 1.1: Pipeline Details	No 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 VicHub 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 PypIT for the reporting period. A Subject Matter Expert mapped the revenue service types against the relevant 'Service description'	N/A

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					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 in accordance with PypIT customer listing and relevant supporting contracts.	
					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 Australian Energy Regulator's (**AER**) designed formulae that references the supporting tables within the workbook. Earnings before interest and tax References earnings before interest and tax (**EBIT**) in 'Table 2.1: Statement of pipeline revenues and expenses'. Total assets References total assets in 'Table 3.1: Pipeline assets' Return on assets Calculated as: Earnings before interest and tax divided by Total Assets.	N/A

3. REVENUES AND EXPENSES

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
Table 2.1 Statement of pipeline revenues and expenses	2.1.a	Description	Actual	Populated based on formulas referencing supporting schedules.	**Total service revenue** References 'Total service revenue' in 'Table 2.1.1 Revenue by service'. **Customer Contributions Revenue** References 'Total' in 'Table 2.2.1: Customer contributions received'. **Government Contributions Revenue** References 'Total' in 'Table 2.2.2: Government contributions received'.	N/A
				SAP	**Profit from sale of fixed assets** VicHub captures such amounts in its accounting systems and was sourced from the VicHub's Trial Balance (**TB**).	
				SAP	**Other direct revenue** Includes: • Items that are not pipeline service related and are miscellaneous in nature. VicHub collects such items using costs elements and projects. **Other revenue**	

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					References the 'Total' in 'Table 2.3.1: Indirect revenue allocation'	
Table 2.1 Statement of pipeline revenues and expenses	2.1.b	Direct Costs, Shared Costs, Earnings before interest and tax (**EBIT**)	Actual	SAP	Most of the entities within SGSPAA and its controlled entities use an Enterprise Resource Planning (**ERP**) system known as SAP to collect costs. VicHub 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. Related party and non-related party The majority of costs that VicHub incurs are sourced from a related entity, the Eastern Gas Pipeline (**EGP**), which is part of the Jemena Group. EGP records costs that are attributable to VicHub as these business units are on the same site. The EGP and VicHub Maintenance Manager did a cost build up calculation for wage costs attributable to VicHub. An appropriate financial transaction was recorded in the accounting systems. These costs are reported in the 'related party transactions' column. Where project costs are collected directly to the pipeline and not through a related	N/A

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					party entity they were reported in the 'amounts excluding related party transactions' column.	

Direct costs and Shared costs

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 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).
- Shared Costs: The Jemena Group only allocates costs that are specifically attributable to VicHub's Shared costs such as insurance and external audit costs.

Mapping into the template categories

The cost element description field from costs within VicHub was used to map into the template's categories (e.g. 'wages', 'other direct costs', 'employee costs', 'indirect operating expenses', etc.). VicHub has interpreted direct wages as the payroll costs assigned to staff who directly work on the VicHub.

Where project descriptions and activity/service category codes support classification within a more specific category

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					then the cost element based mapping was overridden[2]. The following description categories were populated based on project description/activity code mapping: • Repairs and maintenance Earnings before Interest and tax (**EBIT**) EBIT is calculated as: Total revenue less Total costs	
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 classified to direct depreciation only as VicHub does not have any shared assets. Depreciation is based on the mapping of the individual assets in the FAMR applied in Table 3.3 Depreciation. 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

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[2]   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			
					<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.	

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	PypIT and SAP	**Description** The 'description' categories are pre-populated by the AER for this template. **Reporting period -Amount excluding related party transactions** 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. VicHub has included other service related revenue items that is sourced from PypIT. **Reporting period -Related party transactions** VicHub did not have any revenue from its related parties. **Other pipeline services (if relevant)** Includes: • Items that are miscellaneous in nature. VicHub collects such items using cost elements and projects;	N/A

REVENUE BY SERVICE

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					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 VicHub'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 VicHub'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 VicHub during the reporting period as such amounts would have been recorded against an appropriate cost element in VicHub'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, Shared costs excluding related parties, Shared costs paid to related parties (Gross shared costs), Percentage allocated to pipeline, Total allocated to pipeline excluding related parties, Total related party amounts allocated to pipeline (Net shared costs).	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 SAP 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[3]. The following description categories were populated based on project description/activity code mapping: • Information technology and communication costs	N/A

