Independent auditor's report

To the Directors of Epic Energy South Australia Pty Ltd

Our opinion

We have audited the Pipelines Statements of Epic Energy South Australia Pty Ltd from 1 July 2021 to 30 June 2022 (the Schedules) as required by the Financial Reporting Guideline for Non-Scheme Pipelines published in December 2017 issued by the Australian Energy Regulator.

The Schedules comprise:

- Schedule 1 Pipeline information
  - Schedule 1.1 Financial performance

- Schedule 2 Revenue and expenses
  - Schedule 2.1 Revenue by service
  - Schedule 2.2 Revenue contributions
  - Schedule 2.3 Indirect revenue
  - Schedule 2.4 Shard costs

- Schedule 3 Statement of pipeline assets
  - Schedule 3.1 Pipeline asset useful life
  - Schedule 3.2 Pipeline asset impairment
  - Schedule 3.3 Depreciation and amortisation
  - Schedule 3.4 shared supporting assets

In our opinion the accompanying Schedules are prepared, in all material respects, in accordance with the Financial Reporting Guideline for Non-Scheme Pipelines published in December 2017 issued by the Australian Regulator and the Basis of Preparation as prescribed by the Guideline.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Schedules* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional & 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 statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Emphasis of matter - basis of accounting and restriction on distribution and use

We draw attention to Financial Reporting Guideline for Non-Scheme Pipelines, which describes the basis of accounting. The Schedules have been prepared to satisfy the requirements of the Financial Reporting Guideline for Non-Scheme Pipelines published in December 2017 issued by the Australian Energy Regulator. As a result, the Schedules may not be suitable for another purpose.

Our report is intended solely for Epic Energy South Australia Pty Ltd and its Directors and should not be distributed to or used by parties other than Epic Energy South Australia Pty Ltd , its Directors and Australian Energy Regulator. Our opinion is not modified in respect of this matter.

Responsibilities of management for the statements

Management is responsible for the preparation and presentation of the statements in accordance with Financial Reporting Guideline for Non-Scheme Pipelines, and for such internal control as management determine is necessary to enable the preparation of the statements that is free from material misstatement, whether due to fraud or error.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the statements

Our objectives are to obtain reasonable assurance about whether the Schedules as a whole are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 the statements.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

Charles Christie
Partner

Adelaide
28 October 2022

Independent assurance practitioner's review report to the directors of Epic Energy South Australia on the Asset Valuation using the Recovered Capital Method Schedules as at 30 June 2022.

Report on the financial report

Conclusion

We have reviewed the accompanying Asset Valuation using the Recovered Capital Method Schedules of Epic Energy South Australia Pty Ltd (the "Service Provider") as at 30 June 2022 (the "Schedules") as required by the Financial Reporting Guideline for Non-Scheme pipelines published in December 2017 issued by the Australian Energy Regulator (the "Guideline").

The Schedules comprise Schedule 4 Recovered Capital and Schedule 4.1 Pipelines Capex.

The Schedule has been prepared for the directors to satisfy the requirements of the Guideline.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Schedules of Epic Energy South Australia Pty Ltd have not been prepared, in all material respects, in accordance with section 4 of the Guideline as described in Basis of Preparation.

Basis for conclusion

We have conducted our review in accordance with ASRE 2405 *Review of Historical Financial Information Other than a Financial Report* (ASRE 2405). Our responsibilities are further described in the Assurance practitioner's responsibilities for the review of the financial report section of our report.

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of E*thics for Professional Accountants (including Independence Standards)* (The Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of matter - completeness and accuracy of information prior to May 2013

We draw attention to section 4.3 of the Basis of Preparation which highlights that the Service Provider was acquired by its current owner in May 2013 and has had to use information prior to this date obtained from the archived financial records and extracted from a legacy accounting system in preparing the Schedules. As a result, the Service Provider has not been able to determine if this information prior to this date is complete and accurate given the Service Provider has needed to rely on historic financial information recorded or prepared for purposes other than complying with the Guideline. Our conclusion is not modified in respect of this matter.

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

We draw attention to Basis of Preparation accompanying the Schedules, which describes the basis of upon which all information was prepared. The Schedule has been prepared to assist the directors to fulfil the requirements of the Guideline. As a result, the Schedule may not be suitable for another purpose. Our report is intended solely for the directors of Epic Energy South Australia Pty Ltd and should not be distributed to or used by parties other than directors of Epic Energy South Australia Pty Ltd. Our conclusion is not modified in respect of this matter.

Responsibility of management for the financial Report

Management is responsible for the preparation of the Schedule and has determined that the criteria used in section 4 of the Basis of Preparation accompanying the Schedules is appropriate to meet the needs of the directors and the requirements of the Guideline. Management is also responsible for internal control relevant to the Preparation of the Schedules that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Assurance practitioner's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the Schedules based on our review. ASRE 2405 requires us to conclude whether anything has come to our attention that causes us to believe that the Schedules are not prepared, in all material respects, in accordance with section 4 of the Basis of Preparation accompanying the Schedules. No opinion is expressed as to whether the Basis of Preparation is appropriate to meet the requirements of the guidelines.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

Charles Christie
Partner

Adelaide
28 October 2022

Independent assurance practitioner's review report to the directors of Epic Energy South Australia on the Weighted Average Price Information Schedules as at 30 June 2022.

Report on the financial report

Conclusion

We have reviewed the accompanying Weighted Average Price Information Schedules of Epic Energy South Australia Pty Ltd (the "Service Provider") as at 30 June 2022 (the "Schedule") as required by the Financial Reporting Guideline for Non-Scheme pipelines published in December 2017 issued by the Australian Energy Regulator (the "Guideline").

The Schedules comprise Schedule 5 Weighted average price and Schedule 5.1 Except WAP.

The Schedule has been prepared for the directors to satisfy the requirements of the Guideline.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Schedules of Epic Energy South Australia Pty Ltd have not been prepared, in all material respects, in accordance with section 5 of the Guideline as described in Basis of Preparation.

Basis for conclusion

We have conducted our review in accordance with ASRE 2405 *Review of Historical Financial Information Other than a Financial Report* (ASRE 2405). Our responsibilities are further described in the Assurance practitioner's responsibilities for the review of the financial report section of our report.

We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of E*thics for Professional Accountants (including Independence Standards)* (The Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We draw attention to Basis of Preparation accompanying the Schedules, which describes the basis of upon which all information was prepared. The Schedule has been prepared to assist the directors to fulfil the requirements of the Guideline. As a result, the Schedule may not be suitable for another purpose. Our report is intended solely for the directors of Epic Energy South Australia Pty Ltd and should not be distributed to or used by parties other than directors of Epic Energy South Australia Pty Ltd. Our conclusion is not modified in respect of this matter.

Responsibility of management for the financial Report

Management is responsible for the preparation of the Schedule and has determined that the criteria used in section 5 of the Basis of Preparation accompanying the Schedules is appropriate to meet the needs of the directors and the requirements of the Guideline. Management is also responsible for internal control relevant to the Preparation of the Schedules that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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Assurance practitioner's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the Schedules based on our review. ASRE 2405 requires us to conclude whether anything has come to our attention that causes us to believe that the Schedules are not prepared, in all material respects, in accordance with section 5 of the Basis of Preparation accompanying the Schedules. No opinion is expressed as to whether the Basis of Preparation is appropriate to meet the requirements of the guidelines.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

Charles Christie
Partner

Adelaide
28 October 2022

Gas Pipeline Operator Reporting template

This template is to be uploaded by a Gas Pipeline Operator to its website to fulfil its annual reporting obligations.

