

Fee Based Services Model

Fee Based Services Model Procedure

13 May 2011

Version 2.1

Aurora Energy

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1 Introduction

Fee-based services are those services provided by Aurora where the service is, in general, provided for the benefit of a single customer rather than uniformly supplied to the entire customer base. These services are provided at the request of a third party and are typically initiated by way of a service request received from a retailer.

Examples of services Aurora provides on a fee-basis includes:

- Energisation;
- De-energisation;
- Re-energisation;
- Meter alteration;
- Meter testing;
- New connection – permanent supply; and
- Supply abolishment – removal of meters and service connection.

These services are largely uniform in nature and therefore a fixed fee can be set in advance with reasonable certainty. That is, the cost inputs in providing these services do not involve material variations.

The AER, in its final Framework and Approach, proposed that all fee-based services should be classified as Direct Control Services and further classified as Alternative Control Services, subject to a price cap form of control.

That is, that a price cap should continue to be applied to all standard special services and that the other special service should be incorporated into the price cap form of control.

Aurora proposes to apply a price cap form of control for the forthcoming Regulatory Control Period to all fee-based services (both standard and other special services), with caps applied to individual services under a schedule of fees.

The forecast costs for fee-based services for the forthcoming Regulatory Control Period have been developed with regard to the levels of service currently provided by Aurora, including timeframes and conditions.

The forecast costs for fee-based services for the forthcoming Regulatory Control Period are based on Aurora maintaining its existing service levels, in compliance with its regulatory obligations. Changes to the standard conditions or levels of service provision to reflect specific customer requirements will constitute a quoted (non-standard) service.

2 Purpose

The purpose of this document is to provide an overview of the Excluded Services Model and the methodology used to determine the indicative prices.

3 Price Cap Calculation Methodology

Aurora proposes to apply the control mechanism for each of the fee-based services to be offered, through the build up, through Aurora's Fee-Based Services Model, of the following cost components:

- Labour;
- Materials;
- Contractors; and
- Other costs.

Aurora's fee-based services model:

- Establishes, for each fee-based service, estimated task time and skill set requirements based on Aurora's historical data and projected volumes for each year of the forthcoming Regulatory Control Period of Aurora's anticipated work program;
- Builds up a schedule of fixed prices for each year of the forthcoming Regulatory Control Period the cost for each fee-based service using the costings for relevant activities derived in the unit rates model;
- Applies operating overhead costs (Corporate and Shared Services, Network Division Management and Distribution Business Shared Resource costs) to the schedule of fixed prices in accordance with the approach set out in Aurora's amended CAM. The relevant escalation rates across the forthcoming Regulatory Control Period are already applied to this overhead expenditure;
- Undertakes and annuity calculation for shared services capital overhead costs (comprising Corporate and Shared Services and Network Division Management capital overhead costs) in accordance with the methodology set out in Aurora's amended CAM, and apportioned to fee-based services on the basis of forecast volumes.

The annuity calculation (Excel-based PMT function is used) is undertaken for assets in service at 30 June 2012 and for capital overhead costs applied to contract lighting services in the Regulatory Control Period in which;

- For overhead assets in service at 30 June 2012:
 - The written down book value of the assets is the present value parameter;
 - The remaining weighted average asset life is the number of years parameter; and
 - A pre-tax real WACC provides the rate of return parameter; and
- For capital overheads costs applied to metering services:
 - The applied capital overheads costs is the present value parameter;
 - The asset standard life is the number of years parameter; and
 - A pre-tax real WACC provides the rate of return parameter; and

- Aggregates the annuity calculations and schedule of fees (including overheads) for each fee-based service to give a final price for each service.

This process can be summarised as:

(fee schedule including operating overheads) + (annuity for overheads assets in service) + (annuity for capital overhead costs)

The following provides further detail on fee-based services inputs:

- Fee Based Services Model – the unit rates model uses labour, materials, contractors and other costs to determine the overall costs and to develop the schedule of fixed prices for fee-based service for each year of the forthcoming Regulatory Control Period;
- Labour rates – the costs of providing fee-based services are principally labour related costs. Labour rates are based on a weighted average hourly rate (fully inclusive) by skill set. The rates have been adjusted for each year of the forthcoming Regulatory Control Period to reflect expected increases in efficiency. It is noted that the task time for after hours fault work is set to 4 hours; as field staff are paid this as a minimum under Aurora's enterprise agreement;

It should be noted that Aurora does not include a profit margin in any fee-based services that it provides. The prices are levied on a cost-recovery basis.

Prices for each service for each subsequent Regulatory Year of the forthcoming Regulatory Control Period will be escalated by CPI and by escalation rates established by SKM and included in Aurora's annual pricing proposal to be submitted for AER approval in accordance with the Rules.

4 Indicative Prices

Indicative prices are shown below in 2011-12 dollars per service and are considered indicative only.

All indicative prices are exclusive of GST.

