ATTACHMENT 2 - BASIS OF PREPARATION
REGULATORY INFORMATION NOTICE (APRIL 2022)

GAS DIVISION

For the regulatory year 2022

31/05/2023

Contents

OVERVIEW

The Economic Regulation Authority (**ERA**) served a Regulatory Information Notice (**RIN**) on ATCO Gas Australia (**ATCO**) on 20 April 2022.[1]

The information required by the RIN to be submitted includes specific information prescribed in the written notice and in an Excel spreadsheet.

The RIN requires ATCO to submit annual responses to the Economic Regulatory Authority (**ERA**) on or before 4:00 pm Australian Western Standard Time (**AWST**) by 31 August 2022 for the first reporting period, and for each subsequent reporting period on 31 May up to and including reporting on the 2024 calendar year (due 31 May 2025).

The ERA requires ATCO to provide the following information:

1.   All information required in the Microsoft Excel workbook (attached at Appendix A to the RIN in accordance with the instructions provided), including:

     a)   Specifying that the information is an estimate and provide the assumptions and reasons on which the estimate is based for each instance where the information required in the regulatory templates is based on an estimate because actual information is not available at the time of reporting.

     b)   Where the information required in the regulatory templates cannot be provided, provide reasons explaining why the information cannot be provided.

2.   A **Basis of Preparation** document to identify and provide, as relevant, a description of the processes, procedures, measurement systems, information systems and/or quality control systems applied in providing the information in the worksheets in the Microsoft Excel workbook. The Basis of Preparation must be provided separate to the Microsoft Excel workbook, with the Microsoft Excel workbook providing the appropriate references to the Basis of Preparation where necessary.

This document is the Basis of Preparation for the regulatory year 2022.

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[1]   The RIN was issued pursuant to section 48 of the National Gas Access (WA) Act 2009, the National Gas Access (Western Australia) Law as it applies in WA (NGL).

1.   DOCUMENT OUTLINE

This document is the Basis of Preparation which explains the source of the information, the assumptions and the methods used to provide the information provided in the Microsoft Excel workbook. ATCO has prepared this Basis of Preparation in accordance with the requirements specified in Schedules 1 of the RIN.

ATCO have structured the Basis of Preparation as follows:

- Section 2 – This section provides information on data sources utilised by ATCO to prepare the RIN response.

- Section 3 – This section is an overview of the basis of the financial information included in the RIN.

- Section 4 – This section details the basis of the information provided in the Microsoft Excel workbook and is structured to reflect the structure of the workbook. The section headings reflect the same headings used in the Excel workbook. Under each heading there is a table which explains the following for each variable:
    - Confirmation of actual or estimated data.
    - The data source.
    - An explanation of the method and assumptions used to provide the information.
    - If actual information could not be provided, why the estimated information provided by ATCO has been arrived at on a reasonable basis and is the best estimate possible in the circumstances.
    - If a "NULL" response is provided, an explanation of why the variable is not applicable.

2. DATA SOURCES

This section provides an overview of the information systems and data sources used to prepare the data detailed in the Microsoft Excel workbook.

2.1 ATCO Systems

2.1.1 Regulatory Financial Information

ATCO prepares Regulatory Financial Information each year in accordance with section 141(a) of the National Gas Law, which requires that a covered pipeline service provider must prepare, maintain and keep "separate accounts in respect of pipeline services provided by means of every covered pipeline owned, operated or controlled by the covered pipeline service provider".

Alongside the Regulatory Financial Information, ATCO has documented its Cost Allocation Method (CAM) to summarise the method used to compile the Regulatory Financial Information. The CAM also outlines the process required under rules 76, 91 and 93 of the National Gas Rules to allocate costs between the reference and non-reference services provided in relation to the MWSWGDS.

The Regulatory Financial Information is the primary data source for the financial information in the Microsoft Excel workbook.

2.1.2 SAP – Enterprise Resourcing Planning System

ATCO utilises the SAP system as their Enterprise Resourcing and Planning (**ERP**) system that serves a variety of functions.

SAP is the primary data source for the financial information in the Regulatory Financial Information that has been used to populate the Microsoft Excel workbook.

SAP contains a variety of modules that can be utilised to create, store, process and report various data for financial, operations, human resources, logistics and other business information. ATCO utilise a number of modules including Portfolio Management (**PMM**), Plant Maintenance (**PM**), Health Safety and Environment (**HSE**), Materials Management (**MM**) and Financial Accounting (**FA**).

2.1.3 Geospatial Information System

ATCO utilises a Geospatial Information System (**GIS**) to create, maintain and report on network related asset data that is utilised for planning, operational and external stakeholder information. Asset data can be extracted in a number of ways to report on current information including (but not limited to) position, length, size and type of assets physically located in particular locations or across the entire network. This is a live system and asset data is updated to reflect the actual location of assets.

GIS is the primary data source for the network information in the Microsoft Excel workbook.

New assets or modifications of existing assets are recorded on site, utilising As-Constructed Drawings (**As-Cons**) and returned to the Location Intelligence team to update GIS. The new assets and modifications are updated in GIS and go through quality assurance (**QA**) and quality control (**QC**) processes. The GIS system is audited on a regular basis against the As-Cons to ensure the data is accurate.