Colour coding of input sheets:
Dark blue = AER instructions/headings
Yellow = Input cells
Grey - Not applicable/No inputs required

Leave coloured cells blank if no information exists - PLEASE DO NOT ENTER TEXT unless specifically requested to do so.
All dollar amounts are to be unrounded, and in nominal terms.

Service provider:	Epic Energy South Australia Pty Ltd
Australian business number:	54068599815
Pipeline name:	Moomba to Adelaide Pipeline System
Reporting period start date:	1/07/2021
Reporting period end date:	30/06/2022
Publication date of this financial report:	
Reported information is current as at:	

Has any information in this template been amended since last published within this current reporting period?	No	Basis of preparation reference	

Business address	Address	Level 6, 70 Franklin Street			
	Suburb	Adelaide			
	State	SA	Postcode	5000	
Postal address	Address	Level 6, 70 Franklin Street			
	Suburb	Adelaide			
	State	SA	Postcode	5000	

Contact name/s	Sean Mullins
Contact phone/s	418831317
Contact email address/s	sean.mullins@epic.com.au

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Summary

Epic Energy South Australia Pty Ltd
Year ending **30/06/2022**
All numbers are expressed in $nominal

Revenues and expenses (Table 2.1)	Amounts excluding related party transactions	Related party transactions	Total
Direct revenue	83,788,770	-	83,788,770
Indirect revenue allocated	-	-	-
Total revenue	83,788,770	-	83,788,770
Direct costs	(19,211,879)	-	(19,211,879)
Shared costs allocated	(25,073,033)	-	(25,073,033)
Total costs	(44,284,912)	-	(44,284,912)
Earnings before Interest and tax (EBIT)	39,503,858	-	39,503,858

Statement of pipeline assets (Table 3.1)	Cumulative value as at current reporting period	Cumulative value as at previous reporting period
Pipelines	220,458,311	225,982,749
Compressors	81,709,311	70,932,668
City Gates, supply regulators and valve stations	-	-
Metering	13,163,217	11,927,715
Odorant plants	-	-
SCADA (Communications)	4,525,551	2,303,036
Buildings	-	-
Land and easements	475,301	2,065,746
Other depreciable pipeline assets	5,963,834	5,916,309
Leased Assets	-	-
Other non-depreciable pipeline assets	2,228,743	2,228,743
Total pipeline assets	328,524,269	321,356,967
Shared property, plant and equipment	2,370,274	3,480,245
Shared leased assets	5,117,305	379,420
Inventories	1,412,437	1,531,982
Deferred tax assets	-	-
Other shared assets	19,136,181	15,821,220
Total shared assets allocated	28,036,197	21,212,866
Total assets	356,560,465	342,569,833
Return on assets (EBIT/Total assets value) (Table 1.1.1)	11.08%	

Recovered capital value (Table 4.1)	Cumulative value as at current reporting period	2022
Pipeline assets cost base	534,100,615	
Shared assets cost base	5,257,687	
Total assets	539,358,302	
Return of capital		
Revenue	1,252,175,983	83,788,770
Operating expenses	(419,635,257)	(26,760,525)
Net tax liabilities	(22,880,791)	(5,655,533)
Leased Asset Interest/Financing Charge	(123,336)	(29,111)
Return on capital	(862,911,632)	(38,393,930)
Total Return of Capital	(53,375,033)	12,949,670
Recovered capital method total asset value	592,733,335	13,980,714
Opening asset value		578,752,621
Rate of return (WACC)		6.49%

For information only - yearly percentage change	2018	2019	2020	2021	2022
Revenue	0%	-1%	-1%	0%	7%
Operating expenses	-3%	2%	5%	-15%	24%
Net tax liabilities	NA	46%	1%	17%	8%
Leased Asset Interest/Financing Charge	NA	NA	NA	-4%	-37%
Return on capital	21%	-2%	-8%	-10%	0%
Total Return of Capital	-64%	-24%	42%	108%	-2%

Weighted average price (Table 5.1)	Capacity based charges			Volumetric based charges		
Service description	Revenue $'000	MDQ Total TJ	WAP ($/GJ)	Revenue $'000	Total TJ	WAP ($/GJ)
Transportation services						
Firm forward haul transportation services						
Postage Stamp	56,601	75,097	0.75	15,953	25,368	0.63
Zonal based - Zone 1	-	-	-	-	-	-
Zonal based - Zone 2	-	-	-	-	-	-
Zonal based - Zone 3	-	-	-	-	-	-
Distance based - Major delivery point 1	-	-	-	-	-	-
Distance based - Major delivery point 2	-	-	-	-	-	-
Distance based - Major delivery point 3	-	-	-	-	-	-
Distance based - Other delivery points	-	-	-	-	-	-
Interruptible or as available transportation services						
Postage Stamp	-	-	-	1,475	1,302	1.13
Zonal based - Zone 1	-	-	-	-	-	-
Zonal based - Zone 2	-	-	-	-	-	-
Zonal based - Zone 3	-	-	-	-	-	-
Distance based - Major delivery point 1	-	-	-	-	-	-
Distance based - Major delivery point 2	-	-	-	-	-	-
Distance based - Major delivery point 3	-	-	-	-	-	-
Distance based - Other delivery points	-	-	-	-	-	-
Backhaul services						
Postage Stamp	-	-	-	-	-	-
Zonal based - Zone 1	-	-	-	-	-	-
Zonal based - Zone 2	-	-	-	-	-	-

Zonal based - Zone 3	-	-	-	-	-	-
Distance based - Major delivery point 1	-	-	-	-	-	-
Distance based - Major delivery point 2	-	-	-	-	-	-
Distance based - Major delivery point 3	-	-	-	-	-	-
Distance based - Other delivery points	-	-	-	-	-	-
Stand alone compression services						
Firm stand alone compression services	-	-	-	-	-	-
Storage services						
Firm park/park and loan services	6,251	29,341	0.21	97	186	0.52
Exempt services	-			-		

For information only	As reported in 'Statement of pipeline assets'	As reported in 'Recovered capital value method'
Total asset value (depreciated book value vs. recovered capital method asset value)	356,560,465	592,733,335
Shared asset value as a % of total asset value	7.9%	1.0%
Pipeline asset value as a % of total asset value	92.1%	99.0%
	As reported in 'Revenue and expenses'	
Direct revenue as a % of total revenue	100.0%	
Indirect revenue as a % of total revenue	0.0%	
Direct costs as a % of total costs	43.4%	
Shared costs as a % of total costs	56.6%	

For reconciliation	As reported in 'Revenue and expenses'	As reported in 'Depreciation amortisation'
Depreciation for pipeline assets	(16,232,625)	(15,661,667)
Depreciation for shared assets	(1,291,762)	(902,903)

Contents

Pipeline information

Epic Energy South Australia Pty Ltd
Year ending **30/06/2022**

Table 1.1: Pipeline details

Pipeline location	South Australia
Pipeline length (km)	1100.00
Number of customers	17.00
Service type	Transmission

Table 1.2: Pipeline services provided

Service description	Provided to non related parties	Provided to related parties
Transportation services		
Firm forward haul transportation service	Yes	No
Interruptible or as available transportation service	Yes	No
Backhaul services	No	No
Stand-alone compression services		
Firm stand-alone compression service	No	No
Interruptible or as available stand-alone compression service	No	No
Storage services		
Park services	Yes	No
Park and loan services	No	No
Trading services		
Capacity trading service	Yes	No
In pipe trading service	Yes	No
Other (please specify)		
other service (insert description)		
other service (insert description)		
other service (insert description)		
other service (insert description)		
other service (insert description)		
other service (insert description)		
other service (insert description)		
other service (insert description)		

