

## Basis of preparation

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Non scheme pipeline financial reporting  
template – Moomba to Adelaide  
Pipeline System – 29 October 2020

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## 1. Introduction

The National Gas Law (contained in the schedule to the National Gas (South Australia) Act 2008 (SA)) and the National Gas Rules were amended in 2017 to introduce a gas pipeline information disclosure and arbitration regime for non-scheme gas pipelines.

Under Part 23 of the National Gas Rules (NGR), Service Providers for non-scheme pipelines are required to publish specific information, including financial information and weighted average price information. The Australian Energy Regulator (AER) is required to publish and maintain Financial Reporting Guidelines (Guidelines) in accordance with rule 557 of the NGR. These Guidelines prescribe:

- The form and content of financial information required to be published
- The methodology, principles and inputs used to calculate the financial information
- The form and content of the weighted average price information to be published
- The methodology, principles and inputs used to calculate the asset value determined using the recovered capital method, and
- The manner in which the above information must be audited or reviewed by an independent auditor.

The Service Provider is required to prepare, publish and maintain information in accordance with the access information standard as defined by rule 551 of the NGR, and section 8.1 of the Guideline which incorporates that standard.

The purpose of this document is to provide a basis of preparation for the financial information published for the Moomba to Adelaide Pipeline System (MAPS) and to enable a user of the information to clearly understand how the Service Provider, Epic Energy South Australia Pty Limited (EESA), has complied with the requirements of the Guidelines.

This document has been published on 29 October 2020 and is current to 29 October 2020. The Guidelines referenced in this document are Version 1.0 as published by the AER on 19 December 2017.

## 2. Pipeline background information

### Overview

The MAPS is one of Australia's largest pipeline systems at over 1,100 kilometres in length. MAPS receives supply from all major Eastern Australia gas supply basins, including the Cooper Basin production and processing facilities at Moomba, the coal seam gas fields of South East Queensland via the South West Queensland Pipeline and Victorian gas supply basins via a connection to the SEA Gas pipeline.

### Pipeline System/Description

The MAPS features:

- A 781 km bi-directional mainline pipeline between Moomba to Adelaide;
- 326 km of pipeline laterals, including a 77.8 km pipeline lateral from the mainline to Port Pirie and Whyalla and a 38.7 km lateral from the mainline to Angaston; and
- 9 compressor stations, 6 operational, 3 decommissioned.

A map of the MAPS is provided as part of the Pipeline Information on EESA's website<sup>1</sup> along with a list of receipt and delivery points. The current nameplate capacity and capacity that is available for sale is also included in the Pipeline Information.

### Services

Subject to available pipeline capacity, EESA offers the following standard pipeline services on MAPS:

- Firm Service – the firm service may be Southern Haul, Northern Haul or bi-directional;
- Interruptible Service; and
- Park Service.

The MAPS also provides service users with the ability to imbalance and in-pipe trade with other service users. Please refer to the User Access Guide and MAPS Gas Transportation Agreement (GTA) on EESA's website<sup>2</sup> for further information on how pipeline services operate.

<sup>1</sup> <https://epicenergy.com.au/moomba-to-adelaide-pipeline-system/>

<sup>2</sup> <https://www.epicenergy.com.au/pipeline-access/>

### Service Provider information

In addition to the provision of pipeline services on the MAPS, the Service Provider also provides pipeline services on the South Eastern Pipeline System (SEPS), performs Monitoring and Maintenance (M&M) and related engineering project work.

### 3. Pipeline financial statements

#### 3.1 General information

The pipeline financial statements schedules 1.1 Financial Performance to 3.4 Shared supporting assets have been prepared in accordance with the Guidelines. These schedules have been prepared on the basis of historic cost and the Service Provider has complied with AASB in preparing these schedules.

#### 3.2 Financial performance

The return on assets measure disclosed on schedule 1.1 Financial performance is calculated as earnings before interest and tax divided by total assets. Users of the information should be aware of possible limitations in comparing performance across service providers, with other regulated assets and other benchmark entities. In particular:

- The return calculated is a pre-tax return<sup>3</sup> rather than a post-tax return like the Weighted Average Cost of Capital (WACC) applied by the AER.
- The MAPS is not a regulated asset and does not benefit from the certainty of an access arrangement determined by a regulator to allow it to recover efficient costs and a commercial return. As a result, its costs of capital may exceed other regulated assets.
- Earnings included in the template are a point in time and may include one off revenue or costs rather than representing business performance over time.
- The asset value used in the calculation has not been escalated for the Consumer Price Index (CPI)<sup>4</sup> and represents a blend of historic costs that is dependent on the acquisition date of the assets.