2.1.4 Enterprise Information Management System

ATCO utilises an Enterprise Information Management (**EIM**) system to store and manage documents and relevant information for administration of business activities.

EIM allows ATCO to maintain and keep records of information used to prepare the Microsoft Excel workbook.

2.1.5 Network Metering Information System

ATCO is responsible for processing new connections, disconnections, reconnections, decommissions, meter reading requests from energy retailers, calculation of distribution and service charges, and receiving and generating transactions according to Retail Market Procedures WA Version 8.0 ("WA Procedures"). ATCO uses Hansen Technology's HUB application as its Network Management Information System (**NMIS**) and a number of supporting systems to handle every aspect of ATCO's customer care and billing and meter data management.

NMIS is the primary data source for the historical billed consumption data, this information is also used by the accrual model.

2.1.6 Accrual Model

The accrual model is the primary data source for demand information in the Microsoft Excel workbook.

The accrual model calculates the usage by tariff class by interfacing with NMIS (ATCO's billing system) to identify historical usage and bills. At the MIRN (Customer) level the software calculates (using regression analysis) the unbilled value from the customers last bill to the point in time entered by the user (typically month-end).

2.2 External Data Sources

2.2.1 Australian Energy Market Operator

The Australian Energy Market Operator (**AEMO**) manages the gas systems and markets across Australia. AEMO are responsible for the systems that facilitate market activities and provide participants with clear, accurate and timely data relating to the market. These include the WA Gas Bulletin Board and a number of market Information Technology (**IT**) systems and interfaces. Specifically, AEMO manage the *AEMO information system* that manages the data related to the Retail Market Procedures (WA)[2].

AEMO provides all UAFG data including the UAFG terajoules and network throughput. AEMO data is the primary data source for UAFG information in the Microsoft Excel workbook.

2.2.2 Australian Bureau of Statistics

The Australian Bureau of Statistics (**ABS**) is Australia's official statistical organisation. The principal legislation determining the functions and responsibilities of the Australian Bureau of Statistics are the Australian Bureau of Statistics Act 1975 and the Census and Statistics Act 1905.

The ABS is the primary data source for the inflation information in the Microsoft Excel workbook.

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[2]   AEMO, 2020. "Retail Market Procedures(WA)", version 8.0. Downloaded from the AEMO Website, 2022, available at:
        https://aemo.com.au/en/energy-systems/gas/gas-retail-markets/procedures-policies-and-guides/western-australia

2.2.3 Australian Bureau of Meteorology

The Bureau of Meteorology (**BOM**) is Australia's national weather, climate and water agency.

The BOM provides daily weather data which is used in the Accrual Model in the calculation of unmetered consumption. Specifically, unmetered consumption is adjusted according to the number of Effective Degree Days (EDD) which is calculated using temperature (minimum, maximum and average), wind speed, sun hours, a temperate threshold, a seasonality factor and various coefficients (wind chill, insolation and seasonality).

3.   FINANCIAL INFORMATION

This section provides an overview of the basis of the financial information included in the RIN.

To support the RIN response and Basis of Preparation, ATCO has attached to the RIN response, a copy of the annual Regulatory Financial Information and Cost Allocation Method (**CAM**) documents for each corresponding 12-month period ending 31 December. These documents will be referred to as both data sources and sources of explanation of how pipeline services amounts or reference service amounts have been calculated.

3.1   Regulatory financial information

The annual Regulatory Financial Information shows revenue and costs in respect of pipeline services provided by means of the covered Mid-West and South-West gas distribution system (**MWSWGDS**). The Regulatory Financial Information also shows the allocation of pipeline services revenue and costs between reference and non-reference services (as required by National Gas Rule (**NGR**) 93(2)) to allow comparison by the ERA to amounts in an Access Arrangement (**AA**) review used to calculate reference service tariffs.

Reference services expenditure is ATCO's total expenditure as calculated from the statutory accounts, minus expenditure relating to non-pipeline service provider entities, minus expenditure on uncovered pipeline services (Kalgoorlie and Albany networks) and other unregulated services, minus expenditure from non-reference services (see Figure 3.1). Reference services revenue is calculated in the same manner.

Figure 3.1: Calculation of reference services expenditure
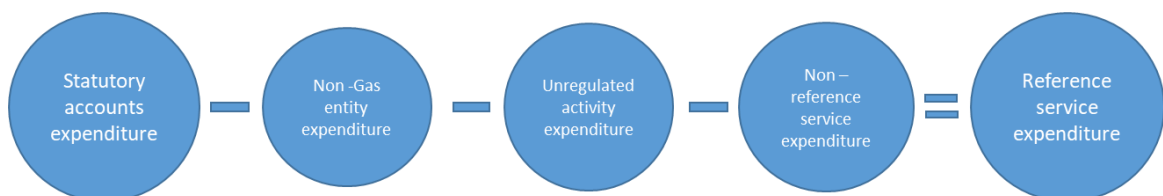
The statutory accounts that form the basis of the regulatory accounts are the ATCO Gas Australia Networks Pty Ltd (**AGAN**) Annual Financial Report.