Contents

Financial performance measures

Epic Energy South Australia Pty Ltd

Year ending **30/06/2022**

Table 1.1.1: Return on assets

	Pipeline
Earnings before interest and tax	39,503,858
Total assets	356,560,465
Return on assets	**11.08%**

Contents

Statement of pipeline revenues and expenses

Epic Energy South Australia Pty Ltd

Year ending 30/06/2022

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						
3.30	Total service revenue	80,377,275	-	80,377,275	78,493,790	-	78,493,790
	Customer contribution revenue	-	-	-			-
	Government contribution revenue	-		-			-
	Profit from sale of fixed assets	3,411,495		3,411,495	(30,750)		(30,750)
	Other direct revenue			-			-
	Total direct revenue	**83,788,770**	**-**	**83,788,770**	**78,463,040**	**-**	**78,463,040**
	Indirect revenue allocated						
	Other revenue	-	-	-			-
	Total indirect revenue allocated	**-**	**-**	**-**	**-**	**-**	**-**
	Total revenue	**83,788,770**	**-**	**83,788,770**	**78,463,040**	**-**	**78,463,040**
	Direct costs						
3.5.1	Repairs and maintenance	(2,345,361)		(2,345,361)	(327,434)		(327,434)
	Wages			-			-
3.5.2	Depreciation	(16,232,625)		(16,232,625)	(16,408,744)		(16,408,744)
	Insurance			-			-
3.5.3	Licence and regulatory costs	(377,963)		(377,963)	(358,552)		(358,552)
	Directly attributable finance charges			-			-
	Leasing and rental costs			-			-
3.5.4	Other direct costs	(255,930)		(255,930)	(318,049)		(318,049)
	Total direct costs	**(19,211,879)**	**-**	**(19,211,879)**	**(17,412,779)**	**-**	**(17,412,779)**
	Shared costs						
3.5.5	Employee costs	(17,318,199)	-	(17,318,199)	(15,912,502)		(15,912,502)
3.5.6	Information technology and communication costs	(1,825,777)	-	(1,825,777)	(1,417,851)		(1,417,851)
	Indirect operating expenses	-	-	-			-
3.5.7	Shared asset depreciation	(1,291,762)	-	(1,291,762)	(759,765)		(759,765)
	Rental and leasing costs	-	-	-			-
	Borrowing costs	-	-	-			-
	Loss from sale of shared fixed assets	-	-	-			-
	Impairment losses (nature of the impairment loss)	-	-	-			-
3.5.8	Other shared costs	(4,637,295)	-	(4,637,295)	(3,248,619)		(3,248,619)
	Total shared costs allocated	**(25,073,033)**	**-**	**(25,073,033)**	(21,338,737)		**(21,338,737)**
	Total costs	**(44,284,912)**	**-**	**(44,284,912)**	(38,751,516)		**(38,751,516)**
	Earnings before Interest and tax (EBIT)	39,503,858	-	39,503,858	39,711,524		39,711,524

Contents

Revenue by service

Epic Energy South Australia Pty Ltd

Year ending **30/06/2022**

Table 2.1.1: Revenue by service

		Reporting period			Previous reporting period		
Basis of Preparation reference	Description	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						
3.30	Firm forward haul transportation services	72,554,140		72,554,140	70,762,981		70,762,981
3.30	Interruptible or as available transportation services	1,475,140		1,475,140	1,827,814		1,827,814
	Backhaul services			-	-		-
	Firm stand-alone compression service			-	-		-
	Interruptible or as available stand-alone compression service			-	-		-
	Park services			-	-		-
3.30	Park and loan services	6,347,995		6,347,995	5,902,996		5,902,996
	Capacity trading service			-			-
	In pipe trading service			-			-
	Other pipeline services (if relevant)			-			-
	Total service revenue	**80,377,275**	**-**	**80,377,275**	**78,493,790**	**-**	**78,493,790**

Contents

Revenue - contributions

Epic Energy South Australia Pty Ltd
Year ending 30/06/2022

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	-

Contents

Indirect revenue

Epic Energy South Australia Pty Ltd
Year ending 30/06/2022

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	-	-		-	-

Contents

Shared costs

Epic Energy South Australia Pty Ltd
Year ending 30/06/2022

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
3.5.5	Employee costs	Employee Costs	(17,318,199)		100.00%	(17,318,199)	-
3.5.6	Information technology and communication costs	Information technology and comı	(1,825,777)		100.00%	(1,825,777)	-
	Indirect operating expenses					-	-
3.5.7	Shared asset depreciation	Shared asset depreciation	(1,291,762)		100.00%	(1,291,762)	-
	Rental and leasing costs					-	-
	Borrowing costs					-	-
	Loss from sale of shared fixed assets					-	-
	Impairment losses (nature of the impairment loss)					-	-
3.5.8	Other shared costs		(4,637,295)	-		(4,637,295)	-
	please identify other shared costs		(4,637,295)		100.00%	(4,637,295)	-
						-	-
						-	-
						-	-
						-	-
						-	-
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						-	-
						-	-
		Total	(25,073,033)	-		(25,073,033)	-