#### 3.3 Revenue and expenses - revenue

The Service Provider recognises revenue in accordance with AASB 15 *Revenue from Contracts with Customers*. AASB 15 establishes a five-step model to account of revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer<sup>5</sup>.

For capacity based charges including firm forward haul transportation services and park and park and loan services, revenue is recognised on a daily basis based on the transportation or storage capacity reserved by a user.

For volumetric based charges, including interruptible or as available services, revenue is recognised on a daily or monthly basis based on the volume of gas transported by a user.

<sup>3</sup> See section 3.3 Pipeline information and financial performance on page 17 of the Guidelines which prescribes the financial performance metric, which is to be derived as earnings before interest and tax (EBIT) as a proportion of total assets

<sup>4</sup> See section 1.5.2 Inflation on page 5 of the Guidelines

<sup>5</sup> See paragraphs 9 to 46 of AASB 15 *Revenue from Contracts with Customers*

### ***Firm forward haul transportation services***

This service category includes revenue from firm Southern Haul, Northern Haul and bi-directional services.

Also included in this service category are any receipt, delivery point or lateral charges that are predominantly associated with the use of the firm transportation service.

The service category also includes Maximum Daily Quantity (MDQ) overrun, Maximum Hourly Quantity (MHQ) overrun and imbalance surcharges that are predominantly associated with the delivery of the firm forward haul service on a day.

### ***Interruptible or as available transportation services***

Interruptible and as available transportation service charges includes interruptible and authorised overrun services.

### ***Park and park and loan services***

Park and park and loan services includes park and expanded imbalance services.

### ***Indirect revenue***

All GTAs entered into by EESA relate to either the MAPS or SEPS therefore there is no indirect revenue allocated to the MAPS. Interest income has been excluded from revenue because the Guidelines require the service provider to report Earnings Before Interest and Tax.

## **3.4 Revenue and expenses - expenses**

### ***Maintenance costs and depreciation***

Pipeline maintenance costs are expensed in the period incurred unless the costs represent an enhancement to the asset and/or extends its useful life.

Major items of plant and equipment such as pipelines, meter stations and compressor stations are depreciated over their expected useful lives of not more than 50 years. The MAPS was acquired by its current owner in 2013 but was originally constructed in 1970. It has been expanded over time with the installation of compression, looping, laterals and new delivery points. The original pipeline asset lives are within the ranges provided in Appendix A of the Guidelines. Depreciation is calculated using the straight line method to allocate their cost, net of their residual values, over their expected remaining useful lives from acquisition date or the date of addition<sup>6</sup>. See worksheet 3.1 Pipeline asset useful life for further information on useful life by balance sheet item.

### ***Provisions***

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<sup>6</sup> See section 3.2.3 Asset life principles on page 14 of the Guidelines.

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

The liability for long service leave and annual leave is recognised as a provision in employee benefits obligations and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future salary levels and periods of service. Expected future payments are discounted using market yields at the reporting date of corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### **3.5 Cost allocation principles<sup>7</sup>**

Costs are recorded and tracked in the financial information management systems maintained by the Service Provider. All costs are recorded by the legal entity that incurs the cost using a general ledger account associated with the nature of cost. Depending on the nature of the cost, additional information such as a project, asset or location associated with the cost will also be recorded.

#### **3.5.1 Direct costs - repairs and maintenance**

These costs are directly attributable to the provision of services on the MAPS. Costs are recorded on work orders that include the pipeline asset or location associated with the work. This cost category includes the cost of dig up and repair activities on the MAPS as well as other preventative and corrective maintenance.

#### **3.5.2 Direct costs - depreciation**

Depreciation has been identified from the Fixed Asset Register maintained by the Service Provider as part of its financial information management systems. Depreciation relates to assets identified as directly relating to the MAPS in the statement of pipeline assets.

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<sup>7</sup> See section 3.2.4 Allocation principles on page 14 of the Guidelines.



### 3.5.3 Direct costs - licence and regulatory costs

These costs have been identified from the financial information management systems as the direct cost of the Service Provider maintaining the MAPS pipeline licence.

### 3.5.4 Direct costs - other direct costs

Other direct costs include costs identified from the financial information management systems associated with assets identified as directly relating to the MAPS such as odorant and oils.

