

**AGN Limited** (Non-scheme pipelines - AGN Queensland and  
AGN Wagga Wagga)

# Cost Allocation Methodology

---

**Part 10 Financial Reporting Disclosures**

**June 2025**

## Part 10 Financial Reporting – Non-scheme pipelines

### Cost Allocation Methodology

Enquiries concerning the currency of this Cost Allocation Methodology should be addressed to:

Australian Gas Networks  
Level 6, 400 King William Street  
Adelaide SA 5001  
Phone: (08) 8227 1500  
Email: [lisa.minervini@agig.com.au](mailto:lisa.minervini@agig.com.au)

#### AMENDMENT RECORD

Version	Date	Author	Description of Changes
1.0	June 2025	Lisa Minervini	Final for AGN Queensland AGN Wagga Wagga Non-scheme pipelines

## Table of Contents

<b>1. Corporate Profile .....</b>	<b>3</b>
<b>2. Nature, Scope and Purpose.....</b>	<b>5</b>
<b>3. Definitions .....</b>	<b>6</b>
<b>4. Responsibility for the Cost Allocation Methodology .....</b>	<b>8</b>
<b>5. Organisational Structure .....</b>	<b>9</b>
5.1. Australian Gas Infrastructure Group (AGIG) .....	9
5.2. Operational Management .....	9
<b>6. Costing Principles and Policies .....</b>	<b>11</b>
6.1. Australian Gas Networks' Costing Overview .....	11
6.1.1. Operations and Management Expenditure.....	12
6.1.2. Functions Undertaken Internally by AGN.....	12
6.2. Cost Allocation by Cost Type .....	13
6.2.1. Directly Attributable Costs .....	13
6.2.2. Indirectly Allocated Costs .....	15
6.2.3. Capitalisation of Business Overheads.....	17
6.3. Cost Allocation by pipeline service category .....	19
6.4. Related Party Costs .....	20
<b>7. Record Maintenance .....</b>	<b>21</b>
<b>8. Compliance with Cost Allocation Methodology.....</b>	<b>22</b>
<b>9. Application and Effective Date.....</b>	<b>23</b>
<b>Appendix A - Cost Allocators.....</b>	<b>24</b>

## 1. Corporate Profile

Australian Gas Networks Limited (AGN) is part of the Australian Gas Infrastructure Group (AGIG), one of the largest gas infrastructure businesses in Australia. In 2017 AGN, Multinet Gas Networks (MGN) and Dampier to Bunbury (DBP) came together to create AGIG.

AGIG serves over two million customers across every mainland state and the Northern Territory. Our assets include around 35,000km of distribution networks, over 4,300km of transmission pipelines and 60 petajoules of storage capacity.

