

Draft decision

TasNetworks transmission determination

2015-16 to 2018-19

Attachment 8: Corporate income tax

November 2014

© Commonwealth of Australia 2014

This work is copyright. In addition to any use permitted under the Copyright Act 1968, all material contained within this work is provided under a Creative Commons Attribution 3.0 Australia licence, with the exception of:

* the Commonwealth Coat of Arms
* the ACCC and AER logos

any illustration, diagram, photograph or graphic over which the Australian Competition and Consumer Commission does not hold copyright, but which may be part of or contained within this publication.

The details of the relevant licence conditions are available on the Creative Commons website, as is the full legal code for the CC BY 3.0 AU licence.

1. Requests and inquiries concerning reproduction and rights should be addressed to the Director, Corporate Communications, ACCC, GPO Box 3131, Canberra ACT 2601, or
2. publishing.unit@accc.gov.au .

Inquiries about this document should be addressed to:

Australian Energy Regulator

GPO Box 520

Melbourne Vic 3001

Tel: (03) 9290 1444

Fax: (03) 9290 1457

Email: AERInquiry@aer.gov.au

1. AER reference: 53445
2. Note

This attachment forms part of the AER's draft decision on the transmission determination for TasNetworks' 2015–19 regulatory control period. It should be read in conjunction with other parts of the draft decision.

The draft decision includes the following documents:

Overview

Attachment 1 – maximum allowed revenue

Attachment 2 – regulatory asset base

Attachment 3 – rate of return

Attachment 4 – value of imputation credits

Attachment 5 – regulatory depreciation

Attachment 6 – capital expenditure

Attachment 7 – operating expenditure

Attachment 8 – corporate income tax

Attachment 9 – efficiency benefit sharing scheme

Attachment 10 – capital expenditure sharing scheme

Attachment 11 – service target performance incentive scheme

Attachment 12 – pricing methodology

Attachment 13 – pass through events

Attachment 14 – negotiated services

1. Contents

[Note 8-3](#_Toc404425531)

[Contents 8-4](#_Toc404425532)

[Shortened forms 8-5](#_Toc404425533)

[8 Corporate income tax 8-9](#_Toc404425534)

[8.1 Draft decision 8-9](#_Toc404425535)

[8.2 TasNetworks' proposal 8-9](#_Toc404425536)

[8.3 AER's assessment approach 8-10](#_Toc404425537)

[8.3.1 Interrelationships 8-11](#_Toc404425538)

[8.4 Reasons for draft decision 8-12](#_Toc404425539)

[8.4.1 Opening tax asset base at 1 July 2014 8-12](#_Toc404425540)

[8.4.2 Standard tax asset lives 8-13](#_Toc404425541)

[8.4.3 Remaining tax asset lives 8-13](#_Toc404425542)

1. Shortened forms

| 1. Shortened form
 | 1. Extended form
 |
| --- | --- |
| 1. AARR
 | 1. aggregate annual revenue requirement
 |
| 1. AASB
 | 1. Australian Accounting Standards Board
 |
| 1. ABS
 | 1. Australian Bureau of Statistics
 |
| 1. AEMC
 | 1. Australian Energy Market Commission
 |
| 1. AEMO
 | 1. Australian Energy Market Operator
 |
| 1. AER
 | 1. Australian Energy Regulator
 |
| 1. ARPC
 | 1. Australian Reinsurance Pool Corporation
 |
| 1. ASRR
 | 1. aggregate service revenue requirement
 |
| 1. ASX
 | 1. Australian Stock Exchange
 |
| 1. ATO
 | 1. Australian Tax Office
 |
| 1. augex
 | 1. augmentation expenditure
 |
| 1. Benchmarking report
 | 1. AER, Electricity transmission network service providers annual benchmarking report, November 2014
 |
| 1. capex
 | 1. capital expenditure
 |
| 1. capex incentive guideline
 | 1. AER, Capital Expenditure Incentive Guideline for Electricity Network Service Providers, November 2013
 |
| 1. CCP
 | 1. Consumer Challenge Panel
 |
| 1. CEG
 | 1. Competition Economics Group
 |
| 1. CESS
 | 1. capital expenditure sharing scheme
 |
| 1. CPI
 | 1. consumer price index
 |
| 1. DAE
 | 1. Deloitte Access Economic
 |
| 1. DRP
 | 1. debt risk premium
 |
| 1. EBA
 | 1. enterprise bargaining agreement
 |
| 1. EBSS
 | 1. efficiency benefit sharing scheme
 |
| 1. EGWWS
 | 1. electricity, gas, water and waste services
 |
| 1. EMCa
 | 1. Energy Market Consulting associates
 |
| 1. ERA
 | 1. Economic Regulation Authority of Western Australia
 |
| 1. ERP
 | 1. equity risk premium
 |
| 1. EUAA
 | 1. Energy Users Association of Australia
 |
| 1. Guideline
 | 1. AER, Expenditure forecast assessment guideline for electricity transmission, November 2013
 |
| 1. JGN
 | 1. Jemena Gas Networks
 |
| 1. MAR
 | 1. maximum allowed revenue
 |
| 1. MEU
 | 1. Major Energy Users
 |
| 1. MJA
 | 1. Marsden Jacob Associates
 |
| 1. MRP
 | 1. market risk premium
 |
| 1. MTFP
 | 1. multilateral total factor productivity
 |
| 1. MW
 | 1. megawatts
 |
| 1. NEL
 | 1. national electricity law
 |
| 1. NEM
 | 1. national electricity market
 |
| 1. NEO
 | 1. national electricity objective
 |
| 1. NER
 | 1. national electricity rules
 |
| 1. NERA
 | 1. NERA Economic Consulting
 |
| 1. NSP
 | 1. network service provider
 |
| 1. NTNDP
 | 1. National Transmission Network Development Plan
 |
| 1. NTSC
 | 1. negotiated transmission service criteria
 |
| 1. NSW
 | 1. New South Wales
 |
| 1. opex
 | 1. operating expenditure
 |
| 1. PFP
 | 1. partial factor productivity
 |
| 1. PPI
 | 1. partial performance indicators
 |
| 1. PPI
 | 1. producer price index
 |
| 1. PTRM
 | 1. post-tax revenue model
 |
| 1. QCA
 | 1. Queensland Competition Authority
 |
| 1. RAB
 | 1. regulatory asset base
 |
| 1. RBA
 | 1. Reserve Bank of Australia
 |
| 1. repex
 | 1. replacement expenditure
 |
| 1. RFM
 | 1. roll forward model
 |
| 1. RIN
 | 1. regulatory information notice
 |
| 1. RPP
 | 1. revenue and pricing principles
 |
| 1. SFG
 | 1. SFG Consulting
 |
| 1. SLCAPM
 | 1. Sharpe-Lintner capital asset pricing model
 |
| 1. STPIS
 | 1. service target performance incentive scheme
 |
| 1. TAB
 | 1. tax asset base
 |
| 1. TFP
 | 1. total factor productivity
 |
| 1. TNSP
 | 1. transmission network service provider
 |
| 1. TSBC
 | 1. Tasmanian Small Business Council
 |
| 1. TUoS
 | 1. transmission use of system
 |
| 1. version one of the EBSS
 | 1. AER, Electricity transmission network service providers: Efficiency benefit sharing scheme, September 2007
 |
| 1. version two of the EBSS
 | 1. AER, Efficiency benefit sharing scheme for electricity network service providers, November 2013
 |
| 1. WACC
 | 1. weighted average cost of capital
 |
| 1. WPI
 | 1. wage price index
 |