### 3.5.5 Shared costs - employee costs

Shared costs – employee costs have been allocated to the MAPS using the following allocation method:

- Total employee related costs incurred by EESA include salaries, superannuation, employee benefits, training costs, incentive schemes and costs associated with working in remote areas such as roster flights and food. These costs have been included as shared costs – employee costs and then reduced by the following allocations.
- The Service Provider maintains standard labour rates used to recover the cost of internal labour against work orders:
  - Employee costs associated with capital projects are removed based on time recorded against capital projects. These costs are included in the cost of pipeline assets.
  - Employee costs associated with work orders that relate directly to other assets or business activities have been removed.
- An estimate of corporate staff costs who have roles that do not directly or indirectly relate to the provision of services on the MAPS has been excluded based on the roles and direct and indirect costs of employment.
- Finally, remaining employee costs have been allocated based on the ratio of capacity of pipelines owned and operated by the Service Provider.
- The ratio of capacity of pipelines owned and operated by the Service Provider is calculated as:
  - $\text{Pipeline system capacity} / (\text{MAPS capacity} + \text{SEPS capacity})$
  - Where MAPS capacity = 346 TJ/d (being 241TJ/d Southern Haul and 105TJ/d Northern Haul); and SEPS capacity = 9.5 TJ/d.

### 3.5.6 Shared costs - information technology and communication costs

Information technology and communication costs includes all costs associated with software licensing and support, networking and communication costs. It has been allocated based on the ratio of capacity of pipelines owned and operated by the Service Provider (see section 3.5.5).

### 3.5.7 Shared costs – shared asset depreciation

Shared asset depreciation has been identified from the Fixed Asset Register maintained by the Service Provider as part of its financial information management systems. Shared asset depreciation relates to assets identified as not directly relating to the MAPS or SEPS. A two-step approach has been taken to allocating shared asset depreciation to the MAPS in accordance with the principles set out in the Guidelines:

- Motor vehicle depreciation has been allocated based on the time charged to the MAPS for maintenance activities relative to the time charged to the SEPS, M&M activities and other business activities. This results in circa 10% of costs being allocated as not directly relating to the MAPS.
- Other depreciation which relate to buildings and information communication and technology (ICT) assets has been allocated based on the ratio of capacity of pipelines owned and operated by the Service Provider (see section 3.5.5).

### 3.5.8 Shared costs - other shared costs

Other shared costs include costs not directly attributable to the provision of pipeline services. Other shared costs include consultants, audit and legal advice, the insurance programme and travel and related expenses. All other shared costs have been allocated based on the ratio of capacity of pipelines owned and operated by the Service Provider (see section 3.5.5).

## 3.6 Statement of pipeline assets<sup>8</sup>

The statement of pipeline assets provides an overview of the assets utilised in pipeline operations. Assets are stated at historical cost less depreciation as applicable. Information is sourced from the Fixed Asset Register maintained by the Service Provider as part of its financial information management systems.

### 3.6.1 Pipeline assets - direct

Assets are recorded with an associated location on the Fixed Asset Register maintained by the Service Provider. Assets with locations associated with the MAPS have been included in the statement of pipeline assets. Assets associated with locations on the SEPS or subject to shared use have been excluded from Table 3.3.1: Fixed assets at cost – pipeline assets.

<sup>8</sup> See section 3.2 Methods, principles and inputs used on pages 11 to 17 of the Guidelines.

Property, plant and equipment is stated at historical cost less depreciation and is recorded in accordance with AASB 116 *Property, Plant and Equipment*. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Major items of plant and equipment such as pipelines, meter stations and compressor stations are depreciated over their expected useful lives of not more than 50 years. The MAPS was acquired in 2013 but was originally constructed in 1970. It has been expanded over time with the installation of compression, looping, laterals and new delivery points. The original pipeline asset lives are within with the ranges provided in Appendix A of the Guidelines. Depreciation is calculated using the straight line method to allocate their cost, net of their residual values, over their expected remaining useful lives from acquisition date or the date of addition.

The cost of non-current assets constructed by the Group includes the cost of all materials used in the construction, direct labour on the project and borrowing costs incurred during construction.

Costs of major periodic maintenance checks and overhauls are capitalised and depreciated over the shorter of the scheduled usage period to the next major periodic maintenance check event or overhaul, or the remaining life of the asset as appropriate.

Land and easements are not depreciated.

Other non-depreciable pipeline assets are gas line pack. Line pack is not depreciated as the Service Provider believes the residual value of the line pack will exceed the historical cost at the end of the life of the pipeline.