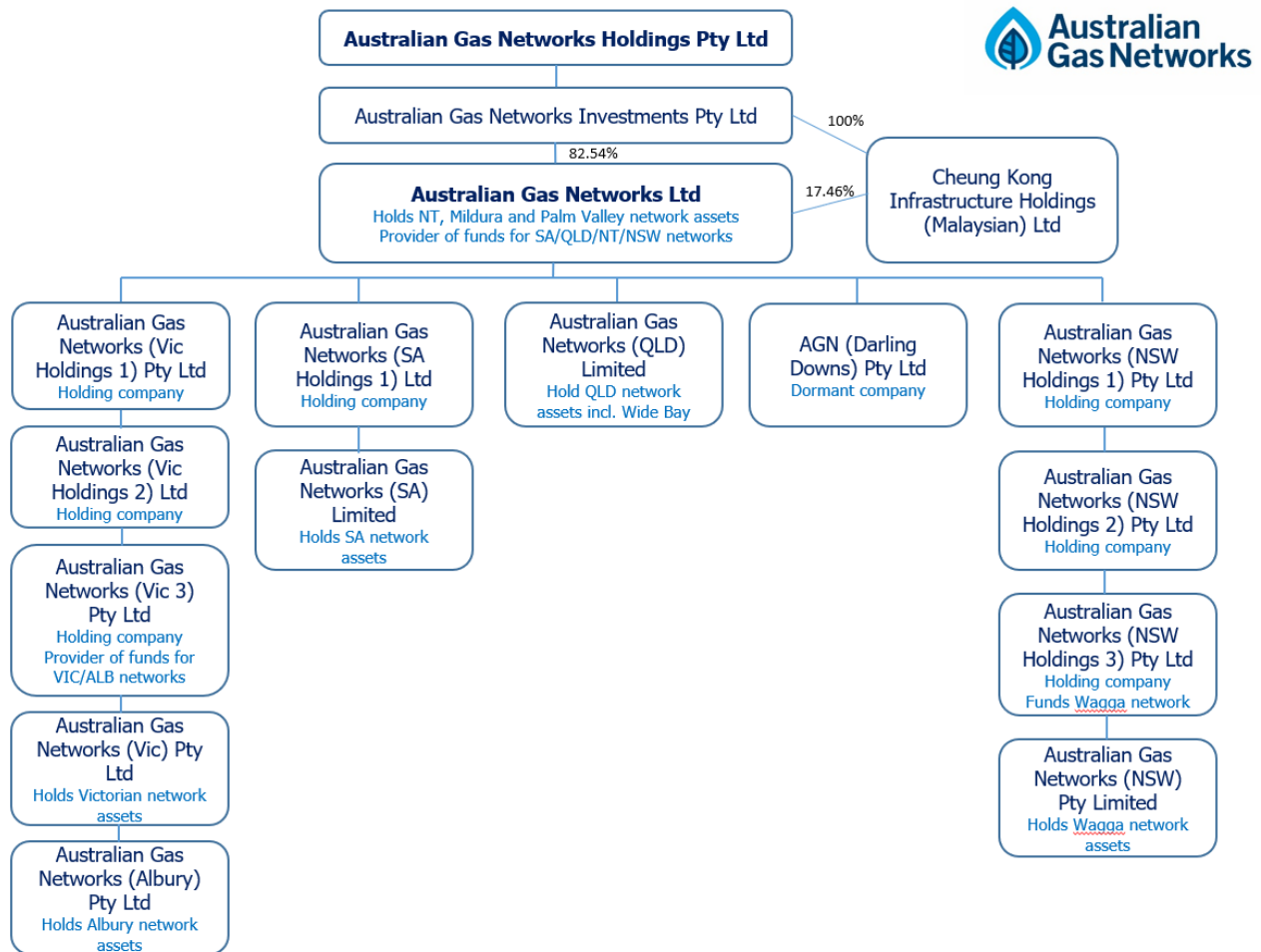
Since 2007, the operation and maintenance of AGN's networks has been contracted to APA Asset Management (APA). Together with APA's efforts and commitment, we continue to deliver a safe and reliable supply of natural gas to customers connected to our networks.

A diagrammatic representation of AGN's ownership structure can be found below.

## Part 10 Financial Reporting – Non-scheme pipelines

### Cost Allocation Methodology

Figure 1.1 Australian Gas Networks Holdings Group Corporate Structure



## 2. Nature, Scope and Purpose

The purpose of this document is to set out the Cost Allocation Methodology (CAM) adopted in Australian Gas Networks Limited's (AGN) non-scheme financial reporting. This is pursuant to the Pipeline information disclosure guidelines issued by the Australian Energy Regulator (AER) under Part 10 of the National Gas Rules, Section 1 through to 8 issued in October 2023. It requires that AGN must submit, amongst other things, a CAM in respect of the pipeline services it provides by way of both scheme and non-scheme pipelines.

This CAM relates to and accompanies the information provided within Part 10 Financial Reporting Template for the AGN Queensland and Wagga Wagga Distribution networks.

The scope of this document covers the cost attribution and allocation for functions undertaken by AGN and the network operations and management and capital works functions undertaken by AGN's principal contractor, APA. In addition, covers the allocation method used to allocate costs to each of the gas distribution services provided as defined by the AER.

The cost of services performed by these functions are both direct and indirect in nature and can be applied to capital, operating and maintenance type activities.

This document does not cover the allocation of Revenue. All AGN's revenue is directly attributable to the specific scheme or non-scheme network in each state. In addition, AGN's direct revenue is only attributable to the provision of gas distribution services.

### 3. Definitions

Terms	Definition
AA	Access Arrangement
AER	Australian Energy Regulator
AGN	Australian Gas Networks Limited
AGN Qld	Australian Gas Networks Queensland Limited
AGN Wagga Wagga	Australian Gas Networks (NSW) Pty Limited
APA	APA Asset Management
BOP	Basis of Preparation
Capex	Expenditure incurred on capitalised assets
CEO	Chief Executive Officer
CFO	Chief Financial Officer
EMT	Executive Management Team
FRT	Financial Reporting Template issued under Part 10. This template is uploaded onto AGN's website to fulfill its annual obligations
Gas Distribution Business	A natural gas distribution network that takes gas from transmission pipelines and reticulates it into residential homes, offices, hospitals and businesses
MO&MR	Monthly Operating and Management Report
OMA	Operations and Management Agreement with APA
Opex	Operational expenditure attributing to the statement of income position for the period (i.e. profit and loss)
RFAs	Ring Fenced Accounts
RIN or Notice	Regulatory Information Notice. This is the formal requirement to prepare an annual regulatory return using the RIN template.
RIN template	Regulatory Information Notice templates. These templates provide both financial and non-financial information of the regulated business and are submitted to the Australian Energy Regulator.