Where applicable the Basis of Preparation will reference the Regulatory Financial Information rather than repeat information already documented in the Regulatory Financial Information. For ease of use a copy of the Regulatory Financial Information for 2022 is submitted with the Basis of Preparation as Attachments 5.

3.2   Cost Allocation Method

The CAM summarises the method used to compile the Regulatory Financial Information. The CAM also outlines the process required under rules 79, 91 and 93[3] of the NGR to allocate costs between the reference and non-reference services provided in relation to the MWSWGDS. Both reference and non-reference services are pipeline services but only reference services are specified in and subject to the AA.

The CAM explains ATCO's method to classify expenditure as:

- related to:
  - the pipeline services or ancillary services provided by means of the MWSWGDS;
  - any non-pipeline services provided by ATCO;
- related to reference or non-reference pipeline services provided by means of the MWSWGDS (referred to in this document as "reference services" and "non-reference services");
- certain **IT** expenditure reclassified from accounting operating expenditure to capital expenditure to be consistent with the access arrangement period 5 final decision;
- reclassified capital contributions on a deferred revenue basis to a cash basis;
- reclassified accounting revenue as capital contributions according to regulatory definitions; and
- capital expenditure recovered via user specific charges.

Where applicable the Basis of Preparation will reference the CAM rather than repeat information already documented in the CAM. For ease of use the CAM for 2022 is submitted with the Basis of Preparation as Attachments 6.

4. RIN DATA

The following sections are ordered according to the individual data tabs in the Microsoft Excel workbook provided to ATCO as Attachment A to the RIN. Generally, each section begins with a brief description of the data, the data sources and how it was compiled followed by a summary table.

4.1 3-CPI

Consumer Price index (**CPI**) data is sourced from the ABS website series 6401.0, CPI, Groups, Weighted average of Eight capital cities, series identification (**ID**) A2325846C, Index Numbers; All groups CPI; Australia[4]. No manipulation of the data is made.

4.2 4a-Demand

4.2.1 Measurement, quality control and information Systems processes and procedures
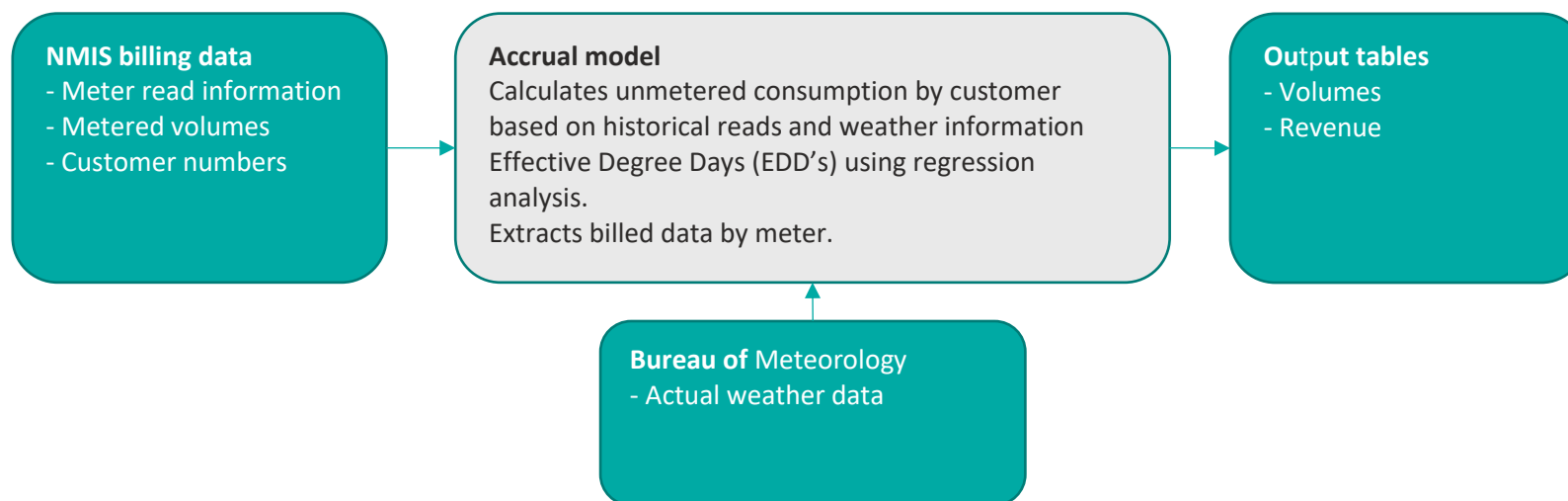
The Accrual Model is the primary data source for demand information in the Microsoft Excel workbook. The Accrual Model extracts actual consumption data by meter from ATCO's Network Metering Information System (NMIS). Based on historical consumption trends and forecast weather an estimate of unmetered consumption after the last meter reading is made and added to metered consumption to calculate total consumption. Total consumption by meter is then aggregated by tariff class.

These data sources are also used for ATCO's demand forecasts and previous reporting to the ERA and so provides a consistent source of consumption data (see Figure 4-1).

Demand data is as at 31 December of each year.

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[4]   Australian Bureau of Statistics Website, May 2022, "Consumer Price Index, Australia", available at: https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/mar-2022/640102.xlsx

Figure 4-1: Representation of Accrual model interaction

4.2.2   Data

Table 4-1 shows the required basis of preparation information related to demand at tab 4a of the excel template.