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[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			
					• 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'. Related party and non-related party: • <u>Shared costs excluding related parties</u> Where project costs are collected directly to the pipeline and not through a related party entity they were reported in the 'Shared costs excluding related parties' column. • <u>Shared costs paid to related parties,</u> 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 from this entity that the allocation of shared costs occur. <u>Percent (%) allocated to pipeline and total allocated to pipeline excluding related parties.</u>	

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					The Jemena Group only allocates costs that are specifically attributable to VicHub as Shared costs such as insurance and external audit costs. The Jemena Group does not allocate any broader non-pipeline specific shared costs to VicHub as the underlying drivers for cost allocation to VicHub are negligible.	

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'. Non-core pipeline assets 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.	N/A
Table 3.1: Pipeline assets	3.1.a.1	Other non-depreciable pipeline assets	Actual	SGSPAA Group Consolidation support schedule (Business Combination Adjustments and Goodwill) SAP	Other non-depreciable pipeline assets - SGSPAA Group Consolidation support schedule The SGSPAA Group consolidates its business combination adjustments at the SGSPAA level, meaning that it does not distribute any business combination adjustments to its subsidiary entities. The business combination adjustments are maintained in an excel spreadsheet. Business combination adjustments (original cost and accumulated depreciation) that relate to VicHub have been allocated to the categories in the template on the basis of fixed asset information contained in a Business combination uplift schedule and input from a subject matter expert who assisted in the categorisation of	

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					these adjustments into the template categories. As there is no specific Goodwill category,Vichub 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 VicHub'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 VicHub, 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. VicHub has a legally-enforceable right to set off the recognised amounts and VicHub intends either to settle on a net basis or realise the asset and settle the liability simultaneously. In accordance with accounting standards VicHub has netted off deferred tax assets and liabilities in its Balance Sheet.	

STATEMENT OF PIPELINE ASSETS

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
Table 3.1: Pipeline assets	3.1.b	Inventories, Deferred tax assets, Other assets	Actual	SAP	VicHub'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	Description (list each individual balance sheet item) 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 Acquisition date 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'. Useful life years 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 ($) • Accumulated depreciation ($) • Depreciation for the year ($) • Depreciation retirements ($)	N/A

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					• 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. Reason for choosing this useful life The economic useful life of individual assets is defined in terms of the Australian Accounting Standards and the assets expected use to VicHub 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 VicHub 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. VicHub used subject matter experts to map its asset categories to that in the template as VicHub'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. <u>Acquisition date</u> Refer to 'Acquisition date' explanation for Table 3.1.1 Asset useful life. <u>Useful life</u>	N/A

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					Refer to 'Useful life' explanation for Table 3.1.1 Asset useful life.	
					Estimated residual value	
					VicHub 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)).	
					Construction or acquisition cost	
					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 in August 2007. Fair value uplift adjustments has been applied to the applicable categories in the template.	
					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 acquisition of the pipeline during August 2007.	

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					Additions	
					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 August 2007.	
					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 August 2007.	
					Capitalised Maintenance	
					VicHub 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).	
					Disposals	
					VicHub did not have any asset disposals.	
					Prior years' accumulated depreciation	
					Sourced based on the aggregation of prior year GMR template's:	
					• Prior years' accumulated depreciation	

Table Name	Base Information		Population Approach	Source	Methodology	Assumptions
	Reference	Item	Actual / Estimate			
					• Current year depreciation Current year depreciation 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. Reversal of accumulated depreciation in the FAMR (Balance sheet entry only) upon disposal of an asset was recorded in this column of the table. Written down value The 'Written down value' of all assets in table 3.3.1 was aggregated.	