## Part 10 Financial Reporting – Non-scheme pipelines

### Cost Allocation Methodology

Terms	Definition
SAP S/4HANA	AGN's Enterprise Resource Planning (ERP) - finance system

## 4. Responsibility for the Cost Allocation Methodology

Overall responsibility for the CAM is with the Chief Financial Officer and Head of Regulation of AGN, who will:

- conduct periodic reviews of the CAM, that includes, but not limited to, changes to organisational structure, operating model, cost allocation policy, significant accounting policies and regulatory guidelines where applicable;
- liaise with other General Managers, Business Unit Managers, Finance Managers and their personnel where issues are raised; and
- act as a reference point for all queries regarding the CAM.

In response to organisational change, process improvements, regulatory, legal and accounting standard changes, this CAM will be refined to ensure it continually meets the underlying principles and that cost drivers and allocators used are relevant.

Revisions to this CAM must be approved by the Chief Financial Officer and Head of Regulation.

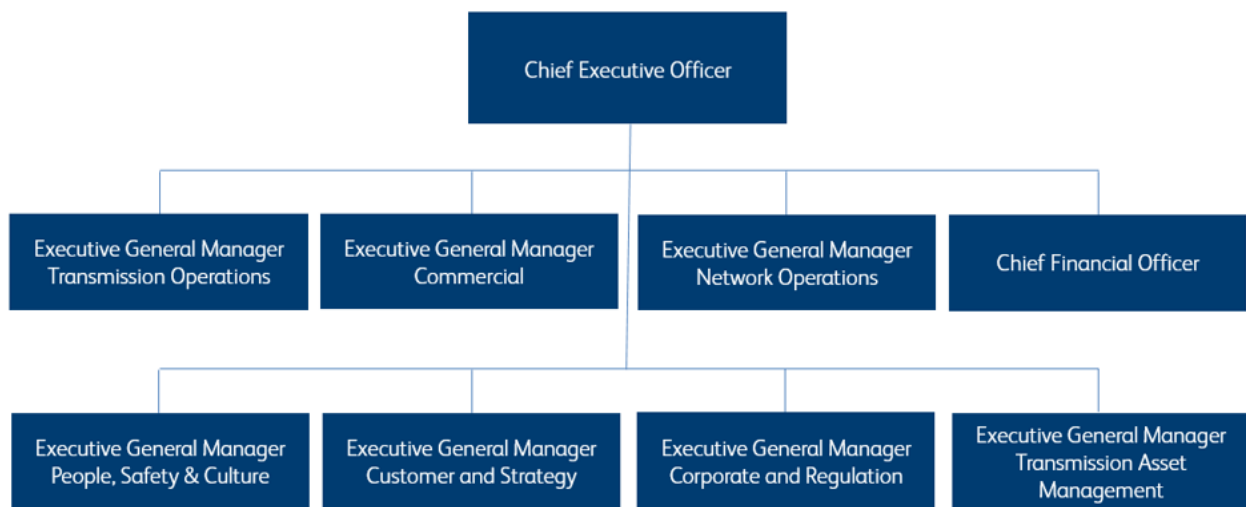
## 5. Organisational Structure

### 5.1. Australian Gas Infrastructure Group (AGIG)

The Chief Executive Officer and executive team provide strategic leadership and oversight of AGIG's business operations nationally.

The executive team is organised into functional areas aligned with key business strategies. A diagrammatic representation of the AGIG group organisational structure, with functional responsibility, is contained in Figure 5.1 below.

Figure 5.1: AGIG - Organisational Structure as at November 2024



The functions shown above provide corporate management and administration services, including IT and marketing services to both the scheme and non-scheme networks in each of the states in which the AGIG group operates including AGN's separate non-scheme pipelines in Queensland and New South Wales.

### 5.2. Operational Management

APA was appointed on 2 July 2007 to operate and manage AGN's networks in accordance with legal and prudential standards, and to provide the services and functions described below and any other services agreed between the parties.

APA's obligations to AGN include:

- Managing the haulage of gas through each network
- Operating and maintaining each network
- Planning, designing and constructing network extensions
- Assisting AGN with submissions to the national regulator
- Assisting AGN in promoting the use of natural gas
- Preparing and settling with AGN the operator budget for each financial year

## **Part 10 Financial Reporting – Non-scheme pipelines**

### **Cost Allocation Methodology**

- Providing AGN with regular information on financial and other management issues
- Reading meters and billing retailers

APA charge AGN for these services on a direct cost pass-through basis and the agreed Network Management Fee.