Table 4-1: 4a-Demand

Data	Actual/Estimate	Data Source	Method and assumptions
Average Customer numbers	Actual	NMIS	NMIS records all meters (customers) to be billed. Each month end the number of customers is extracted from NMIS. An average is taken of the actual customer numbers at 31 December of the current year and the prior year to obtain the average customer numbers for the current year.

Data	Actual/Estimate	Data Source	Method and assumptions
Haulage services demand	Actual (billed being metred) usage and estimate (unbilled – being unmetered) usage	Accrual Model	The Accrual Model adds billed (metered) volumes and estimated unbilled (unmetered) volumes and outputs the data to a Microsoft access database (also see section 2.1.6). The data is output from the Microsoft Access tables into excel tables for summarising into the RIN required format. No adjustment is made to the data.

The only estimates made are for those meters that were not read at the end of the period. Some meters are read on a quarterly basis (e.g., Residential meters) therefore total volume hauled during a year is a combination of actual metered volume and estimated volume not yet read at the meter and billed. This estimate is performed by the Accrual Model based on each individual meter's past consumption trends and actual weather for the unbilled period. |
| Ancillary reference services demand | Actual | Meter locks applied and removed and special meter reads - NMIS

Deregistrations, disconnect and reconnect service - SAP | Volumes of reference ancillary services are based on the number of activities billed. Billed data includes cancelled services and attendances to site where the job is not able to be done due to, for example, access issues. For Meter locks applied and removed and special meter reads data is extracted directly from NMIS. The data is linked to a spreadsheet and summarised into the RIN format. Only activities in the MWSWGDS are counted.

For deregistrations, disconnect and reconnect service, reports are run from SAP and output to Excel to extract the data by activity showing any revenue related to the specified activities. |

4.3   4b-Demand

Maximum, average and minimum data is throughput data compiled from meter readings at gate stations showing flows of gas into the MWSWGDS. This data is provided to AEMO, the market operator, daily by ATCO. Table 4-2 shows the basis of preparation information related to tab 4b, Demand, of the RIN Excel template.

Table 4-2: 4b Demand

Data	Actual/Estimate	Data Source	Method and assumptions
Maximum TJ/day Average TJ/Day Minimum TJ/day	Actual	Gate station meter reading from gas transmission pipeline operators	Natural gas inflow data is sent from the Gas Transmission Operators via email on a daily basis. An application called Gas Inflow Management Software (**GIMS**) picks up the data from the email inbox and stores the data in a database called NMreads. The data can then be accessed via two different applications. The first is a uniform resource locator (**URL**) called "the dashboard". The second is an application called Gas Monitoring Data (**GMD**). The dashboard was used to run a report for each of 2019, 2020 and 2021 of the daily gas inflows from the Gas Transmission Operators and hence determine Min, Max and Average throughput.

4.4 4c-Demand

The haulage and customer number data at tab 4c-Demand is determined the same way as tab 4a-Demand. Refer to section 4.2 for method and assumptions. Haulage data at tab 4a-Demand is a summation of the data at this tab which is by tariff band rather than tariff class.

4.5 5-OPEX

The data in this tab has primarily been sourced from the Regulatory Financial Information. Regulatory Financial Information for 2022 is submitted with the Basis of Preparation as Attachments 5.

As described in the CAM, data for the Regulatory Financial Information is extracted from SAP and reconciled to the audited statutory financial statements as shown at Note 4 of the Regulatory Financial Information. ATCO's SAP system captures opex costs using general ledger (GL) account codes that provide detail on the types of costs incurred, additionally cost centres, work breakdown structures (WBS), maintenance activity types (MAT) codes and job work orders are used to enable categorisation of costs for further reporting and analysis purposes. WBSs, MATs and work orders are used to capture operational activity costs in a hierarchical manner, with work orders being utilised to capture costs at the individual job level whereas the MATs and WBSs can be used to group costs into more summarised groupings such as activity type, activity driver and/or location. Non-operational costs are allocated to the relevant cost centres and GL accounts. The cost centres are defined by the activities they perform, for example, finance, stores, maintenance or construction.

Table 4-3 shows the required basis of preparation information related to opex at tab 5 of the excel template.

Table 4-3: 5 Opex

Data	Actual/Estimate	Data Source	Method and assumptions
Network	Actual	Regulatory Financial Information	ATCO sourced the opex information from the "Pipeline Service Operating Expenditure" table in the Regulatory Financial Information.
Corporate	Actual	Regulatory Financial Information ███████████████ ████████████████ ██████████	
IT	Actual	Regulatory Financial Information ███████████████ ████████████████ ██████████	This information is actual information because it was sourced from the Regulatory Financial Information, which were reviewed by ATCO's independent auditors.
Reference Ancillary services	Actual	Regulatory Financial Information	
Unaccounted for Gas (**UAFG**)	Actual	Regulatory Financial Information	
Cost pass through conforming Opex	Actual	Tariff Variation Reports	Details of how the cost pass through conforming opex were calculated was provided to the ERA with the Tariff Variation Reports for the respective years. Amounts included in the RIN were extracted from the Tariff Variation Report for the relevant years.
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4.6   6a-Capex by asset class

The data in this tab has primarily been sourced from the Regulatory Financial Information. Regulatory Financial Information for 2022 is submitted with the Basis of Preparation as Attachments 5.