Fee Based Services Rates Summary (\$2011-12)

Special Services Document ref	Description	2012-13 Rate	2013-14 Rate	2014-15 Rate	2015-16 Rate	2016-17 Rate
2.1	2.1. Site Visit – No Appointment	61.26	61.72	61.13	55.67	54.00
2.2	2.2. Connection Site Visit – Non-Scheduled Visit	122.52	123.44	122.26	111.35	108.00
2.3	2.3. Connection Site Visit – Same Day Premium Service	321.45	323.91	320.87	292.63	283.92
2.4	2.4. Connection Site Visit – performed outside business hours	816.79	822.96	815.09	742.30	720.00
2.5	2.5. De-energisation site visit – performed due to credit action or site issues	209.14	210.75	208.79	190.56	184.92
2.6	2.6. Rectification of Illegal Connection	260.19	262.19	259.73	236.96	229.92
2.7	2.7. Transfer of Retailer	-	-	-	-	-
2.8	2.8. Interval site Re-energisation or De-energisation	61.26	61.72	61.13	55.67	54.00
2.9	2.9. Late cancellation – De-energisation, Re-energisation & Special Read	61.26	61.72	61.13	55.67	54.00
3.1.1	3.1.1. Tariff Alteration – Single Phase	170.36	171.91	169.21	151.18	146.03
3.1.2	3.1.2. Tariff Alteration – Three Phases	230.51	232.60	228.91	204.34	197.34
3.1.3	3.1.3. Adjust Time Clock	61.26	61.72	61.13	55.67	54.00
3.1.4	3.1.4. Install Pulse Outputs	175.11	176.46	174.83	159.63	154.92
3.1.5	3.1.5. Meter Alteration - Late Cancellation	103.84	105.53	104.39	93.82	90.35
3.1.6	3.1.6. meter alteration Wasted visit	224.17	227.80	225.40	203.05	195.66
3.1.7	3.1.7. Meter Alteration – After Hours Visit	816.79	822.96	815.09	742.30	720.00
3.1.8	3.1.8. Alteration – Remove meter	293.40	298.15	295.00	265.60	255.89
3.2.1	3.2.1 Pay As You Go Install – performed during business hours	115.85	115.85	115.85	115.85	115.85
3.2.2	3.2.2. Pay As You Go Removal – performed during business hours	277.21	279.33	276.72	252.42	244.92
3.2.3	3.2.3. Pay As You Go Reconfiguration – performed during business hours	277.21	279.33	276.72	252.42	244.92
3.2.4	3.2.4. Pay As You Go Fault – performed during business hours	226.16	227.90	225.77	206.03	199.92
3.2.5	3.2.5. Pay As You Go Fault – performed after business hours	816.79	822.96	815.09	742.30	720.00
3.2.6	3.2.6. Pay As You Go POS Fault – performed during business hours	175.11	176.46	174.83	159.63	154.92
3.2.7	3.2.7. Pay As You Go Point of Sale Fault – performed after business hours	816.79	822.96	815.09	742.30	720.00
3.2.8	3.2.8. Pay As You Go Late Cancellation	103.84	105.53	104.39	93.82	90.35
3.2.9	3.2.9. Pay As You Go – Wasted Visit	224.17	227.80	225.40	203.05	195.66
4.1	4.1. Meter test – single phase	311.24	313.62	310.68	283.35	274.92
4.2	4.2. Meter test – multi phase	617.54	622.23	616.34	561.72	544.92
4.3	4.3. Meter test – Current Transformer	685.60	690.81	684.26	623.57	604.92
4.4	4.4. Meter test – wasted visit	224.17	227.80	225.40	203.05	195.66
4.5	4.5. Meter Test – after hours	816.79	822.96	815.09	742.30	720.00
4.6	4.6. Meter Test – Late cancellation fee	61.26	61.72	61.13	55.67	54.00
5.1.1	5.1.1. Install meters & service	215.47	217.42	213.99	191.05	184.51
5.1.2	5.1.2. New Connection – Wasted Visit	224.17	227.80	225.40	203.05	195.66
5.1.3	5.1.3. New Connection - Late Cancellation	103.84	105.53	104.39	93.82	90.35
5.1.4	5.1.4. New Connection – after hours	721.81	728.26	716.46	637.92	615.74
5.1.5	5.1.5. New Connection – Un-metered supply	275.62	278.11	273.69	244.21	235.83
5.1.6	5.1.6. New Connection – Wasted Visit	224.17	227.80	225.40	203.05	195.66
5.1.7	5.1.7. Install Additional Service Span - single span single phase	410.75	418.18	413.15	374.25	361.62
5.1.8	5.1.8. Install Additional Service Span - single span multi phase	582.82	593.26	586.80	534.67	517.49
5.1.9	5.1.9. Install Additional Service Span - additional spans single phase per span	306.26	311.70	308.58	282.41	273.69
5.1.10	5.1.10. Install Additional Service Span - additional spans multi phase per span	478.32	486.77	482.23	442.84	429.56