## 6. Costing Principles and Policies

### 6.1. Australian Gas Networks' Costing Overview

AGN collects and allocates costs in accordance with its internal accounting policies and procedures and in a manner consistent with this CAM.

AGN's cost collection and reporting is undertaken in its finance system SAP S/4HANA and with data sourced from its principal operating and management contractor APA. This data provided by APA is sourced from its business management systems, including its Workday (formerly Oracle) General Ledger, which is integrated with a separate Asset Management System (Maximo).

#### APA systems overview

APA maintains a number of business applications used to record and report expenditure on projects and activities that it has been contracted to perform on behalf of AGN.

These applications are configured to separately record and report expenditure for work undertaken on each of AGN's pipelines (scheme and non-scheme) and to a level of detail that facilitates AGN's reporting obligations. This includes enabling AGN to report opex and capex in the categories and sub-categories required for both the Part 10 Financial Reporting Templates (Part 10 FRT) and the Annual Regulatory Information Notice templates (RIN).

This is done by AGN and APA through the use of data mapping processes that transforms expenditure information from its source format as reported from APA's systems into the categories and sub-categories shown in the Part 10 FRT's. Appropriate checking and reconciliation processes are in place to ensure that expenditure is correctly mapped and that all expenditure is accounted for and reported. These reconciliations are provided to our independent auditors as part of the assurance process.

APA incurs costs in carrying out work for AGN which can be either directly attributed or costs that are required to be allocated, which is done through the use of causal allocators.

#### Data transfer from APA to AGN

Each month, APA provides AGN with a data extract from its Workday general ledger. AGN uses this data extract, which is provided in a Microsoft Excel workbook, to map expenditure between the APA reporting line items, to the relevant AGN internal company ledgers, general ledger account codes, cost centres and works breakdown structure (WBS), for the purpose of monthly management and annual reporting. Journal entries prepared and posted each month by AGN are reconciled back to the monthly opex and capex charges received from APA.

#### AGN reporting

AGN utilises its finance system SAP S/4HANA along with a reporting tool (AfO) to capture, control and report its costs by company ledger, general ledger account codes, cost centre or WBS. Each cost centre is also assigned a department (i.e. Reg=Regulated, Light Reg=Light Regulation, Unreg= Unregulated or NS=Non-Specific) and a Region (SA, QLD, VIC, NSW, ALBURY, NT and NS (Non-specific)).

### **6.1.1. Operations and Management Expenditure**

With the operations and management of AGN's networks contracted to APA, the majority of AGN's operating and capital expenditure is initially recorded in APA's integrated business management system, Workday.

APA incurs direct expenditure in performing its functions, comprising labour, contractors, materials, services and other costs. APA also allocates and charges a proportion of its business support and overhead costs to AGN along with the agreed Network Management Fee.

APA regularly reports on its activities to AGN in the form of a Monthly Operating and Management Report (MO&MR), which includes details of operating and capital expenditure incurred on AGN's assets, along with other operational performance metrics.

For the purpose of management reporting, APA uses its Workday finance system to allocate expenditure to relevant business zones operated by AGN and to applicable expenditure categories or activities that are aligned with AGN's financial budgets.

In addition, APA prepares and provide to AGN a set of Ring-Fenced Accounts (RFAs) each half year (i.e. in June and December) that reports on both operating and capital expenditure allocated between AGN's scheme and non-scheme pipelines. AGN reconciles the RFAs back to the information provided by APA in the MO&MR.

To prepare the RFAs, APA extracts data from Workday into an Excel model to reallocate the management reporting data into the required reporting views. This data model uses a set of predetermined business rules and allocators to redistribute national and state-based costs to the appropriate scheme and non-scheme pipelines. The cost allocators used to produce the RFA are listed in 6.2.2.1

AGN maps expenditure reported by APA in the RFAs at a business zone and expense category to the relevant categories and sub-categories within the Part 10 FRT's.

### **6.1.2. Functions Undertaken Internally by AGN**

AGN's internal costs relate to corporate management and administration functions, including IT and marketing. All of these costs are captured within AGN's finance system, SAP S/4HANA.

Internal costs that are identifiable as relating to specific operating or capital expenditure activities and or network are directly allocated for the purpose of the Part 10 Reporting (refer section 6.2.1.2 where this is described in more detail). This includes any IT or property related capital expenditure where the relevant pipeline(s) or business areas that will benefit from the capital expenditure is identifiable.