As described in the CAM, data for the Regulatory Financial Information is extracted from SAP. The capex data in the Regulatory Financial Information is reconciled to the audited statutory financial statements as shown at Note 5 of the Regulatory Financial Information. ATCO's SAP system captures capex costs using general ledger (GL) account codes which provide detail on the types of costs incurred, additionally WBS, MAT codes and job work orders are

used to enable categorisation of costs for example by project, activity type and network. WBSs, MATs and work orders are used to capture capex costs in a hierarchical manner, with work orders being utilised to capture costs at the individual job level whereas the MATs and WBSs can be used to group costs into more summarised groupings such as activity type, activity driver and/or location.

Table 4-4 shows the required basis of preparation information related to capex at tab 6a of the excel template.

Table 4-4: 6a Capex by asset type

Data	Actual/Estimate	Data Source	Method and assumptions
Capex by asset type (except Equity Raising Costs)	Actual	Regulatory Financial Information	ATCO sourced this capex information from the "Pipeline Service Capital Expenditure" table in the Regulatory Financial Information. This information is actual information because it was sourced from the Regulatory Financial Information, which were reviewed by ATCO's independent auditors.
Equity Raising Costs	Estimate	AA5 Final Decision	Regulatory convention is that the estimated value of equity raising costs for the benchmark efficient entity is reported. ATCO has adopted the equity raising costs disclosed in the AA5 Final Decision.

4.7   6b-Capex by expenditure driver

Capex by expenditure driver is sourced from the same data sources as capex by asset type. Table 4-5 shows the required basis of preparation information related to capex at tab 6b of the excel template.

Table 4-5: 6b Capex

Data	Actual/Estimate	Data Source	Method and assumptions
Capex by project driver (except Equity Raising Costs)	Actual	SAP	ATCO sourced this capex information from the same underlying analysis used to derive the "Pipeline Service Capital Expenditure" table in the Regulatory Financial Information. The data is summarised by filtering data by expenditure driver within the underlying analysis rather than by asset type.
Equity Raising Costs	Estimate	AA5 Final Decision	Regulatory convention is that the estimated value of equity raising costs for the benchmark efficient entity is reported. ATCO has adopted the equity raising costs disclosed in the AA5 Final Decision.

4.8 7-Financials

The data in this tab has primarily been sourced from the Regulatory Financial Information. Regulatory Financial Information for 2022 is submitted with the Basis of Preparation as Attachment 5.

4.8.1 Revenue overview

Totals for revenue categories are linked directly to the Regulatory Financial Information. Data for the Regulatory Financial Information is extracted from SAP and NMIS. The revenue data in the Regulatory Financial Information is reconciled to Note 5, Revenue, of the audited statutory financial statements as shown at Note 3 of the Regulatory Financial Information.

Capital contributions brought to account as revenue over the life of the assets to which they relate for statutory account purposes are eliminated as capital contributions have been recognised on a cash basis for regulatory purposes.

Accounting adjustments excluded from regulatory revenue consist primarily of differences between the balances in revenue GL accounts and the billed amounts for services per NMIS. These differences can arise, for example, due to accrued amounts of revenue at year end not equalling the subsequently billed amounts. These adjustments are excluded so that we preserve a consistent measure of revenue on an annual basis.

4.8.2 Expenditure overview

Reference service expenditure is calculated as described in section 4.5 (5-OPEX).

4.8.3 Basis of preparation

Table 4-6 shows the required basis of preparation information related to Financials at tab 7 of the excel template.

Table 4-6: 7 Financials

Data	Actual/Estimate	Data Source	Method and assumptions
Haulage revenue at reference tariffs	Actual	Regulatory Financial Information	ATCO sourced this revenue information from the "Pipeline Services Revenue" table in the Regulatory Financial Information.
			This information is actual information because it was sourced from the Regulatory Financial Information, which were reviewed by ATCO's independent auditors.

Data	Actual/Estimate	Data Source	Method and assumptions
Haulage revenue at prudent discounted tariffs	Actual	Regulatory Financial Information	ATCO sourced this revenue information from the "Pipeline Services Revenue" table in the Regulatory Financial Information. This information is actual information because it was sourced from the Regulatory Financial Information, which were reviewed by ATCO's independent auditors.
Ancillary reference services	Actual	Regulatory Financial Information	ATCO sourced this revenue information from the "Pipeline Services Revenue" table in the Regulatory Financial Information. This information is actual information because it was sourced from the Regulatory Financial Information, which were reviewed by ATCO's independent auditors.
Non-reference services revenue	Actual	Regulatory Financial Information SAP	ATCO sourced this revenue information from the "Pipeline Services Revenue" table in the Regulatory Financial Information. This information is actual information because it was sourced from the Regulatory Financial Information, which were reviewed by ATCO's independent auditors. 2020: Revenue relating to non-pipeline services provided to third parties was included in non-reference services in the Regulatory Financial Statements. This revenue should have been included as non-pipeline services revenue and has therefore been transferred to the line item "Non-pipeline revenue" for RIN presentation purposes. This is consistent with other years. The amount transferred is shown at note 3-7 of the 2020 Regulatory Financial Statements.
Take or pay payments and peak overrun charges	Actual	Regulatory Financial Information	ATCO sourced this revenue information from the "Pipeline Services Revenue" table in the Regulatory Financial Information. This information is actual information because it was sourced from the Regulatory Financial Information, which were reviewed by ATCO's independent auditors. Take or pay payments represent amounts received from customers who have not met minimum annual consumption targets as specified in their take or pay agreement. Peak overrun charges arise when reference A1 customers exceed their contracted peak rate at any hour in the gas day and are invoiced on a monthly basis.