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, Percentage allocated to pipeline, Total allocated to pipeline	Actual	SAP – FAMR	No Shared Assets are allocated to VicHub.	N/A

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[4]			
Table 4.1: Recovered capital method - pipeline assets	Pipeline Assets	2003 – 2023	Construction cost, Additions BoP Reference: 4.1.a	Actual	SAP FAMR: • Jemena VicHub Pipeline Pty Ltd (VicHub)	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).	No material replacements or disposals over the life of the pipeline. Pipelines are a stable asset and it is reasonable to expect that there would be minimal disposals.
Table 4.1: Recovered capital method -	Pipeline Assets	2003 – 2023	Negative residual value BoP Reference: 4.1.b	Estimate	EGP Expert Engineering Report date updated for VicHub data	Negative residual value is calculated as: $PV(Decommissioning)_t = C_{T_E} \times \dfrac{(1+i)^{T_D - T_E}}{(1+r)^{T_D - t}}$	Negative residual value is interpreted as the present value of the forecast decommissioning cost that

[4] 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 Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[4]			
pipeline assets					Inflation rate: SGSPAA internal 2023 budgeted CPI Discount rate: 5 year average rate for 15 year Australian Government Securities (AGS) bonds	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 A Subject Matter Expert utilised the EGP expert Engineering report as a basis for estimating the decommissioning cost (C_{T_E}) for VicHub. <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.	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.
Table 4.1: Recovered capital method - pipeline assets	Pipeline Assets	2003 - 2004	Maintenance capitalised BoP Reference: 4.1.c	Estimate	Pipeline Asset – Maintenance capitalised (2005 – 2023)	Data for capitalised maintenance was not available prior to the service providers ownership of the pipeline. Estimate pre-acquisition maintenance capitalised based on post-acquisition actual maintenance capitalised data, therefore estimated no capitalised maintenance.	Post-acquisition actual maintenance capitalised data is an appropriate basis for estimating pre-acquisition maintenance. No transactions recorded pre-acquisition for Maintenance capitalised.

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[4]			
Table 4.1: Recovered capital method - pipeline assets	Pipeline Assets	2005 - 2023	Maintenance capitalised BoP Reference: 4.1.c	Actual	SAP Trial Balance and FAMR for: • VicHub	No data for capitalised maintenance was noted in the review of the SAP FAMR and the relevant SAP Trial Balances.	N/A
Table 4.1: Recovered capital method - pipeline assets	Pipeline Assets	2003 - 2004	Disposals (at cost) BoP Reference: 4.1.d	Estimate	Pipeline Assets – Disposals (at cost) (2005 – 2023)	VicHub 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 (at 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. Post-acquisition actual data is an appropriate basis for estimating pre-acquisition disposals. 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.

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[4]			
Table 4.1: Recovered capital method - pipeline assets	Pipeline Assets	2005 - 2023	Disposals (at cost) BoP Reference: 4.1.d	Actual	SAP Trial Balance and SAP FAMR: • VicHub	No proceeds of disposals were noted in the review of the SAP FAMR and the relevant SAP Trial Balance transaction data.	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. 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.

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[4]			
Table 4.1: Recovered capital method - pipeline assets	Shared Assets	2003 - 2023	Additions BoP Reference: 4.1.f	Actual	SAP FAMR: • VicHub	No Shared asset additions were noted based on performing the following review. The SAP FAMR was exported into an excel file. Asset were aggregated by year based on the year within the Capitalisation date (date field). 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. Shared asset additions were aggregated by year based on the year within the field 'Capitalisation date'. Asset additions would be understated to the extent that assets purchased in the past have since left the fixed asset register, either because they were replaced or disposed of.	

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[4]			
Table 4.1: Recovered capital method - pipeline assets	Shared Assets	2003 – 2004	Construction cost or acquisition cost (where allowed) apportioned, Maintenance capitalised , Disposal (at cost) BoP Reference: 4.1.e	Estimate	Shared Assets 2005 – 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)	Post-acquistion actual maintenance capitalised data is an appropriate basis for estimting pre-acquisition maintenance 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 - pipeline assets	Shared Assets	2005 - 2023	Construction cost or acquisition cost (where allowed) apportioned, Maintenance capitalised, Disposal (at cost) BoP Reference: 4.1.e	Actual	2005-2023: SAP Trial Balance and FAMR for: • VicHub	No data for the following items were noted in the review of the SAP FAMR and the relevant SAP Trial Balances: • Construction cost or acquisition cost (where allowed) apportioned, • Maintenance capitalised, • Disposal (at cost) FAMR was not available for the period prior to SGSPAA ownership.	N/A