5.2.1	5.2.1. Remove meters & service	293.40	298.15	295.00	265.60	255.89
5.2.2	5.2.2. Remove meters & service – wasted visit	224.17	227.80	225.40	203.05	195.66
5.2.3	5.2.3. Supply Abolishment – Late cancellation	61.26	61.72	61.13	55.67	54.00
5.2.4	5.2.4. Supply Abolishment – after hours	816.79	822.96	815.09	742.30	720.00
5.3.1	5.3.1. Connection of renewable energy meter	170.36	171.91	169.21	151.18	146.03
5.3.2	5.3.2. Connection of renewable energy meter – wasted visit	224.17	227.80	225.40	203.05	195.66
5.3.3	5.3.3. Renewable Energy Connection – after hours	1,472.36	1,499.99	1,476.24	1,309.79	1,258.15
5.3.4	5.3.4. Connection of renewable energy meter – Late Cancellation	103.84	105.53	104.39	93.82	90.35
5.4.1	5.4.1. Temporary single phase builders supply underground – temporary position	226.53	228.82	226.15	206.20	200.18
5.4.2	5.4.2. Temporary three phase builders supply underground – temporary position	281.73	284.85	282.55	262.20	255.65
5.4.3	5.4.3. Temporary single phase builders supply underground – permanent position	226.53	228.82	226.15	206.20	200.18
5.4.4	5.4.4. Temporary three phase builders supply underground – permanent position	281.73	284.85	282.55	262.20	255.65
5.4.5	5.4.5. Temporary single phase builders supply overhead – temporary position	499.48	508.67	501.65	450.11	433.75
5.4.6	5.4.6. Temporary three phase builders supply overhead – temporary position	682.37	694.73	686.35	621.52	600.50
5.4.7	5.4.7. Temporary single phase builders supply overhead – permanent position	499.48	508.67	501.65	450.11	433.75
5.4.8	5.4.8. Temporary three phase builders supply overhead – permanent position	682.37	694.73	686.35	621.52	600.50
5.4.9	5.4.9. Temp supply wasted visit	224.17	227.80	225.40	203.05	195.66
5.4.10	5.4.10. Temporary Builders Connection – Late cancellation	103.84	105.53	104.39	93.82	90.35
5.4.11	5.4.11. Temporary Builders Connection – after hours	1,472.36	1,499.99	1,476.24	1,309.79	1,258.15
5.5.1	5.5.1. Temporary show supply – underground	345.27	347.91	344.64	314.28	304.92
5.5.2	5.5.2. Temporary show supply – overhead mains	429.10	434.07	431.79	400.64	389.77
5.5.3	5.5.3. Temporary show supply – overhead service	896.43	911.94	904.11	821.05	792.47
5.5.4	5.5.4. temporary show supply - wasted visit	224.17	227.80	225.40	203.05	195.66
5.5.5	5.5.5. Temporary Show Supply – Late cancellation	61.26	61.72	61.13	55.67	54.00
5.5.6	5.5.6. Temporary Show Supply – after hours	816.79	822.96	815.09	742.30	720.00
5.6.1	5.6.1. Tee-up – normal hours	795.17	810.08	797.29	707.65	679.81
5.6.2	5.6.2. Tee-up – after hours	1,354.66	1,380.11	1,358.17	1,204.56	1,156.95
5.6.3	5.6.3. Tee-up – no truck required After hours	1,194.60	1,217.65	1,194.65	1,042.16	996.12
5.6.4	5.6.4. Tee-up – wasted visit	224.17	227.80	225.40	203.05	195.66
5.6.5	5.6.5. Truck Tee-Up – Late cancellation	103.84	105.53	104.39	93.82	90.35
5.7.1	5.7.1. Open turret	221.26	223.74	222.08	206.75	201.73
5.7.2	5.7.2. Addition/Alteration to the overhead connection point	386.67	390.64	386.27	352.94	342.84
5.7.3	5.7.3. Connection of new consumer mains to an existing installation	215.47	217.42	213.99	191.05	184.51
5.7.4	5.7.4. Data Download	429.10	434.07	431.79	400.64	389.77
5.7.5	5.7.5. Miscellaneous Services	141.08	142.17	140.87	128.70	124.92
5.7.6	5.7.6. Miscellaneous Services – After hours	816.79	822.96	815.09	742.30	720.00
5.7.7	5.7.7. Miscellaneous Services – Late cancellation	61.26	61.72	61.13	55.67	54.00
5.7.8	5.7.8. Miscellaneous service – wasted visit	224.17	227.80	225.40	203.05	195.66
5.7.9	5.7.9. Alteration to Un-metered supply	230.51	232.60	228.91	204.34	197.34

5 Glossary

Term	Definition
AER	Australian Energy Regulator
ICAM	Indirect Cost Allocation Model
NEL	National Electricity Law
NER	National Electricity Rules
PTRM	Post Tax Revenue Model
RIN	Regulatory Intent Notice
POW	Program of Work