Data	Actual/Estimate	Data Source	Method and assumptions
Customer contribution revenue	Actual	Regulatory Financial Information	ATCO sourced this revenue information from Note 3 the "Pipeline services revenue reconciliation" table in the Regulatory Financial Information that includes contributions relating to all three networks. This information is actual information because it was sourced from the Regulatory Financial Information, which were reviewed by ATCO's independent auditors.
Profit from sale of fixed assets	Actual	SAP	Sourced directly from SAP GL 68000 (Gain / Loss on Sale of PP&E) that includes sales relating to all three networks. Note: the statutory definition of PP&E includes all tangible assets not just the PPE defined for regulatory purposes.
Non-pipeline revenue	Actual	Regulatory Financial Information	ATCO sourced this revenue information from Note 3 the "Pipeline services revenue reconciliation" table in the Regulatory Financial Information. This item consists of: • Non service provider AGAN consolidated entities' revenue (Refer to Regulatory Financial Information note 3-1) • Albany and Kalgoorlie haulage revenue (Refer to Regulatory Financial Information note 3-2) • Albany and Kalgoorlie service order and other revenue (Refer to Regulatory Financial Information note 3-3) • Non-pipeline services revenue (Refer to Regulatory Financial Information note 3-7 for 2020 and 3-4 for 2021) • Accounting adjustments – (Refer to Regulatory Financial Information note 3-4). This information is actual information because it was sourced from the Regulatory Financial Information, which were reviewed by ATCO's independent auditors.
Reference Pipeline expenses	Actual	Regulatory Financial Information	ATCO sourced the opex information from the "Pipeline Service Operating Expenditure" table in the Regulatory Financial Information.

Data	Actual/Estimate	Data Source	Method and assumptions
			This information is actual information because it was sourced from the Regulatory Financial Information, which were reviewed by ATCO's independent auditors.
Non-reference pipeline expenses	Actual	Regulatory Financial Information SAP	ATCO sourced the opex information from the "Pipeline Service Operating Expenditure" table in the Regulatory Financial Information.
			This information is actual information because it was sourced from the Regulatory Financial Information, which were reviewed by ATCO's independent auditors.
			2020 Expenses relating to non-pipeline services provided to third parties who are not users of the pipeline was included in non-reference services in the Regulatory Financial Statements. These expenses should have been included as non-pipeline services expenses and have therefore been re-classed in the RIN to non-pipeline expenses. This is for consistent with other years. The amount was sourced from the Cost of Goods Sold (COGS) General Ledger (GL) accounts (excluding UAFG) in SAP.
Non-Pipeline expenses	Actual	Regulatory Financial Information	ATCO sourced this opex information from Note 4 the "Pipeline services operating expenditure reconciliation" table in the Regulatory Financial Information, with one exception for the implementation costs for cloud based IT systems.
			This item consists of:
			• Albany and Kalgoorlie direct costs (Refer to Regulatory Financial Information note 4-2)
			• Albany and Kalgoorlie indirect cost allocation (Refer to Regulatory Financial Information note 4-3)
			• Non-pipeline services operating expenditure (Refer to Regulatory Financial Information note 4-4)
			• Implementation costs for cloud based IT systems – refer to sections 6.1.5 and 8.1.4 in the 2022 CAM.
			• Debt raising and other costs line item at Note 4 to Regulatory Financial Information

Data	Actual/Estimate	Data Source	Method and assumptions
			This information is actual information because it was sourced from the Regulatory Financial Information, which were reviewed by ATCO's independent auditors.
Haulage revenue reference services by tariff	Actual	Accrual Model	The Accrual Model used to calculate demand amounts outlined in section 4.2.2 calculates by the same process revenue by tariff. The model adds billed (metered) revenues and estimated unbilled (unmetered) revenue and outputs the data to a Microsoft access database. The data is output from the Microsoft Access tables into excel tables for summarising into the RIN required format. No adjustment is made to the data. This information is actual as it adds to the total revenue reported in the regulatory financial statements.
Ancillary reference services by activity	Actual	SAP	Each reference ancillary service has a separate GL account with revenue able to be identified by location and activity. A report is run from SAP to collate the ancillary reference service revenue by activity for each year.

4.9   8-KPIs

The primary data sources for Key Performance Indicators (**KPIs**) are AEMO, EIM, SAP, and GIS. Table 4-7 provides a summary of how the KPIs are calculated, the source data and systems utilised to store, access and report the data.