### **3.6.2 Pipeline assets – shared property, plant and equipment<sup>9</sup>**

The cost of shared property plant and equipment is included on schedule 3.3.2: Shared assets at cost (less straight line depreciation).

Shared assets have been allocated to the MAPS in accordance with the principles set out in the Guidelines:

- Motor vehicle depreciation has been allocated based on the time charged to the MAPS for maintenance activities relative to the time charged to the SEPS, M&M activities and other business activities as described in section 3.5.7.
- Buildings and ICT assets have been allocated based on the ratio of capacity of pipelines owned and operated by the Service Provider as described in section 3.5.7.

Where a disposal has occurred, the cost is shown in the Disposals or Early Termination column of the template and the accompanying depreciation is removed from current year depreciation.

### **3.6.3 Pipeline assets – Shared Lease Assets**

<sup>9</sup> See section 3.2.4 Allocation principles on page 16 of the Guidelines

This represents a building lease recognised under AASB16. This has been allocated based on the ratio of capacity of pipelines owned and operated by the Service Provider as described in section 3.5.7.

### **3.6.4 Pipeline assets – other shared supporting assets allocated**

Other assets primarily include capital projects in progress but not capitalised to the fixed asset register that are and also working capital assets used in running the pipeline. These have been allocated based on the ratio of capacity of pipelines owned and operated by the Service Provider.

## 4 Asset value determined using the recovered capital method

Refer to Schedule 4.1: Recovered capital method – pipeline assets for the asset valuation using the recovered capital method.

The methodology, principles and inputs used to calculate this financial information are disclosed below.

### 4.1 Methodology

The MAPS was previously regulated with a determination made on its asset value on 10 December 2003 and applied to the period 2001-2005. The Service Provider has relied on this valuation as the opening balance for the calculation in accordance with the Guidelines<sup>10</sup>. The Service Provider considers that this approach results in a more reliable estimate than using the original construction cost. This is primarily because of the range of assumptions about the appropriate rate of return that would have applied over the period from 1970 to 1995. The MAPS was owned by the State Government of South Australia during this period and inflation was high relative to recent periods. The compounding effect means any resulting calculation is very sensitive to the estimated rate of return.

The Service Provider has then rolled this valuation forward using the Recovered Capital Method as specified in the Guidelines<sup>11</sup> and the Rules<sup>12</sup>, retaining assumptions from the ACCC determination and using updated information as described in sections 4.2 to 4.5 of this document.

The Service Provider considers that applying the Recovered Capital Method under rule 569(4)(b) for the MAPS, as described here in Section 4.1, is consistent with the overall objective of Part 23 of the NGR (being to facilitate access to pipeline services at prices and on other terms and conditions that, so far as practical, reflect the outcomes of a workably competitive market). The application of this methodology alongside the cost-based pricing methodology as described in the Standing Price methodology<sup>13</sup> produces a tariff of approximately \$0.78 per GJ/day (in \$2020) that is reasonably consistent with both current contracting and the Weighted Average Price disclosures.

### 4.2 Sources of information

The Service Provider considered the following sources of information in preparing this disclosure:

- Archived historical financial information, including the restoration of backed up electronic files
- Information extracted from a legacy accounting system

<sup>10</sup> See Section 4.1 Estimates on page 21 of the Guidelines.

<sup>11</sup> See Section 4.0 Asset valuation using the recovered capital method on pages 18 to 20 of the Guidelines

<sup>12</sup> See rule 569(4)(b) of Part 23 of the NGR

<sup>13</sup> [https://www.epicenergy.com.au/gmrg/Standing\\_Terms\\_Methodology.pdf](https://www.epicenergy.com.au/gmrg/Standing_Terms_Methodology.pdf)

- Information published by Australian Competition and Consumer Commission (ACCC) or AER
- Information requests to the AER
- Financial statements
- Annual reports lodged with the Government of South Australia
- Market based data from Bloomberg and the Reserve Bank of Australia (RBA)

Periods from 2000 to 2012 are ended 31 December. In 2013 the Service Provider changed its reporting date to 30 June, accordingly column S is for a six-month period.

### 4.3 Note to users or potential users of information

Schedule 4.1: Recovered capital method has been prepared for the purpose of complying with the Guidelines. The Service Provider was acquired by its current owner in May 2013. The Service Provider has needed to rely on historic financial information recorded or prepared for purposes other than complying with the Guidelines. Information prior to this period has been obtained by the Service Provider from the current owner, but the Service Provider has not been able to determine if the historic records and information are complete and accurate. The Service Provider has also needed to estimate the return on capital required each year.