Contents

Statement of pipeline assets

Epic Energy South Australia Pty Ltd
Year ending 30/06/2022

Table 3.1: Pipeline assets

Basis of Preparation reference	Description	Reporting period	Previous reporting period
	Pipeline assets		
	Pipelines		
3.6.1	Initial construction or acquisition costs	289,725,555	289,725,555
3.6.1	Additions	28,144,776	22,625,409
	Capitalised maintenance or improvements	-	
	Total capitalised pipeline construction costs	317,870,331	312,350,964
3.6.1	Depreciation	(97,179,649)	(86,368,214)
	Disposals or early termination (at cost)	(232,371)	
	Closing pipelines carrying value	220,458,311	225,982,749
	Compressors		
3.6.1	Initial construction or acquisition costs	64,787,250	64,787,250
3.6.1	Additions	41,653,763	27,555,918
	Capitalised maintenance or improvements	-	-
3.6.1	Depreciation	(24,298,769)	(21,270,062)
3.6.1	Disposals or early termination (at cost)	(432,933)	(140,437)
	Closing compressors carrying value	81,709,311	70,932,668
	City gates, supply regulators and valve stations		
	Initial construction or acquisition costs	-	
	Additions	-	
	Capitalised maintenance or improvements	-	
	Depreciation	-	
	Disposals or early termination (at cost)	-	
	Closing city gates, supply regulators and valve stations carrying	-	-
	Metering		
3.6.1	Initial construction or acquisition costs	11,155,446	11,155,446
3.6.1	Additions	23,525,639	21,446,620
	Capitalised maintenance or improvements	-	-
3.6.1	Depreciation	(21,517,867)	(20,674,350)
	Disposals or early termination (at cost)	-	-
	Closing metering carrying value	13,163,217	11,927,715
	Odorant plants		
	Initial construction or acquisition costs	-	
	Additions	-	
	Capitalised maintenance or improvements	-	
	Depreciation	-	
	Disposals or early termination (at cost)	-	
	Closing odorant plants carrying value	-	-
	SCADA (Communications)		
3.6.1	Initial construction or acquisition costs	996,586	996,586
3.6.1	Additions	5,578,943	2,676,803
3.6.1	Capitalised maintenance or improvements	-	-
	Depreciation	(1,832,747)	(1,370,353)
	Disposals or early termination (at cost)	(217,231)	
	Closing SCADA carrying value	4,525,551	2,303,036
	Buildings		
	Initial construction or acquisition costs	-	
	Additions	-	
	Capitalised maintenance or improvements	-	
	Depreciation	-	
	Disposals or early termination (at cost)	-	
	Closing buildings carrying value	-	-
	Land and easements		
3.6.1	Initial construction or acquisition costs	2,065,746	2,065,746
	Additions	-	
	Capitalised maintenance or improvements	-	
	Disposals or early termination (at cost)	(1,590,445)	
	Closing land and easements carrying value	475,301	2,065,746
	Other depreciable pipeline assets		
3.6.1	Initial construction or acquisition costs	5,508,724	5,508,724
3.6.1	Additions	6,404,304	5,634,030
	Capitalised maintenance or improvements	-	-
3.6.1	Depreciation	(5,742,059)	(5,226,444)
	Disposals or early termination (at cost)	(207,134)	
	Closing other depreciable pipeline assets carrying value	5,963,834	5,916,309
	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	-	-
3.6.1	**Other non-depreciable pipeline assets**	2,228,743	2,228,743
	Total pipeline assets	328,524,269	321,356,967
	Shared supporting assets allocated		
	Shared property, plant and equipment		
3.6.2	Initial construction or acquisition costs	4,402,741	4,402,741
3.6.2	Additions	4,663,974	4,546,649
	Capitalised maintenance or improvements	-	-
3.6.2	Depreciation	(5,627,116)	(4,929,043)
3.6.2	Disposals or early termination (at cost)	(1,069,324)	(540,102)
	Closing shared property, plant and equipment carrying value	2,370,274	3,480,245
	Shared leased assets		
3.6.3	Initial construction or acquisition costs	1,579,718	1,579,718
	Additions	4,949,739	-
	Capitalised maintenance or improvements	-	-
3.6.3	Depreciation (Amortisation)	(576,809)	(364,955)
3.6.3	Disposals or early termination (at cost)	(835,343)	(835,343)
	Closing leased assets carrying value	5,117,305	379,420
3.6.4	**Inventories**	1,412,437	1,531,982
	Deferred tax assets		-
3.6.4	**Other assets**	19,136,181	15,821,220
	Total shared supporting assets allocated	28,036,197	21,212,866
	TOTAL ASSETS	**356,560,465**	**342,569,833**

Contents

Asset useful life

Epic Energy South Australia Pty Ltd

Year ending **30/06/2022**

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	
	Pipelines	1/05/2013	30 - 40 years	MAPS constructed in 1970 and 43 years old at date of acquistion
	Compressors	1/05/2013	30 - 50 years	MAPS constructed in 1970 and 43 years old at date of acquistion
	City gates, supply regulators and valve stations	1/05/2013		
	Metering	1/05/2013	10 - 40 years	MAPS constructed in 1970 and 43 years old at date of acquistion
	Odorant plants	1/05/2013		
	SCADA (Communications)	1/05/2013	10 - 20 years	MAPS constructed in 1970 and 43 years old at date of acquistion
	Buildings	1/05/2013	30-40 years	MAPS constructed in 1970 and 43 years old at date of acquistion
	Other depreciable pipeline assets	1/05/2013	3 - 10 years	MAPS constructed in 1970 and 43 years old at date of acquistion
	insert asset description			
	insert asset description			
	insert asset description			
	insert asset description			
	Leased Assets	1/05/2013		
	insert asset description			
	insert asset description			
	insert asset description			
	insert asset description			
	Shared property, plant and equipment	1/05/2013	3 - 40 Years	
	insert asset description			
	insert asset description			
	insert asset description			
	insert asset description			
	insert asset description			
	Shared leased assets	1/05/2013	2 - 12 years	Aligned to the length of the lease
	insert asset description			
	insert asset description			
	insert asset description			
	insert asset description			
	insert asset description			

Contents

Asset impairment

Epic Energy South Australia Pty Ltd

Year ending 30/06/2022

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

Contents

Depreciation and amortisation

Epic Energy South Australia Pty Ltd
Year ending **30/06/2022**

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
3.6.1	Pipelines	Pipelines	1/05/2013	30 - 40 years	-	289,725,555	28,144,776		(232,371)	317,637,960	(86,368,214)	(10,811,435)	220,458,311
3.6.1	Compressors	Compressors	1/05/2013	30 - 50 years	-	64,787,250	41,653,763		(432,933)	106,008,079	(21,270,062)	(3,028,707)	81,709,311
3.6.1	Metering	Metering	1/05/2013	10 - 40 years	-	11,155,446	23,525,639		-	34,681,085	(20,674,350)	(843,517)	13,163,217
3.6.1	Land and easements	Land and easements	1/05/2013	0	-	2,065,746	-		(1,590,445)	475,301	-	-	475,301
3.6.1	SCADA (Communications)	SCADA (Communications)	1/05/2013	10 - 20 years	-	996,586	5,578,943		(217,231)	6,358,298	(1,370,353)	(462,394)	4,525,551
3.6.1	Other depreciable assets	Other depreciable pipeline assets	1/05/2013	3 - 10 years		5,508,724	6,404,304		(207,134)	11,705,893	(5,226,444)	(515,615)	5,963,834
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	Total pipeline assets				-	374,239,306	105,307,424	-	(2,680,114)	476,866,617	(134,909,424)	(15,661,667)	326,295,526

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
3.6.2	Buildings	Shared property, plant and equipment	1/05/2013	30 - 40 years	2,706,428	855,065		(569,942)	2,991,551	(1,095,983)	(203,039)	1,692,530
3.6.2	Motor vehicles	Shared property, plant and equipment	1/05/2013	5 years	716,875	2,112,088		(418,853)	2,410,110	(1,550,935)	(368,196)	490,979
3.6.2	ICT assets	Shared property, plant and equipment	1/05/2013	3 - 5 years	979,437	1,696,821		(80,530)	2,595,729	(2,289,149)	(119,815)	186,765
3.6.3	Building Lease	Shared leased assets	1/07/2019	10 years	1,579,718	4,949,739		(835,343)	5,694,114	(364,955)	(211,854)	5,117,305
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	Total fixed assets				5,982,459	9,613,713	-	(1,904,667)	13,691,504	(5,301,022)	(902,903)	7,487,579

Contents

Shared supporting assets

Epic Energy South Australia Pty Ltd
Year ending 30/06/2022

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	-		-

Contents

Recovered capital method (rule 569(4))