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[4]			
Table 4.1: Recovered capital method - pipeline assets	Return of capital	2004	Revenue, Operating expenses BoP Reference: 4.1.g	Estimate	Return of capital – Revenue, Operating expenses (2004)	Actual 2005 data was used as a basis to estimate 2004 revenue and operating expenses. The 2005 amounts were adjusted for inflation using Australian Bureau of Statics (ABS)/Reserve Bank of Australia (RBA) CPI rates to estimate 2004 revenue and operating expenses.	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 - pipeline assets	Return of capital	2005 - 2023	Revenue, Operating expenses BoP Reference: 4.1.g	Actual	SAP Trial Balance for: • VicHub	A calendar year trial balance was generated from SAP and the revenue and operating expenditure general ledger accounts were aggregated. 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 SAP trial balances were relied upon because statutory accounts are not prepared for the pipeline.	The only revenue of the entity was pipeline revenue. Revenue per the trial balance after removing non-cash items is assumed to align with the cash flow from operating the pipeline.

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[4]			
Table 4.1: Recovered capital method - pipeline assets	Return of capital	2007 – 2023	Operating expenses BoP Reference: 4.1.g	2007 – 2018: Estimate due to VicHub cost allocation 2019 - 2023: Actual	2007 – 2018: EGP RCM Model 2019 - 2023: SAP Trial Balances	Maintenance operating expenses were undertaken on behalf of VicHub by the EGP over the period from 2010 to 2018, inclusive. The maintenance operating expenditure was estimated based on a 2018 engineering estimate which was then adjusted for inflation. 2019 - 2023 actual Maintenance operating expenditure was sourced from the VicHub SAP trial balance.	No material non-cash items are included in the operating expenditure general ledger accounts reported. Depreciation is the key non-cash item which has been removed. There are no other shared costs within Jemena Group that need to be allocated to VicHub.
Table 4.1: Recovered capital method - pipeline assets	Return of capital	2004 - 2023	Net tax liabilities BoP Reference: 4.1.h	Estimate	• 2004: Estimated using 2015 SAP Trial Balances – Revenue & Expenses: VicHub • 2005-2023 SAP Trial Balances – Revenue & Expenses: VicHub	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 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	'Net tax liability' is interpreted as the notional cash tax payable that would be 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

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[4]			
						explained above. • Tax Depreciation (2007-2023) sourced from the SAP Fixed Asset Tax Register. • Tax Depreciation (2004 – 2006) was calculated as: equal to 2007 straight line depreciation expense. • Interest Expense (2008-2023) was sourced from the segment note calculated as: SGSPAA Group interest expense multiplied by Pipeline total assets divided by SGSPAA Group Total Assets. • Interest Expense (2004-2007) 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). After 2007 interest costs were not allocated down to the pipeline asset level. A notional interest allocation has been included in the net tax liabilities calculation based on analysis of the SGSPAA statutory accounts segment note disclosure. Interest expense was allocated to total pipelines in the segment note for 2008 to 2011, instead of the specific	credits to shareholders are not included in the RCM valuation. The aggregate 2012 and 2013 percentage split of interest expense between EGP, VicHub and QGP is appropriate to apply to the years 2008 – 2011 when interest expense was not allocated to the specific pipelines.

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[4]			
						pipelines Eastern Gas Pipeline (EGP), Queensland Gas Pipeline (QGP) and VicHub. The aggregate 2012 and 2013 percentage split of interest expense between EGP, Vic Hub and QGP was used to allocate total pipeline interest between pipelines for the period 2008 – 2011. After 2011 interest expense was no longer allocated to total pipelines therefore interest expense was allocated to each pipeline based on the pipeline's share of SGSPAA Group Total Assets.	
Table 4.1: Recovered capital method - pipeline assets	Return of capital	2004-2023	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 until the asset base is fully depreciated. When asset base becomes zero, the return on capital is calculated as Revenue – Operating expenditure – Net tax liabilities. Both the opening asset value and the rate of return are explained below.	