Notwithstanding this comment, the Service Provider has completed a review of the historic financial information and return on capital to satisfy itself that the estimate has been arrived at on a reasonable basis and represents the best estimate in the circumstances. Sections 4.4 and 4.5 of this document provide further information about the source documents used, any estimates made and the methodology applied.

### 4.4 Pipeline assets

#### 4.4.1 Construction costs

The opening balance for the Recovered Capital Method calculation<sup>14</sup> is based on the asset value determined when the MAPS was regulated for the period 2001-2005. The opening balance is based on:

- the Optimised Depreciated Replacement Cost (ODRC) determined for the MAPS in the Australian Competition Tribunal decision on the Moomba to Adelaide pipeline – 10 December 2003; and
- the ODRC of the Pelican Point capacity expansion that is specified as having been excluded from the MAPS ODRC in that decision and therefore needs to be added to ensure the ODRC represents all MAPS assets in existence at that time.

The Service Provider believes this estimate is likely to be conservative because the ODRC determined for the Pelican Point capacity expansion is likely to have been significantly lower than the cost of construction around the time of the determination.

<sup>14</sup> The opening balance is the figure for the purposes of rule 569(4)(b)(i) and as described on page 18 of the Guidelines.

The published regulatory determination includes further information on the optimised configuration of the MAPS and the depreciation applied by the ACCC.

#### 4.4.2 Additions and disposals<sup>15</sup>

##### 2001 to 2013

The amount of capital expenditure since the opening balance and the value of assets disposed of since the commissioning of the pipeline have been estimated using reports extracted from a fixed asset register extracted from a legacy accounting system. The reports have been reviewed by the Service Provider and adjusted to avoid double counting by:

- excluding capital expenditure that the Service Provider believes to be associated with the Pelican Point expansion based on asset and location descriptions, and that may have been considered as part of the regulatory determination of the opening asset value; and
- excluding transfers of assets to the fixed asset register that the Service Provider believes are not capital expenditure and relate to changes in the classification of leased assets based on asset and location descriptions.

The Service Provider believes it is possible that shared assets would have existed during the period such as a Head Office and shared ICT assets but has not been able to identify historical information or to estimate additions and disposals for the purpose of this completing this reporting. Consequently, no assets have been classified as 'shared'.

##### 2013 onwards

Additions represents the amount of capital expenditure related to pipeline assets as recorded in the Fixed Asset Register maintained by the Service Provider.

Disposals represents the value of pipeline assets disposed of in each period as recorded in the Fixed Asset Register maintained by the Service Provider as required by the Guidelines. The value used for disposals is the net book value.

#### 4.5 Return of capital<sup>16</sup>

##### 4.5.1 Revenue and operating expenses

##### 2001 to 2005

Revenue and operating expenses have been estimated using the ACCC determination for the period 2001 to 2005. The determination included forecast CPI, which has been updated for actual CPI over the period.

<sup>15</sup> Additions represents the integers for the purposes of rule 569(4)(b)(ii) and disposals represents integers for the purposes of rule 569(4)(b)(iv), and as described on page 18 of the Guidelines.

<sup>16</sup> Return of capital represents the integers for the purposes of rule 569(4)(b)(iii) and as described on pages 18 and 19 of the Guidelines.

### **2006 to 2013**

Revenue and operating expenses have been estimated using historic management reports prepared by previous owners of the Service Provider that include actual, forecast and budget data.

Revenue for the MAPS and SEPS pipelines owned by the Service Provider is separately identifiable in these management reports. Revenue has been estimated based on these reports with an adjustment to remove actual revenues associated with the SEPS during the relevant period.

Costs identifiable in these management reports are the aggregate costs for a group of pipelines. The costs for the MAPS have been estimated by pro-rating based on the percentage of costs budgeted for EESA, comprising both the MAPS and SEPS, relative to total budgeted costs, and then adjusting to remove estimated costs associated with the SEPS.

### **2013 to 2017**

Actual revenue and costs have been reported based on management reports prepared by the Service Provider, adjusted to remove actual SEPS revenues and an estimate of the costs associated with the SEPS. Costs excludes transaction related costs and taxes incurred by the current owner of the Service Provider in 2013.

### **2018 onwards**

Revenue and costs included in the template are consistent with the methodology described in section 3 of this document.