Epic Energy South Australia Pty Ltd

Year ending **30/06/2022**

Table 4.1: Recovered capital method - pipeline assets

Basis of Preparation reference	Asset description		Total	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Pipeline assets															
		Construction cost	380,922,000	380,922,000	-	-	-	-	-	-	-	-	-	-	-	-
		Negative residual value	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Additions	156,583,927	-	3,440,438	5,291,463	983,469	1,947,271	1,923,180	6,261,499	2,218,242	8,334,055	3,028,512	2,561,073	3,527,098	3,844,170
		Maintenance capitalised	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Disposal (at cost)	(3,405,312)	-	-	-	-	-	-	-	-	-	-	-	-	-
		Leased Asset	-													
		Cost base	534,100,615	**380,922,000**	**3,440,438**	**5,291,463**	**983,469**	**1,947,271**	**1,923,180**	**6,261,499**	**2,218,242**	**8,334,055**	**3,028,512**	**2,561,073**	**3,527,098**	**3,844,170**
	Shared assets															
		Construction cost or acquisition cost (where allowed) apportioned	-													
		Additions	-													
		Maintenance capitalised	-													
		Disposal (at cost)	-													
		Leased Asset	5,257,687													
		Cost base	5,257,687	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		Total assets	539,358,302	380,922,000	3,440,438	5,291,463	983,469	1,947,271	1,923,180	6,261,499	2,218,242	8,334,055	3,028,512	2,561,073	3,527,098	3,844,170
	Return of capital															
		Revenue	1,252,175,983	-	50,162,607	51,355,650	53,580,307	53,962,963	52,884,046	36,100,000	38,783,000	40,028,000	42,007,000	42,334,000	47,732,000	52,811,000
		Operating expenses	(419,635,257)	-	(15,368,000)	(15,094,000)	(15,596,000)	(15,940,000)	(16,293,000)	(12,720,750)	(13,491,790)	(15,287,110)	(16,241,700)	(18,028,460)	(18,777,570)	(22,882,110)
		Net tax liabilities	(22,880,791)	-	-	-	-	-	-	-	-	-	-	-	-	-
		Leased Asset Interest/Financing Charge	(123,336)	-	-	-	-	-	-	-	-	-	-	-	-	-
		Return on capital	(862,911,632)	-	(33,679,000)	(33,487,000)	(33,356,000)	(33,234,000)	(33,007,000)	(34,840,427)	(37,792,068)	(44,118,384)	(47,066,442)	(46,054,463)	(46,375,218)	(41,871,498)
		Total Return of Capital	(53,375,033)	**-**	**1,115,607**	**2,774,650**	**4,628,307**	**4,788,963**	**3,584,046**	**(11,461,177)**	**(12,500,858)**	**(19,377,494)**	**(21,301,142)**	**(21,748,923)**	**(17,420,788)**	**(11,942,608)**
		Recovered capital method total asset value	592,733,335	**380,922,000**	**2,324,831**	**2,516,813**	**(3,644,838)**	**(2,841,692)**	**(1,660,866)**	**17,722,676**	**14,719,100**	**27,711,549**	**24,329,654**	**24,309,996**	**20,947,886**	**15,786,778**
	For information	Opening asset value			380,922,000	383,246,831	385,763,644	382,118,806	379,277,114	377,616,248	395,338,924	410,058,024	437,769,573	462,099,227	486,409,223	507,357,109
	For information	Rate of return (WACC)			8.80%	8.68%	8.64%	8.68%	8.68%	9.15%	9.53%	10.65%	10.71%	9.94%	9.50%	8.22%

Table 4.2: Pipeline details

Construction date	1/01/2000
Negative residual value	

Year																									
2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
-	-	-	-	-	-	-	-	-	-																
-	-	-	-	-	-	-	-	-	-																
2,699,734	3,080,768	31,315,458	15,048,931	8,079,073	5,137,000	8,125,504	9,691,732	4,559,286	25,485,971																
-	-	-	-	-	-	-	-	-	-																
-	(21,000)	(17,000)	-	(45,138)	(3,930)	(2,207)	(99,484)	(147,654)	(3,068,899)																
2,699,734	**3,059,768**	**31,298,458**	**15,048,931**	**8,033,935**	**5,133,070**	**8,123,297**	**9,592,248**	**4,411,632**	**22,417,072**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
							1,407,386	(663,011)	4,513,312																
-	**-**	**-**	**-**	**-**	**-**	**-**	**1,407,386**	**(663,011)**	**4,513,312**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2,699,734	3,059,768	31,298,458	15,048,931	8,033,935	5,133,070	8,123,297	10,999,633	3,748,621	26,930,384	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28,361,955	54,493,404	53,335,521	74,257,000	79,587,000	79,927,000	79,372,082	78,849,639	78,463,040	83,788,770																
(10,325,422)	(21,586,704)	(21,077,637)	(25,343,000)	(24,320,000)	(23,580,000)	(24,017,292)	(25,321,180)	(21,583,007)	(26,760,525)																
-	-	-	-	-	(3,046,534)	(4,448,245)	(4,487,897)	(5,242,582)	(5,655,533)																
-	-	-	-	-	-	-	(48,169)	(46,056)	(29,111)																
(20,544,855)	(45,276,090)	(38,629,866)	(41,096,532)	(39,090,764)	(47,443,947)	(46,451,157)	(42,663,839)	(38,439,153)	(38,393,930)																
(2,508,322)	**(12,369,390)**	**(6,371,982)**	**7,817,468**	**16,176,236**	**5,856,519**	**4,455,388**	**6,328,554**	**13,152,242**	**12,949,670**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5,208,056	**15,429,158**	**37,670,440**	**7,231,463**	**(8,142,301)**	**(723,449)**	**3,667,909**	**4,671,079**	**(9,403,621)**	**13,980,714**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
523,143,887	528,351,943	543,781,101	581,451,541	588,683,004	580,540,703	579,817,254	583,485,163	588,156,242	578,752,621	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335
3.92%	8.54%	6.91%	6.98%	6.60%	8.14%	7.96%	7.25%	6.51%	6.49%																

Drag and drop columns if required

2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335	592,733,335

Contents

Capital expenditure

Epic Energy South Australia Pty Ltd
Year ending 30/06/2022

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

Basis of Preparation reference	Description of works	Date recognised	Expenditure ($ nominal)
	Bi-directional expansion	30/06/2015	27,500,000

Contents

Weighted average prices

Epic Energy South Australia Pty Ltd
Year ending 30/06/2022

Table 5.1: Weighted average prices

				Other Services						Postage Stamp Transportation Services												
																		Zone 1				
		Total revenue		Capacity based charges			Volumetric based charges			Total Postage Stamp Revenue	Capacity based			Volumetric based			Total Zonal Revenue	Capacity based			Volumetric base	
Basis of preparation reference	**Service description**	**$'000**	**Has there been any use of estimates to allocate revenue to each transportation service?**	**Revenue $'000**	**MDQ Total TJ**	**WAP ($/GJ)**	**Revenue $'000**	**Total TJ**	**WAP ($/GJ)**	**$'000**	**Revenue $'000**	**MDQ Total TJ**	**WAP ($/GJ)**	**Revenue $'000**	**Total TJ**	**WAP ($/GJ)**	**$'000**	**Revenue $'000**	**MDQ Total TJ**	**WAP ($/GJ)**	**Revenue $'000**	**Total TJ**
	Transportation services																					
	Firm forward haul transportation services	72,554								72,554	56,601	75,097	0.75	15,953	25,368	0.63	-	-	-	-	-	-
	Interruptible or as available transportation services	1,475								1,475	-	-	-	1,475	1,302	1.13	-	-	-	-	-	-
	Backhaul services	-								-	-	-	-	-	-	-	-	-	-	-	-	-
	Stand alone compression services																					
	Firm stand alone compression services	-				-	-	-	-													
	Storage services																					
	Firm park/park and loan services	6,348		6,251	29,341	0.21	97	186	0.52													
	Total exempt services	-		-			-															
	Total	**80,377**		**6,251**	**29,341**		**97**	**186**		**74,029**	**56,601**	**75,097**		**17,428**	**26,670**		**-**	**-**	**-**		**-**	**-**