All other internal costs for AGN's functions that provide support across both scheme and non-scheme pipelines are treated as indirect costs and allocated using an appropriate driver, as described further in section 6.2.2.2 below.

If there are ad-hoc costs (both operating or capital in nature) incurred by AGN (as part of AGIG) that may be shared costs related to other entities within the AGIG group, these are allocated to each AGIG business based on the proportion of effort each business contributes and the benefits each business will receive from the initiative. Any ongoing costs associated with such initiatives are then allocated to each network every year on the basis of existing customer numbers in the respective networks. This ensures no cross-subsidisation, with the cost to each business reflecting the volume of customers that it serves.

## 6.2. Cost Allocation by Cost Type

There are two methods in which costs are allocated to operating and capital expenditure by AGN and its principal operating and maintenance contractor, APA.

- 1 Directly attributable costs; and
- 2 Indirect costs

Most of AGN's expenditure is directly attributable to its scheme and non-scheme pipelines, and to the categories or activities in which expenditure is reported in the FRT's.

Costs that cannot be directly attributed (i.e. corporate and business support costs, marketing and administration expenses) are allocated using an appropriate cost driver.

AGN does not have any indirectly allocated costs that have not been allocated on a causal basis.

### 6.2.1. Directly Attributable Costs

#### 6.2.1.1. APA Directly Attributable Costs

The cost of functions and activities that AGN has contracted to APA, and which are directly attributable are listed below.

##### Capital Works

- All direct contractors, materials, services and other costs incurred to deliver capital projects

##### Operations

- Customer Service\*
- Leaks\*
- National Pipelines (non-scheme transmission pipelines)
- Network Maintenance\*&\*\*\*
- Regional Operations\*

##### Other

- Property Costs\*&\*\*\*
- Network Management Fee\*&\*\*\*
- Government Charges\*
- Unaccounted for Gas\*

Note: \* indicates that these functions also include some costs that are "allocated" within the state of NSW

\*\* indicates that these functions also include some costs that are "allocated" within the state of Qld

For the purposes of Part 10 reporting, all costs either directly or indirectly attributable, that relate to the functions or activities that AGN has contracted to APA, are recorded as Direct Repairs and Maintenance costs in Table 2.1.1 Statement of pipeline revenue and expenses by component, as AGN does not have visibility of the underlining calculations of the RFAs.

The underlying type of costs within these functions and activities that are directly attributable comprise labour, contractors, materials, services and other costs.

Cost Type	Cost Driver
Labour	<p>Labour directly associated with the operations and maintenance of the network is driven by hours worked which is captured in time sheets within APA's asset management system (Maximo). The home cost centre of employees predominately identifies the activity associated with the expenditure, with salary and wages costs allocated directly to that home cost centre when paid. Hours spent by employees working on other activities (i.e. not in their home cost centre) are recorded against the other relevant cost centres, enabling costs to be transferred out of the home cost centre. Labour costs recognised represent employee salaries and wages, including overtime and on-costs.</p> <p>Labour associated with support functions that predominately relates to a single service area, is recognised as a cost in each employee's home cost centre upon payment of their salaries or wages, including overtime and on-costs.</p> <p>Labour associated with operational support functions that provide services to multiple activities, is captured in the Workday timesheet system which facilitates the allocation of labour costs from the employee's home cost centre, to the relevant cost centres associated with the activities being supported. The initial costs of those employees' salaries and wages are recognised upon payment as an expense in their home cost centre. Costs that are transferred to other cost centres are based on an hourly rate, calculated to recover the equivalent hourly cost of that employee, including overtime and on-costs.</p>
Contractors	<p>Contractors are sourced to supplement APA's own workforce and particularly for capital projects. Contractors are predominately procured through the issuing of work orders in APA's asset management system (Maximo). Work orders are assigned with project codes, which enable costs to be captured in the general ledger in Workday.</p>
Materials, services and other costs	<p>Materials, services and other costs associated with operations and maintenance and capital works projects are procured through the issuing of work orders in Maximo.</p> <p>Materials, services and other costs associated with support and overhead functions are procured through the issuing of purchase orders in APA's Workday procurement module. Purchase orders are assigned to project within the Workday General Ledger.</p>

### 6.2.1.2. AGN Internal Directly Attributable Costs

Activities within AGN's internal expenditure that can be directly attributed, are identified by a company ledger code, cost centre (including unique department and region fields) attached to the general ledger account. This links the cost to a particular scheme or non-scheme pipeline:

- Jurisdictional costs and license fees pertaining to a particular pipeline
- Audit fees including technical, volume and Part 10 FRT/RIN audits that relate directly to a pipeline
- Legal and Consultant Fees that directly relate to a pipeline
- Bad debts
- Remediation costs
- Marketing (Rebates)
- Depreciation

## **6.2.2. Indirectly Allocated Costs**

There are certain functional activities within AGN or that are contracted to APA that are not wholly attributable to specific pipelines or categories of expenditure and therefore need to be allocated. These include corporate and general management, IT, HSE, network engineering and other business support and administration functions that are provided nationally or that are state based, but which support multiple regions within a state.