#### 4.5.2 Net tax liabilities

##### **2001 to 2005**

Net tax liabilities have been estimated using the values specified in the ACCC determination for the period 2001 to 2005.

##### **2006 onwards**

Net tax liabilities have been estimated by taking the tax position exiting the ACCC determination period and modelling the net tax liability for each period as follows:

- Revenue (see 4.5.1)
- Less operating expenses (see 4.5.1)
- Less tax depreciation, based on the tax depreciation schedules from the ACCC determination (see 4.4.1) and updated for annual capital expenditure by asset class (see 4.4.2)
- Less an interest deduction based on the debt component of return on capital (see 4.5.3)
- Less tax losses carried forwards from the ACCC determination (2006) or previous modelled period (2007 to 2018)

Gross tax payable is then further reduced by gamma at 0.4 reflecting the regulatory approach to include the value of imputation credits in the tax liability for the Service Provider.

Tax losses carried forwards from the ACCC determination have been retained to maintain a consistent approach with using the determination to set the opening asset value for the Recovered Capital Method calculation. The impact of retaining tax losses from the ACCC determination is to delay the period in which tax is calculated as paid by the Service Provider to later years, and consequently reduce the valuation calculated following the Recovered Capital Method.

#### 4.5.3 Leased Asset Interest/Financing Charge

As a result of the Adoption of *AASB 16 Leases* from 1 July 2019, a building lease asset has been included as an addition (see 3.6.3).

#### 4.5.4 Return on capital

##### **2001 to 2005**

Return on capital has been estimated using the ACCC determination for the period 2001 to 2005.

##### **2006 to 2017**

The return on capital has been calculated based on the WACC included in the ACCC determination, with the risk free rate and debt risk premium updated each reporting period. The Bloomberg 10-year Commonwealth Government Security was used as the source for the

risk free rate<sup>17</sup>. The debt risk premium was calculated with reference to average end of month values during the relevant periods for 10 year BBB bonds provided by Bloomberg and the RBA fair value curve estimates<sup>18</sup>.

### **2018 onwards**

The return on capital has been calculated based on a methodology consistent with the standing offer published to EESA's website and updated from time to time.

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<sup>17</sup> This series was available continuously over the period of the calculation and is widely used

<sup>18</sup> This approach is consistent with the approach taken by the AER, see p10 of *AER, Discussion paper – Estimating the allowed return on debt - May 2018*

## 5 Weighted average prices

Refer to Schedule 5.0: Weighted average price.

The MAPS provides services as described in Section 2. Pipeline Information.

All firm or interruptible or as available services are charged based on the postage stamp charging method that designates the same charge is payable along the length of the pipeline irrespective of the distance over which gas is transported<sup>19</sup>.

Revenue and volume information has been sourced from actual invoices provided by the Service Provider to users for transportation and storage services during the reporting period. Where necessary, adjustments have been made to align to the revenue to an accrual basis consistent with the revenue recognition requirements in the Guidelines.

### ***Firm forward haul transportation services***

This service category includes revenue from firm Southern Haul, Northern Haul and bi-directional services.

Also included in this service category are any receipt, delivery point or lateral charges that are predominantly associated with the use of the firm transportation service.

The service category also includes MDQ overrun, MHQ overrun and imbalance surcharges that are predominantly associated with the delivery of the firm forward haul service on a day.

The total MDQ for capacity based charges represents the cumulative daily MDQ reserved by users.

The total terajoules (TJs) for volumetric based charges represents actual energy throughput during the period.

Where a user has both a volumetric and capacity based firm service any receipt, delivery point or lateral charges have been prorated to classify as either volumetric or capacity based on MDQ.

### ***Interruptible or as available transportation services***

Interruptible and as available transportation service charges includes interruptible and authorised overrun services.

Where a service is subject to a minimum bill amount the revenue associated with the service is the higher of actual delivery charges or the minimum bill amount.

The total TJs for volumetric based charges represents actual throughput during the period.

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<sup>19</sup> See page 22 of the Guidelines for descriptions of the three charging methodologies that weighted average price information must be classified by.

### **Storage services**

Storage services includes park and expanded imbalance services. For an expanded imbalance service the capacity based volume represents the imbalance allowance over and above the standard operational tolerance of 5% of Firm MDQ.

The total MDQ for capacity based charges represents the cumulative daily MDQ reserved by users.

The total TJs for volumetric based charges represents actual throughput during the period.