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[4]			
Table 4.1: Recovered capital method - pipeline assets	Return of capital	2004-2023	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 Life-to-date (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	N/A
Table 4.1: Recovered capital method - pipeline assets	Return of capital	2003-2023	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. *Gearing assumption input source*: • Asset betas adopted by Australian Competition and Consumer	Weighted Average Cost of Capital (WACC) VicHub estimates the rate of return as the nominal vanilla WACC. This approach estimates the rate of return as 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. Gearing The proportion of debt funding 'gearing' has been	Gearing assumption The proportion of debt funding to capital is referred to as 'gearing'. VicHub applies an 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

| | | | | | Commission (ACCC) and AER since 1998.

 • Asset betas identified by TDB and Frontier | 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.

 The service provider considers that a gearing that is consistent with the formulation of asset beta is 50 percent. | unregulated businesses is lower than that of regulated businesses.

 Imputation credits assumption

 VicHub assumes the value of imputation credits ('gamma') is equal to zero reflecting SGSPAA shareholders' tax status in Australia.

 This assumption is also applied to previous shareholders. |
| | | | | | *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 | **Cost of debt**

 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 | Cost of debt and tenor assumptions

 The cost of debt is calculated under the assumptions that:

 • VicHub 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 |

					Securities – 2009 to 2015, Capital Market Yields Government Bonds – Monthly – F2.1 – 1990 to 2023, and Aggregate Measures of Australian Corporate Bond Spreads and Yields – F3 – 1990 to 2023 *Equity beta input source:* ACCC – final decision PTS (Oct 1998); 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) *Market Risk Premium (**MRP**)*	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[5]; and 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 VicHub 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.	• VicHub aims to achieve a debt portfolio with an average term to maturity from issuance of 10 years. <u>Cost of equity assumptions</u> VicHub 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 VicHub, 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. Assumptions applied: • a risk free rate estimated by reference to the yield on 10 year Australian

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

							government securities (AGS);
				input source:			• a constant MRP of 6.6 percent over the life of the pipeline; and
				Credit Suisse Global Investment Returns Yearbook, prepared by Dimson, Marsh and Staunton (2017 edition)			• 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 VicHub and increased technology risks associated with government's climate change and emission policies).
							<u>Notes:</u>
							Equity raising costs (i.e. the upfront expenses business may incur when issuing new capital) are assumed to be equal to zero, which is a conservative assumption.
							MRP

Table Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[4]			
							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.[6] Importantly, this estimate includes only the returns from dividends and capital gains, and is not 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 Name	Base Information			Population Approach	Source	Methodology	Assumptions
	Asset Description	Year	Item & Basis of Preparation (BoP) Reference	Actual / Estimate[4]			
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

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

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	Actual / Estimate				
Table 4.1: Recovered capital method - pipeline assets	Pipeline Assets	2003 – 2023	Negative residual value	Estimate	Cost have not yet been incurred to decommission the pipeline, therefore an estimate is inherently required to measure future costs. Further, the actual timing of decommissioning the pipeline 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.	No steps taken as actual information does not exist	The EGP engineering estimate was updated with VicHub data replacing the EGP data as a basis to estimate the cost of decommission the pipeline.	The estimate is a best estimate because it has been calculated based on the following inputs which are sourced based on best available information: • Independent technical engineering estimate for EGP adapted to estimate the VicHub 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) rate). • Estimated year of decommissioning the pipeline.

RECOVERED CAPITAL METHOD - PIPELINE ASSETS

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	Actual / Estimate				

Table 4.1: Recovered capital method - pipeline assets	Pipeline Assets, Shared Assets	2003 – 2004	• Pipeline Assets:
			  − Maintenance capitalised
			• Shared Assets:
			  − Construction cost or acquisition cost (where allowed) apportioned,
			  − Maintenance capitalised ,
			  − Disposal (at cost)
				Estimate	Data for these items was not available prior to the service providers ownership of the pipeline.	Information requests were sent to previous owners but no response was received.	No transactions for these items were noted over the SGSPAA ownership period.
							