### **6.2.2.1. APA Indirectly Allocated Costs**

The cost of functions and activities that AGN has contracted to APA and which are indirectly allocated (either a state or national function) include:

#### **Operations**

- Customer Billing
- Operation Management
- Operation Administration

#### **Technical Services**

- TSG Management
- Asset Information Systems
- Network Engineering (State)

#### **Other**

- Shared Services
- Business Solutions Group
- General Management
- Finance and Accounting
- Marketing (Call Centre)
- Capitalised overheads (State)

The basis of cost attribution applied by APA in preparing the RFAs, including how costs are allocated to business zones within states are based on the below cost allocators. These cost allocators have been selected on the basis of being the appropriate driver which is the most significant trigger of consumption or utilisation of resources or services in relation to a given category of expenditure.

#### Cost Allocators

- Employee Numbers
- Total Customer Numbers
- Kilometres of Distribution Network
- Total Consumption
- Total Customers (excl Small Pipelines)
- Employee Numbers (DirectOpsOnly)- Excl Small

Business zones are either deemed scheme or non-scheme. Additionally, APA identify some business zones as being 'small zones' for the purpose of excluding those zones from certain cost allocations where they are considered immaterial (i.e. costs are not materially influenced by the existence of that small zone).

As mentioned above, for the purposes of Part 10 reporting, all costs either directly or indirectly attributable, that relate to the functions or activities that AGN has contracted to APA, are recorded as Direct Repairs and Maintenance costs in Table 2.1.1 Statement of pipeline revenue and expenses by component, as AGN does not have visibility of the underlining calculations of the RFAs.

#### 6.2.2.2. AGN Internal Indirectly Allocated Costs

The internal expenses incurred by AGN that are not directly attributed, are allocated by applying an appropriate cost driver (refer below) . Internal expenses that are not directly attributed include:

- Employee expenses (salaries, directors fees and related labour costs)
- Information technology and communications costs (software licences, service provider and managed service and infrastructure cloud costs)
- Rental and leasing costs
- Borrowing Costs (costs incurred in relation to raising debt instruments for investment in AGN's networks)
- Insurance
- Professional (general legal, consulting and audit costs)
- Corporate (e.g. ASIC costs, sponsorships etc)
- Marketing (costs relating to marketing the use of natural gas and rebates to customers)
- Other (e.g. office expenses, travel, entertainment, professional subs, bad debts, conferences etc.)

### Cost Allocators

There are two drivers primarily used as the basis of indirectly allocating AGN's internal expenses.

- Existing customer numbers; and
- Regulatory Asset Base as percentage of the total asset base for AGN (Borrowing Costs)

These cost allocators have been selected as being an appropriate driver due to being the most significant trigger of consumption or utilisation of resources for given expenditure categories.

AGN allocates its internal expenses to each of the scheme and non-scheme pipelines it owns in South Australia, Victoria, Queensland, New South Wales and the Northern Territory.

Expenditure allocated in accordance with this methodology is accounted for as operating expenditure in AGN's Part 10 Financial reporting and encompasses all of AGN's internal functions, as represented in the organisational structure in Figure 5.1.

### 6.2.3. Capitalisation of Business Overheads

AGN Limited capitalises a proportion of business overhead costs of its principal network management contractor, APA Asset Management (APA), which can be directly attributed to capital activities. These overhead costs include a share of the Network Management Fee (NMF) which represents APA's margin under the OMA.

This policy is in accordance with AGN Limited's interpretation of relevant accounting standards (i.e. AASB 116 *Property, Plant and Equipment*) and the Accounting Standard Board's *Framework*.

From 2022, a proportion of the AGN Limited internal labour costs associated with specific internal employees/positions that are working on capital growth projects and or capital major projects, is being capitalised as an indirect overhead.

Labour associated with specific IT capex projects is directly allocated to capex and not reported as an overhead.

All other internal costs of AGN Limited that cannot be specifically linked to a capital project and do not enhance or improve the future economic benefits of an asset are to be treated as operating expenditure.

#### 6.2.3.1. APA Business Overheads Capitalisation

The share of APA's overhead costs that are allocated to capital expenditure, are initially collected into an 'overhead cost pool' based on a proportion of APA's selected department costs. There are effectively two overhead cost pools, with state and national overheads captured and allocated separately.