Zonal Based Transportation Services														Distance Based Transportation Services (to major delivery points)																			
	Zone 2						Zone 3							Major Delivery Point 1						Major Delivery Point 2						Major Delivery Point 3							
ed	Capacity based			Volumetric based			Capacity based			Volumetric based			Total Distance Based Revenue	Capacity based			Volumetric based			Capacity based			Volumetric based			Capacity based			Volumetric based			Capacity based	
WAP ($/GJ)	Revenue $'000	MDQ Total TJ	WAP ($/GJ)	Revenue $'000	Total TJ	WAP ($/GJ)	Revenue $'000	MDQ Total TJ	WAP ($/GJ)	Revenue $'000	Total TJ	WAP ($/GJ)	$'000	Revenue $'000	MDQ Total TJ	WAP ($/GJ)	Revenue $'000	Total TJ	WAP ($/GJ)	Revenue $'000	MDQ Total TJ	WAP ($/GJ)	Revenue $'000	Total TJ	WAP ($/GJ)	Revenue $'000	MDQ Total TJ	WAP ($/GJ)	Revenue $'000	Total TJ	WAP ($/GJ)	Revenue $'000	MDQ Total TJ
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
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	-	-		-	-		-	-		-	-		-	-	-		-	-		-	-		-	-		-	-		-	-		-	-

Other Delivery Points			
	Volumetric based		
WAP ($/GJ)	Revenue $'000	Total TJ	WAP ($/GJ)
-	-	-	-
-	-	-	-
-	-	-	-
	-	-	

Contents

Services exemption granted from AER for Weighted Average Price disclosure

Epic Energy South Australia Pty Ltd
Year ending 30/06/2022

Table 5.1.1: AER exemptions

Service category

Contents

Additional (optional) notes and information

Epic Energy South Australia Pty Ltd

Year ending 30/06/2022

Date	AER amendment#	Worksheet	Table	Cell	Change	Reason
2/08/2018	1	Amendment record			New worksheet inserted	AER advised of errors in the published file - the amendment record allows for errors to be corrected in a transparent manner
6/08/2018	2	2. Revenue and expenses	2.1	F13	Formula corrected	Formula amended to sum both elements of 'Direct revenue' to get 'Total direct revenue'.
2/08/2018	3	3 Statement of pipeline assets	3.1	D33:E33	Formula inserted	Formula to aggregate relevant rows (Metering) to determine Closing value for metering assets
2/08/2018	4	3.3 Depreciation	3.3.1	D9:D52	List amended	The term 'other depreciable assets' has been replaced with ' other depreciable pipeline assets' to match the terms used on worksheet 3.
6/08/2018	5	3.3 Depreciation	3.3.1	M7 and N7	Heading amended	The heading has been amended to make it clear that accumulated depreciation is to be reported for both the current reporting period and the prior period.
6/08/2018	6	3.3 Depreciation	3.3.1	I5:K5	Guidance note added	A guidance note has been added to the worksheet, clarifying that additions, capitalised maintenance and disposals must all be reported on a cumulative basis in this worksheet. Closing asset values are derived in each year with reference to the initial construction cost. Therefore all amendments to this value must be reported on a cumulative basis, to ensure the closing value is adjusted for all additions, disposals or capitalised maintenance.
6/08/2018	7	3.3 Depreciation	3.3.1	Column O	Formula updated	Formula updated to avoid double counting of prior years' data.
9/06/2020	8	3 Statement of pipeline assets	3.1	Rows 63-67 and 74-78	rows inserted	New items inserted to record Leased Assets as per AASB16.
9/06/2020	9	3 Statement of pipeline assets	3.1	D68:E68 and D82:E82	Formula updated	Formulae updated to include leased assets
9/06/2020	10	3 Statement of pipeline assets	3.1	D14, D19, D25, D31, D37, D43, D49, D59	Formulae corrected	Formulae ammended to include prior year accumulated depreciation plus current year depreciation. It was only picking up current year depreciation.
9/06/2020	11	3.1 Pipeline asset useful life	3.1.1	B21:F25 and B32:F37	rows inserted	Allow for lease asset information
16/07/2020	12	Cover	Reporting template	D31:F32	Formatting - font changed from white to black colour	To be visible.
17/06/2020	13	1.1 Financial performance	1.1.1	C10	Formatting - changed from Accounting Comma to Percentage Percent	To disclose percentage with appropriate signage
9/06/2020	14	3.3 Depreciation				tab renamed 3.3 Depreciation amortisation
26/07/2020	15	3.3 Depreciation amortisation	3.3.2	L58:L78	Insert column	To explicitly allow for prior period depreciation
26/07/2020	16	3 Statement of pipeline assets	3.1	Row 59	rows inserted	to record additions and improvements capitalised
26/07/2020	17	3 Statement of pipeline assets	3.1	D58	Formula updated	to only pick up initial acquisition costs
26/07/2020	18	3.3 Depreciation amortisation	3.3.1	D9:D52	List updated	added Leased assets to drop list
26/07/2020	19	3.3 Depreciation amortisation	3.3.2	D60:D67	List updated	added Shared leased assets to drop list
26/07/2020	20	4 Recovered Capital	4.1	Rows 15, 22, 29	rows inserted	New items inserted to record Leased Assets
26/07/2020	21	4 Recovered Capital	4.1	E15, E22 and E29	Formula added	to sum columns F to BH for respective items
26/07/2020	22	4 Recovered Capital	4.1	F16:BH16 and F23:BH23	Formula updated	to include Leased Assets in total
26/07/2020	23	3.3 Depreciation amortisation	3.3.1 and 3.3.2	B5, B56, K7, G58, J58 and M58	Heading amended	Headings updated for clarity
10/05/2021	24	Cover		A7	Heading amended	Spelling correction - "insructions" changed to "instructions"
10/05/2021	25	Cover		A25:E25	Row inserted	To record the publication date of the reporting template
10/05/2021	26	Cover		A27:E27	Row inserted	To record the date to which the reported information is current
10/05/2021	27	Cover		A29:K29	Row inserted	To record whether there has been any change in the template and disclose the basis of preparation reference, if relevant
10/05/2021	28	Contents		C10	Hyperlink added	Hyperlink to 'Summary' worksheet inserted.
10/05/2021	29	Summary			Worksheet inserted	To enhance accessibility and transparency of the reported information by providing 'a quick glance' view of the key information reported in the template.
10/05/2021	30	1. Pipeline information	1.2	B16, B20, B21	Heading amended	To make the labelling of pipeline service categories consistent with those listed in Table 2.1.1.
10/05/2021	31	2. Revenues and expenses	2.1	Row 12 to Row 14 / C12: C14	Rows inserted	To improve the clarity of revenue categories, 'Customer contribution revenue' and 'profit from sale of fixed assets' are removed from the 'Total service revenue' category under Table 2.1.1. They are now reflected in Table 2.1 instead, where 'Direct revenue' category is reported. 'Government contribution revenue' is added as a category, consistent with the treatment for 'Customer contribution revenue' under the 'Direct revenue' category.
10/05/2021	32	2. Revenues and expenses	2.1	F11 and I11	Formula updated	To amend the formula to sum up D11 and E11 ; and G11 and H11 respectively.
10/05/2021	33	2. Revenues and expenses	2.1	D32:D40 and E32:E40	Formula updated	To amend the formula to sum up the relevant rows in Table 2.4.1 (rows 9-35 instead of rows 9-36).
10/05/2021	34	2. Revenues and expenses	2.1	J24	Comment removed	To remove a comment made inadvertantly.
10/05/2021	35	2. Revenues and expenses	2.1	C34 and C39	Heading amended	To remove uppercase in some words.
10/05/2021	36	2. Revenues and expenses	2.1	I16	Formula updated	To correctly sum up revenue categories to derive 'total direct revenue'.
10/05/2021	37	2.1 Revenue by service	2.1.1	C10, C21	Heading amended	To clarify that Table 2.1.1 only captures service revenue, rather than all direct revenue.
10/05/2021	38	2.1 Revenue by service	2.1.1		Rows removed	The removed categories have been moved to Table 2.1, as discussed at amendment record number 31.
10/05/2021	39	2.1 Revenue by service	2.1.1	Rows 16 and 17	Rows amended and inserted	To split "Park and park and loan services" into two rows: "Park services" and "Park and loan services" , consistent with how service categories are presented in Table 1.2.
10/05/2021	40	2.1 Revenue by service	2.1.1	Row 20	Heading amended	To replace 'Distribution/transmission revenue' with 'Other pipeline services (if relevant)', consistent with how service categories are presented in Table 1.2.
10/05/2021	41	2.1 Revenue by service	2.1.1	I21	Formula updated	To correctly calculate the 'total service revenue'.
10/05/2021	42	2.2 Revenue contributions	2.2.1	E9:E14	Formula added and formatting changed	Added sum formula.
10/05/2021	43	2.3 Indirect revenue	2.3.1	E2:G4	Guidance note added	A prompt has been added to the worksheet to highlight the need for pipeline operators to include sufficient information in their basis of preparation to explain its allocation methodologies and the basis of its allocators.
10/05/2021	44	2.4 Shared costs	2.4.1	E2:G4	Guidance note added	As above.
10/05/2021	45	2.4 Shared costs	2.4.1	H36 & I36	Formula updated	To rectify a double counting error.
10/05/2021	46	2.4 Shared costs	2.4.1	C11 and C16	Heading renamed	To remove upppercase in some words.
10/05/2021	47	3. Statement of pipeline assets		C38, C44	Heading amended	Spelling correction - "Odourant" changed to "Odorant"
10/05/2021	48	3. Statement of pipeline assets	3.1	C8 and C81	Heading inserted	To improve the clarity of asset categories
10/05/2021	49	3. Statement of pipeline assets	3.1	C82	Heading amended	To improve the consistency of labelling between worksheets
10/05/2021	50	3. Statement of pipeline assets	3.1	Column C	Rows added and headings amended	To improve the consistency of labelling between worksheets, each asset category other than 'pipelines', 'land and easements', 'other non-depreciable pipeline assets', 'inventories', 'deferred tax assets' and 'other assets', is amended to have the following reporting lines, consistent with the headings in Table 3.3.1 : - Initial construction or acquisition costs - Additions - Capitalised maintenance or improvements - Depreciation - Disposals or early termination (at cost) There are also some formatting changes.
10/05/2021	51	3. Statement of pipeline assets	3.1	D71 & E71	Formula updated	To correctly sum up the cost components that derive the carrying value of 'other depreciable pipeline assets'.
10/05/2021	52	3. Statement of pipeline assets	3.1	D88 & E88	Formula updated	To correctly sum up the cost components that derive the carrying value of 'shared property, plant and equipment' (previously labelled 'shared supporting assets').
10/05/2021	53	3.1 Asset useful life			Tab renamed	Tab is renamed from '3.1 Pipeline asset useful life' to '3.1 Asset useful life' to be consistent with the heading of the worksheet. The worksheet does not only contain pipeline asset useful life information, but also shared assets'.
10/05/2021	54	3.1 Asset useful life	3.1.1	D9:D37	Number formatting	To disclose numbers as short dates.
10/05/2021	55	3.1 Asset useful life		D7	Heading amended	To correct spelling mistake: "Acqusition" changed to "Acquisition"
10/05/2021	56	3.2 Asset impairment			Tab renamed	Tab is renamed from '3.2 Pipeline asset impairment' to '3.2 Asset impairment' to be consistent with the heading of the worksheet. The worksheet does not only contain pipeline asset impairment information, but also shared assets'.
10/05/2021	57	3.2 Asset impairment	3.2.1 and 3.2.2	D8:D22, D28:D54, G28:G54,	Number formatting	To disclose numbers as short dates.
10/05/2021	58	3.3 Depreciation amortisation	3.3.1	H7 and G58	Heading amended	To improve the consistency of labelling between worksheets
10/05/2021	59	3.3 Depreciation amortisation	3.3.1	J7 and I58	Heading amended	To improve the consistency of labelling between worksheets
10/05/2021	60	3.3 Depreciation amortisation	3.3.1	G53	Formula inserted	To rectify a missing formula.
10/05/2021	61	3.3 Depreciation amortisation	3.3.1 and 3.3.2	F9:F52 and F60:F77	Number formatting	To disclose numbers to the nearest whole number.
10/05/2021	62	3.3 Depreciation amortisation	3.3.1 and 3.3.2	N7, M58	Heading renamed	The heading has been amended to make it clear that depreciation for the current reporting period does not include accumulated depreciation for the prior years.
10/05/2021	63	3.3 Depreciation amortisation	3.3.1	D9:D52	List updated	The dropdown box values have been amended to match the asset categories terms used on worksheet 3.
10/05/2021	64	3.3 Depreciation amortisation	3.3.2	D60:D77	List updated	The dropdown box values have been amended to match the asset categories terms used on worksheet 3.
10/05/2021	65	3.4 Shared supporting assets	3.4.1	D9:D40	List updated	The dropdown box values have been amended to match the asset categories terms used on worksheet 3.