Table 4-7: KPI calculation

Data	Actual/Estimate	Data Source	Method and assumptions
UAFG %	Estimate Due to the retail market operations as governed by the Retailer Market Procedures WA (managed by AEMO), the UAFG% is actualised after 425 days as this is the	AEMO - Balancing, Allocation and Reconciliation (**BAR**) daily file, which details the throughput and UAFG by network from AEMO.	UAFG is calculated by AEMO. ATCO and other market participants use the data provided by AEMO in all market related UAFG transactions including the amount of UAFG that ATCO must purchase. AEMO calculates the UAFG on a daily basis and provides ATCO a daily BAR file detailing the throughput and UAFG by network in terms of energy and a ratio.

Data	Actual/Estimate	Data Source	Method and assumptions
"historical period" that changes can be made to input data (such as billing information).			The UAFG% is a ratio of total UAFG measured in energy terms divided by total Pipeline Injections measured in energy terms. UAFG % = UAFG (in Energy terms) / Pipeline Injections (in Energy terms) e.g. Energy in terms of Terajoules (**TJ**) ATCO reports the prior year UAFG figures from the AEMO data UAFG file as at the end of April after the relevant year. By that date almost all movements in UAFG have been captured as almost all quarterly read meters will have been read apart from a small number of meters where there are meter access issues.
OPEX per Km of main	Actual	Regulatory Financial Information GIS	The calculation of this KPI is OPEX divided by the length of network at the end of the year. The information is sourced as follows: • Opex - ATCO sourced the opex information from the "Pipeline Service Operating Expenditure" table in the Regulatory Financial Information. • Length of network - Network length is sourced from GIS and is as stated at tab 9 Network in the RIN response.
Opex per customer connection	Actual	Regulatory Financial Information NMIS	The calculation of this KPI is OPEX divided by the average customer base for the year. The information is sourced as follows: • Opex - ATCO sourced the opex information from the "Pipeline Service Operating Expenditure" table in the Regulatory Financial Information. • Average customer base – the average customer base data is sourced from NMIS and is as stated at tab 4a of the RIN response
Domestic customer connections within 5 business days (%)	Actual	The information used to populate this table was sourced from the PM module in SAP.	Notifications are raised by the Planning team for growth activities. The new domestic connection request comes from the retailer and the Planning team reviews the request. Job types are assigned to the notification to identify the type of activity, (eg SN2 – New connection on established premise). The customer connection data extracted from SAP is filtered by job type (SN2 – Established premise) and exported into excel. The timeframe to complete is calculated in excel by counting the number of business days between the SAP notification creation date or where the notification is raised after 1pm on a given day, the next working day and the date works are completed on site. The KPI is calculated by the number of business days between the date on which the connection request is received and the date

Data	Actual/Estimate	Data Source	Method and assumptions
			the connection is completed. The KPI has been met if the number of business days is less than or equal to five business days.
			The calculation applies additional days to reflect public holidays.
			Connection notifications that have been placed on hold are excluded from the data as the KPI resets when the notification is taken off hold.
Attendance to broken mains/services within 1 hour (%)	Actual	The information used to populate this table was sourced from the PM module in SAP.	Notifications are raised by the Control Room when a breakdown occurs. Job types are assigned to the notification to the type of breakdown (eg SF1 for Broken mains). The job types are confirmed by the field personnel or updated by field personnel to truly reflect the fault on asset.
			The attendance to broken mains/ services within 1 hr data is extracted from SAP filtered by fault type (SF1) and Task Status (TSSC) into excel. This is reviewed by Control Room for outliers.
			When the field personnel arrive on site, they will update the task status the status of the AOST (Arrive on site time) task will be set to 'TSCO TSSC FUAC' (task complete, task successful, follow up action complete).
			If the KPI is achieved the status of the AOST (Arrive on site time) task will be set to 'TSCO TSSC FUAC' (task complete, task successful, follow up action complete) and will be automatically updated within SAP.
Attendance to loss of supply within 3 hours (%)	Actual	The information used to populate this table was sourced from the PM module in SAP.	Notifications are raised by the Control Room when a breakdown occurs. Job types are assigned to the notification to the type of breakdown (eg SF1 for Broken mains). The job types are confirmed by the field personnel or updated by field personnel to truly reflect the fault on asset.
			The attendance to loss of domestic supply within 3 hours (%) data is extracted from SAP for fault type (SF4).
			If the KPI is achieved the status of the AOST (Arrive on site time) task will be set to 'TSCO TSSC FUAC' (task complete, task successful, follow up action complete) and will be automatically updated within SAP.
Asset health index	Actual	Customer minute off Supply (CMOS) and leak data is sourced from SAP PM module. Customer Connection is sourced NMIS	The index is based on the weighted average of the index scores for unplanned System Average Interruption Duration Index (**SAIDI**), unplanned System Average Interruption Frequency Index (**SAIFI**), mains leaks, service leaks, and meter leaks.

Data	Actual/Estimate	Data Source	Method and assumptions
		Length of network is sourced from GIS database.	$$AHI = 200 - \left(\frac{Actual}{Target}\right) x100$$

Parameter	Weighting	Target
SAIDI	25%	1.7877
SAIFI	25%	0.0041
Main leaks/ km of mains	30%	0.0282
Service leaks/ connection	15%	0.0102
Meter leaks/ connection	5%	0.0003

SAIDI

SAIDI is calculated by CMOS is divided by the average monthly number of customers on the coastal network.