							Estimated that there were no transactions for these items in the pre-acquisition period based on the assumption that the data would be consistent.
								Data from the post-acquisition period is actual data. This actual data represents the best source for arriving at a best estimate.

Table 4.1: Recovered capital method - pipeline assets	Pipeline Assets	2003 – 2006	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 for each year since 2007 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	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	Actual / Estimate				
							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 assets would be immaterial.	
Table 4.1: Recovered capital method - pipeline assets	Return of capital	2004	Revenue, Operating Expenditure	Estimate	The 2004 period is prior to the service provider's acquisition of the pipeline therefore the service provider does not have the relevant data.	Information requests were sent to previous owners but no response was received.	Actual 2005 data was used as a basis to estimate 2004 revenue and operating expenses. The 2005 amounts were adjusted for inflation using Australian Bureau of Statics CPI rates to estimate 2004 revenue and operating expenses. The operations of the pipeline would be stable over the missing data	Actual 2005 data before the missing data period is the best data source to use as an input for estimating 2004 revenue and operating expenses because it is reasonable to expect that the operations of the pipeline would not change significantly year on year.

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	Actual / Estimate				
							period.	
							The only revenue of the entity was pipeline revenue.	
Table 4.1: Recovered capital method - pipeline assets	Pipeline Assets	2010 - 2018	Operating expenses	Estimate relating to VicHub costs recorded within EGP	Maintenance operating expenses were undertaken on behalf of VicHub by the EGP over the period from 2010 to 2018, inclusive. Records were not retained to enable the VicHub component to be measured.	Reviewed internal records and concluded that data does not exist to enable the VicHub component to be measured, therefore no further steps were taken to locate actual information.	The maintenance operating expenditure was estimated based on an engineering experts cost build-up of the standard maintenance activities and costs incurred each year for VicHub.	This represents a best estimate because it is built-up based on an asset specific information and understanding i.e. an engineering experts understanding of the standard maintenance activities and costs incurred each year for VicHub.
Table 4.1: Recovered capital method - pipeline assets	Return of capital	1990 – 2023	Net tax liabilities	Estimate	VicHub 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. Actual total asset data was not available for each	No steps taken as actual information does not exist for net tax liabilities. Actual total asset data was not available for each of the pipelines EGP, QGP and VicHub from 2008 to 2011.	Estimated based on calculation Profit/(Loss) before tax. Less Tax Depreciation Less notional interest Multiplied by the corporate tax rate (30	The estimate represents a best estimate because wherever possible an actual reference data point has 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

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	Actual / Estimate				
					of the pipelines EGP, QGP and VicHub from 2008 to 2011. Therefore total assets could not be used as a basis to allocate interest costs across the pipelines. .	Therefore no steps were taken to locate actual information.	percent). The accounting profit and loss has been reviewed to identify material non-cash items that may require adjustment when estimating the net tax liability cash flow The aggregate 2012 and 2013 percentage split of interest expense between EGP, Vic Hub and QGP was used to allocate total pipeline interest between pipelines for the period 2008 – 2011.	the net tax liability calculation. Accounting profit has been sourced from actual historic records and therefore has been arrived at on a reasonable basis. The 2012 to 2013 interest split percentages between EGP, QGP and VicHub was the best estimate for the years 2008 to 2011 because it is the closest time periods where actual data was available. Further the average pipeline interest for the 2012 & 2013 period most closely aligned with the average pipeline interest for the 2008 to 2011 period.
Table 4.1: Recovered capital method - pipeline assets	Return of capital	1989 – 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	Actual information does not exist for the rate of return. SGSPAA estimated the rate of return as a	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 AER and therefore represents

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	Actual / Estimate				
					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. | WACC and sourced actual data to input into the WACC calculation.

The rate of return is a theoretical concept and does not reference VicHub costs, rather it references regulatory decisions that have been applied to the relevant time period. | | 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)	VicHub 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. VicHub did not have any capex that met the criteria of the template.	VicHub 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					Vichub is not required to prepare Weighted Average Price (**WAP**) information due to the repeal of Rule 556 of the National Gas Rules.	