10/05/2021	66	3.4 Shared supporting assets	3.4.1	E2:G4	Guidance note added	A prompt has been added to the worksheet to highlight the need for pipeline operators to include sufficient information in their basis of preparation to explain its allocation methodologies and the basis of its allocators.
10/05/2021	67	4. Recovered capital			Tab renamed	Minor punctuation amendment.
10/05/2021	68	4. Recovered capital			Background amended	Background amended to white, consistent with the rest of the template worksheets.
10/05/2021	69	4. Recovered capital	4.1	E11	Formula updated	To revise the formula to sum F11:BH11, consistent with the formula of other cost compoenents that make up the 'cost base'.
10/05/2021	70	4. Recovered capital	4.1	Rows 33 and 34	Rows inserted	To disclose opening asset value and rate of return (WACC) of each year.
10/05/2021	71	4. Recovered capital	4.1	E25	Formula deleted	Formula not required.
10/05/2021	72	4. Recovered capital	4.1	F31:BH31	Formula updated	Previous sum formula included row 25 which is not an input cell
10/05/2021	73	4. Recovered capital	4.1	F8:BH8	Formula updated	To adjust the formula to display year numbers that would allow for cross-referencing in the Summary tab.
10/05/2021	74	4. Recovered capital		D18	Heading amended	To correct spelling error - "Acqusition" changed to "Acquisition"
10/05/2021	75	5. Weighted average price	5.1	Column B	Column added	To disclose the reference to the basis of preparation where pipeline operator may have explained the basis of allocation between pipelines and service types.
10/05/2021	76	5. Weighted average price	5.1	Column D	Column added	To provide clarity on whether there has been any use of estimates by the pipeline operator to allocate revenue between pipelines and service types.
10/05/2021	77	5. Weighted average price	5.1	B2:E3	Heading inserted	To insert Heading "Year ending XX/XX/XXXX", consistent with the strucure of other worksheets in the template.
10/05/2021	78	5. Weighted average price	5.1	F10: BJ10	Heading amended	To clarify the unit measurement the data is supposed to be expressed in.
10/05/2021	79	5. Weighted average price	5.1	G10, N10, U10, AA10, AG10, AN10, AT10, AZ10, BF10	Comment box inserted	To provide guidance that MDQ Total TJ shall be reported as the sum of MDQ's over the reporting period in TJs
10/05/2021	80	All worksheets			Number formatting	All data points expressed in dollars terms have been formatted to remove decimal points (except for weighted average prices) and to express negative values in brackets.