State based cost centres that are included in the state overhead pool are as follows:

- Operations management
- Regional operations
- Operations administration

- HSE;

National based cost centres that are included in the national overhead pool are as follows:

- Engineering Ops Support & Commissioning
- Engineering Technical Authority
- Engineering Design Projects and Major Projects
- Engineering Design I&C Projects
- Integrity
- Networks Learning Solutions
- Risk & Compliance
- Tech & Regulatory Compliance
- Business Systems Delivery
- Business Intelligence
- EAM Business Support
- National Planning and Scheduling
- Asset Information Systems
- Finance and Accounts Receivable

As stated above, APA's overhead costs that are capitalised for statutory accounting purposes also include a percentage of the NMF paid by AGN.

These overhead cost pools are allocated to relevant activities of capital expenditure based on a percentage uplift rate set each year, by dividing the total capitalised overhead cost pool into the budgeted capital expenditure for each of the states in which AGN operates. This initial allocation is based on the budgeted expenditure for the year. At mid-year and year-end a 'true-up' process is undertaken to reconcile budgeted costs to actual costs, with year-end allocations representing actual costs.

Major IT projects are excluded from this method as a direct allocation of time spent is used to transfer time and associated costs from activities (or departments) thereby reducing the overhead cost pool.

#### **6.2.3.2. AGN Business Overheads Capitalisation**

As mentioned above, AGN Limited has identified specific internal employees/positions that are working on the following activities for whom a proportion of their salary (including on-costs) is being capitalised:

- Business Development growth projects; and
- Delivery of major asset projects i.e. mains replacement programs, augmentation projects.

On a monthly basis, specific AGN staff complete timesheets within the CATS time writing module of SAP S/4HANA to allocate a percentage of their time to a project for "Overhead Salaries", effectively "pooling" these costs. At month end, the project is settled to Property Plant and Equipment and then as part of the year end process, these projects costs are added to the Fixed Asset Register against the relevant asset or group of assets on a prorated basis.

For Part 10 reporting purposes, these overheads (business support costs) that are incurred as part of day-to-day operating activities are categorised as operating in nature and reported against the relevant category of expenditure in Part 10 FRT i.e. Employee expenses in Table 2.5.1 Shared expense allocation and consequently deducted from current year asset additions recorded in the Fixed Asset Registers.

### 6.3. Cost Allocation by pipeline service category

As per the Part 10 Financial Reporting Template, tab 2.2 "Allocation of Services" AGN is required to allocate total expenses by distribution pipeline service category.

For AGN Wagga Wagga the services are defined as follows:

- Domestic
- Commercial
- Contract
- Ancillary and
- Metering

For AGN Queensland the services are defined as follows:

- Tariff R (Domestic)
- Tariff C (Commercial)
- Tariff D (Contract) and
- Ancillary

The allocation of costs to each of the pipeline services is based on the revenue earned for each of the services as a percentage of total revenue (excluding customer contributions). AGN considers this to be the most appropriate allocator.

The current template does not allow the services to be amended to better align to a distribution network, so as directed by the AER, AGN has mapped the current categories listed in the template to the distribution services listed above. This has been clearly noted in the Basis of Preparation.

## **6.4. Related Party Costs**

The below entities are related parties of Australian Gas Networks Limited's (AGN) based on AASB 124 and as such, the net paid or receivable to these entities, is recorded in Table 2.5.1 Shared expense allocation as a shared expense paid to related parties. The allocation of the shared expenses paid to related parties is based on the same allocations as described above in Section 6.2.2.2.

- DBNGP WA Pipeline Trust
- Multinet Gas Distribution Partnership
- AGI Services Pty Ltd

The related party amounts reported in Part 10 FRT's are sourced ultimately from the SAP S/4HANA general ledger and associated working papers that support the AGN Financial Statement disclosures for related party transactions.

There are other related party entities that AGN transact with but for the purposes of Part 10 reporting, these transactions are not included as they do not relate to the provision of gas distribution services.

## **7. Record Maintenance**

As described in section 5, AGN derives costs through its finance system and with data sourced from its principal operating and management sub-contractor APA.

Audited statutory accounts are prepared for the consolidated group structure shown in Figure 1.1 on a calendar year basis and form the foundation for the overall costs that are included in the Part 10 Financial Reporting disclosures.

Full documentation is maintained in preparation of FRT's Supporting cost reports are generated and working files prepared, including cost allocations containing bases as well as numeric and percentage values consistent with this CAM.