SAIFI

Please see method and assumptions for SAIFI in the table below.

Main leaks/ km of mains

Leak on mains data is extracted from SAP database. Mains leaks are the annual publicly reported gas leaks for mains, adjusted to remove leaks identified as a result of leak surveys.

The count of leaks is the number of notifications that were:

- Job type = Broken mains and/or services (SF1)
- Job type = Smell of gas in area (SF2)
- Job type = Smell of gas at meter (SF5)
- Asset category mains

The data excludes deleted jobs with the system status "DLFL" status.

The data excludes unregulated networks (exclude location Albany and Kalgoorlie).

Data	Actual/Estimate	Data Source	Method and assumptions
			The data excludes jobs where gas leak was not identified (exclude cause code "No Fault Found")
			Service leaks/ connection
			Leak on services data is extracted from SAP database. Service leaks are the annual publicly reported gas leaks for services, adjusted to remove leaks identified as a result of leak surveys.
			The count of leaks is the number of notifications that were:
			• Job type = Broken mains and/or services (SF1)
			• Job type = Smell of gas in area (SF2)
			• Job type = Smell of gas at meter (SF5)
			• Asset category - service excluding meter.
			The data excludes deleted jobs with the system status "DLFL" status.
			The data excludes unregulated networks (exclude location Albany and Kalgoorlie).
			The data excludes jobs where gas leak was not identified (exclude cause code "No Fault Found")
			Meter leaks/ connection
			Leak on meter data is extracted from SAP database. Meter leaks are the annual publicly reported gas leaks on meters, adjusted to remove leaks identified as a result of leak surveys.
			The count of leaks is the number of notifications that were:
			• Job type = Broken mains and/or services (SF1)
			• Job type = Smell of gas in area (SF2)
			• Job type = Smell of gas at meter (SF5)
			• Asset category - service and only include meter.
			The data excludes deleted jobs with the system status "DLFL" status.
			The data excludes unregulated networks (exclude location Albany and Kalgoorlie).

Data	Actual/Estimate	Data Source	Method and assumptions
			The data excludes jobs where gas leak was not identified (exclude cause code "No Fault Found")
Total public reported gas leaks per km or main	Actual	Leak data is sourced from SAP PM module. Length of network is sourced from GIS database.	The public reported gas leaks data is extracted from SAP for fault types: • Job type = Broken mains and/or services (SF1) • Job type = Smell of gas in area (SF2) • Job type = Smell of gas at meter (SF5) • The data excludes deleted jobs with the system status "DLFL" status • The data excludes unregulated networks (exclude location Albany and Kalgoorlie). • The data excludes jobs where gas leak was not identified (exclude cause code "No Fault Found")
System average interruption frequency index (SAIFI)	Actual	Customer minute off Supply (CMOS) data is sourced from SAP PM module. Customer Connection is sourced NMIS.	CMOS data is collated from SAP by collecting the incidents which resulted in gas supply interruptions. The total number of customer affected is divided by the average monthly number of customers on the coastal network.
Customer minute off Supply	Estimate	Customer minute off Supply (CMOS) data is sourced from SAP PM module.	Data is extracted from the SAP database into an excel spreadsheet manually at the end of each month. The data extracted includes: • Job type = Broken mains (SF1) • Job type = Broken services (SF1) • Job type = No gas Domestic (SF4) • Job type = No gas Commercial (SF3) • The extracted data is reviewed for outliers by the Control Room. • SF1 – time job created to recorded gas restored. Captured on field crew turnaround sheet through field device. If offline, then the data is captured in a daily sheet. • The data (number of customers affected and time it was restored) is manually input into long text of the job. • 1hr CMOS is assumed for SF4/ SF3 coming from external fault. If no fault found, CMOS is zero.

Data	Actual/Estimate	Data Source	Method and assumptions
			• Total CMOS is calculated and reported on a daily and monthly basis.

4.10   9-Network

The network length is broken down into pressure and asset type. All the data is in kilometres (**km**) as of 31 December of the relevant year.

Table 4-8: Network length by pressure and asset type

Data	Actual/Estimate	Data Source	Method and assumptions
Network length by pressure and asset type	Actual	GIS Data is extracted from GIS on a Monthly basis manually and saved as an excel spreadsheet into EIM. 31 December data is used in this reporting.	Data for all of the gas distribution network was extracted from GIS system into an excel spreadsheet through standardised tables. The data for each pipe section included postcode, material type, pressure, installation date, status and length. Length of mains has been calculated based on filtering date ranges and the following maximum allowable operating pressures (**MAOP**): • High pressure (greater than or equal to 1,050 kPa) • Medium and low pressure (less than 1,050 kPa) **Protected vs Unprotected Pipelines** All high pressure steel mains are protected via Cathodic protection system and are therefore considered protected steel. Medium and low pressure steel mains are also protected as they have cathodic protection. All other medium and low pressure steel mains are considered to be protected by wrapping but may or may not have cathodic protection. **Assumptions** If GIS data is unavailable to separate polyethylene pipes into the RIN categories, then the data is populated based on installations dates: • PE(80): before 01 Jan 2013 • PE(100): on or after 01 Jan 2013