Basis of preparation

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

Contents

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 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 28 October 2022 and is current to 28 October 2022. 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[1] 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[2] for further information on how pipeline services operate.

[1] https://epicenergy.com.au/moomba-to-adelaide-pipeline-system/
[2] 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. The Epic Energy Group owns and operates windfarms in Eastern Australia, a solar farm in regional South Australia and a Microgrid in Adelaide.

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 the recognition and measurement principles of AASB accounting standards 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[3] 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)[4] 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[5].

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.

[3] 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
[4] See section 1.5.2 Inflation on page 5 of the Guidelines
[5] See paragraphs 9 to 46 of AASB 15 *Revenue from Contracts with Customers*

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.

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[6]. See worksheet 3.1 Pipeline asset useful life for further information on useful life by balance sheet item.

Provisions

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[7]

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.

[6] See section 3.2.3 Asset life principles on page 14 of the Guidelines.
[7] 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.

- Corporate staff costs who have roles that do not directly or indirectly relate to the provision of services on the MAPS have 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:

    - Pipeline system capacity / (MAPS capacity + SEPS capacity)

    - Where MAPS capacity = 354 TJ/d (being 249TJ/d Southern Haul and 105TJ/d Northern Haul); and SEPS capacity = 9.5 TJ/d.

- The shared cost allocator is the most appropriate available allocator because it allows for costs to be allocated between MAPS and SEPS on a consistent basis that considers the difference is size, complexity and running costs of the two systems.

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.

- This shared cost allocator is the most appropriate available allocator because it is based on time records and is consistent with how internal labour costs have been allocated.

- 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.

Other shared costs have been allocated to the MAPS using the following method:

- EESA has Management Service Agreements in place with other legal entities in the Epic Group to provide defined services. EESA recovers the cost of providing these services from the other legal entities which results in a decrease to other shared costs.

- 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[8]

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.

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.

In FY22 asset values have been updated including revised estimates of the costs of dismantling and removing assets associated with the MAPS and restoring the site on which it is located. The change has been recognised as a movement in additions in the Pipelines, Compressors and Metering asset classes, based on the estimate of the direct costs associated with each asset class.

[8] See section 3.2 Methods, principles and inputs used on pages 11 to 17 of the Guidelines.

Contemporaneously, a change in the corresponding provision for restoration costs has been recognised in the books and records of the Service Provider, in accordance with AASB 137. This provision is not reported within the template as there is no requirement to report on liabilities as specified by the Guidelines.

3.6.2 Pipeline assets – shared property, plant and equipment[9]

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 3.5.5.

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

This represents a building lease now 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 3.5.5.

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 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 as described in section 3.5.5.

[9] See section 3.2.4 Allocation principles on page 16 of the Guidelines

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[10]. 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[11] and the Rules[12], 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[13] produces a tariff of approximately $0.78 per GJ/day (in $2019) 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

[10] See Section 4.1 Estimates on page 21 of the Guidelines.
[11] See Section 4.0 Asset valuation using the recovered capital method on pages 18 to 20 of the Guidelines
[12] See rule 569(4)(b) of Part 23 of the NGR
[13] https://www.epicenergy.com.au/gmrg/Standing_Terms_Methodology.pdf

- Information extracted from a legacy accounting system
- 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[14] 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.

[14] 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 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.

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[15]

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. Shared assets other than Leased Assets have been classified within Pipeline assets for consistency with 2001-2013.

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.

4.4.3 Leased Asset

2020 onwards

[15] 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.

Movements to the lease asset as a result of the expiry of time or adjustments to the remaining lease term are included in the current year lease asset amount.

4.5 Return of capital[16]

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.

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

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[16] 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.

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

2020 onwards

This represents the current year finance cost.

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[17]. 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[18].

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.

As good reporting practice, the methodology contemporaneous with the period covered by this Basis of Preparation has been included as an Appendix.

[17] This series was available continuously over the period of the calculation and is widely used
[18] This approach is consistent with the current 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[19].

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.

[19] See page 22 of the Guidelines for descriptions of the three charging methodologies that weighted average price information must be classified by.

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

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.

6 Appendix – Standing Offer Methodology

Moomba to Adelaide Pipeline System: Standing price information

The Gas Transportation Agreement published on Epic's website contains standing terms for pipeline services on the MAPS, including standing prices for services.

The standing prices have been calculated using a "building block methodology". This methodology calculates a "revenue requirement" for each year. As the standing price is offered in respect of a five year term, a revenue requirement for each of the years in the five-year period commencing July 2017 and ending June 2022 has been calculated. This revenue requirement is then divided by the forecast demand, which gives a per GJ/day tariff.

The building blocks used in the methodology are:

- indexation of the asset base;
- return on capital;
- return of capital;
- estimated cost of corporate income tax; and
- forecast operating expenditure.

Further detail on each of the building blocks is provided below.

Building blocks

Indexation of the asset base

The value of the asset base[20] has been calculated by applying the Recovered Capital Method defined in the Financial Reporting Guidelines for Non-Scheme Pipelines issued by the AER. The value has been calculated by:

- taking the value for the asset base as determined when the MAPS was previously regulated under an Access Arrangement by the ACCC in 2001-2005;
- rolling this forwards using the Recovered Capital Method to 30 June 2017;
- rolling the asset base value forward for each of the years during the period 2018-2022. This includes the reduction of the asset base for return of capital included in the revenue requirement calculated for each year.

To calculate the indexation building block, the value of the asset base in each of the relevant years has been indexed by forecast CPI.

Return on capital

The return on capital has been calculated as a benchmark weighted average of the return on equity and return on debt. This return is applied to the value of the asset base in each of the relevant years to give the return on capital building block.

The return on equity has been calculated using the SLCAPM method applied by the AER as the foundation model for estimated return of equity. An equity beta of 1.0 has been applied, consistent with the MAPS being an unregulated pipeline subject to competition.

The return on debt has been calculated using the method applied by the AER, which is to calculate the simple average of the Bloomberg and Reserve Bank of Australia

[20] The valuation under the Recovered Capital Method at 30 June 2017 will be subject to a limited assurance review as set out in the Financial Reporting Guideline for Non-Scheme Pipelines (FRG). Epic will publish the valuation following this methodology after the review specified in the FRG has been completed, by 31 October 2018 at the latest.

fair value yields for the broad BBB credit rating band at a term to maturity of ten years. This cost has been averaged over a ten year period ending in March 2017.

Return of capital

Return of capital or depreciation has been calculated on a straight line basis by rolling forward depreciation schedules from the access arrangement updated for capital expenditure and disposals.

Estimated cost of corporate income tax

A statutory income tax rate of 30% has been used. Tax losses and depreciation have been rolled forwards from the access arrangement.

A value for gamma of 0.4 has been used. This is consistent with the value the AER has adopted for this parameter throughout 2017.

Forecast operating expenditure

Forecast operating expenditure has been forecast using a long-term forecast.

Revenue requirement

The revenue requirement is calculated for a five-year period and then averaged to determine an annualised revenue.

The annualised revenue requirement is then divided by contracted and forecast recontracted volumes, which are also averaged over a five-year period. This results in a fixed firm tariff for a five year term of $0.77 per GJ/day (in $2017). Other tariffs have been calculated with reference to a premium or discount to this fixed firm tariff.