Financial data reported in the Part 10 FRT's is in accordance with, and reconciled to, the statutory financial accounts.

All reports and files are made available to external auditors for the purpose of expressing an opinion that the financial information contained in Part 10 FRT's is presented fairly in accordance with this CAM. As part of this process, AGN's Chief Financial Officer and General Manager Corporate and Regulation sign a Management Representation Letter, attesting to the auditors that the FRT's have been appropriately reviewed and prepared in accordance with these documents.

Upon finalisation of the audit and/or review process, relevant General Managers sign a memo certifying the accuracy of the data contained in each Part 10.

All the information prepared as part of the Part 10 FRT RIN must be maintained for at least seven years from the date of the respective submission.

## **8. Compliance with Cost Allocation Methodology**

The Manager Regulatory Finance and Head of Regulation in AGN is responsible for preparing financial information reported in the Part 10 FRT's in accordance with the CAM and other internal guidelines. The Chief Financial Officer is responsible for the final review of financial information reported in the Part 10 FRT's. Compliance is endorsed by management and reviewed by independent auditors.

## 9. Application and Effective Date

This CAM document:

- a Applies to the preparation of financial information to be provided pursuant to the Pipeline information disclosure guidelines issued by the Australian Energy Regulator (AER) under Part 10 of the National Gas Rules, Section 1 through to 8 issued in October 2023;
- b Is applicable to all AGN Limited personnel involved in the preparation of Part 10 financial reporting;
- c Remains effective for future reporting periods, subject to amendment.

Approved by:



**Paul May**

Chief Financial Officer

Date: 20/06/2025.....



**Peter Bucki**

Head of Regulation

Date: .....24/6/2025.....

## Appendix A - Cost Allocators

Set out in the tables below are the cost allocator percentages applied by APA in the preparation of the Ring-Fenced Accounts (RFAs) (Table 1) and the cost allocator percentages applied by AGN for the allocation of the internal indirect costs (Table 2). In addition, the percentages applied to the allocation of costs by distribution pipeline service category (Table 3).

Table 1: **AGN Wagga Wagga (WW) and AGN Queensland (Qld)** - Allocation Factors and %'s - APA Asset Management

Allocation Factor / Allocation %'s	Dec	Dec	Jun	Jun
	2024	2024	2024	2024
	AGN QLD	AGN WW	AGN QLD	AGN WW
<b>STATE ALLOCATORS (APA)</b>				
Employee Numbers	100%	100%	100%	100%
Employee Numbers (Direct Ops only) – Excl Small Pipelines	100%	100%	100%	100%
Customer Numbers	98.8%	75.1%	98.7%	75.1%
Total Customers (excl. Small Pipelines)	100%	75.1%	100%	75.1%
Kilometres of Distribution Network	87.3%	59.3%	87.2%	59.3%
Total Consumption	90.4%	100%	89.6%	100%
<b>NATIONAL ALLOCATORS (APA)</b>				
Employee Numbers	14.6%	1.3%	15.4%	1.1%
Employee Numbers (Direct Ops only) – Excl Small Pipelines	14.6%	1.3%	15.4%	1.1%
Total Customer Numbers	7.8%	1.7%	7.9%	1.7%
Total Customers (excl. Small Pipelines)	8.0%	1.8%	8.0%	1.8%
Kilometres of Distribution Network	11.5%	2.7%	11.4%	2.7%
Total Consumption	5.7%	2.3%	5.5%	2.1%

## Part 10 Financial Reporting – Non-scheme pipelines

### Cost Allocation Methodology

Table 2: **AGN Wagga Wagga (WW) and AGN Queensland (Qld)** - Allocation Factors and %'s - AGN Limited

Allocation Factor / Allocation %'s	Dec	Dec	Jun	Jun
	2024	2024	2024	2024
	AGN QLD	AGN WW	AGN QLD	AGN WW
<b>AGN INTERNAL COST ALLOCATORS</b>				
Total Customer Numbers	7.8%	1.7%	7.9%	1.7%
Regulatory Asset Base as percentage of total asset base	11.3%	2.1%	11.5%	2.1%

Table 3: **AGN Wagga Wagga (WW) and AGN Queensland (Qld)** - Allocation Factors and %'s – Costs by Service category

Allocation Factor / Allocation %'s	2024	2024
	AGN QLD	AGN WW
<b>Total Costs by Service Category Allocator</b>		
Domestic (Tariff R) Revenue	45.7%	82.9%
Commercial (Tariff C) Revenue	35.7%	7.1%
Contract (Demand) Revenue	16.7%	5.1%
Ancillary (and Metering for Wagga Wagga) Revenue	1.9%	4.9%