# Corporate income tax

1. The AER is required to make a decision on the estimated cost of corporate income tax for TasNetworks' 2014–19 period.[[1]](#footnote-1) Under the post-tax framework, a corporate income tax allowance is calculated as part of the building block assessment using our post-tax revenue model (PTRM).
2. This attachment sets out our draft decision on TasNetworks' proposed corporate income tax allowance. It also presents our assessment of the proposed opening tax asset base (TAB), and the standard and remaining tax asset lives used to estimate tax depreciation for the purpose of calculating tax expenses.

## Draft decision

1. We do not accept TasNetworks' proposed estimated cost of corporate income tax allowance of $23.3 million ($ nominal) over the 2014–19 period. Our draft decision on the estimated cost of corporate income tax is $25.3 million ($ nominal) for TasNetworks over the 2014–19 period, an increase of $2.0 million (or 8.6 per cent) from its proposal.
2. We made this adjustment because we amended some of TasNetworks' proposed inputs for estimating the forecast corporate income tax allowance such as the opening TAB (section 8.4.1) and the remaining tax asset lives (section 8.4.3). It also reflects our draft decision on the value of imputation credits—gamma—(attachment 4). Our determinations on other building block components including forecast capex (attachment 6) and forecast opex (attachment 7) affect revenues, which also impact the tax calculation.
3. Based on the approach to modelling the cash flows in the PTRM, we have derived an effective tax rate of 20.5 per cent for TasNetworks. Table 8‑1 sets out our draft decision on the estimated cost of corporate income tax allowance for TasNetworks.

Table 8‑1 AER's draft decision on TasNetworks' cost of corporate income tax allowance for the 2014–19 period ($ million, nominal)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2014–15 | 2015–16 | 2016–17 | 2017–18 | 2018–19 | Total |
| Tax payable | 7.4 | 8.0 | 8.7 | 8.7 | 9.4 | 42.2 |
| Less: value of imputation credits | 3.0 | 3.2 | 3.5 | 3.5 | 3.7 | 16.9 |
| Net corporate income tax allowance | 4.5 | 4.8 | 5.2 | 5.2 | 5.6 | 25.3 |

Source: AER analysis.

## TasNetworks' proposal

1. TasNetworks estimated its corporate income tax allowance using the AER's PTRM and the following inputs:[[2]](#footnote-2)
* an opening TAB as at 1 July 2014 of $1144.3 million ($ nominal)
* an expected statutory income tax rate of 30 per cent per year
* a value for gamma of 0.50
* the proposed standard and remaining tax asset lives for calculating its tax depreciation as contained in its proposed PTRM. TasNetworks proposed to increase the remaining tax asset lives of the ‘Transmission lines and cables’ and ‘Transmission substations’ to 34 years and 32 years from the roll forward model (RFM) derived lives of 16 years and 24 years, respectively. TasNetworks did not propose any changes to its standard tax asset lives approved in its 2009 transmission determination. However, it proposed three new 'Communications assets' asset classes with standard tax asset lives of 45 years (medium life), 10 years (short life) and 5 years (very short life).
1. Table 8‑2 sets out TasNetworks' proposed corporate income tax allowance for the 2014–19 period.

Table 8‑2 TasNetworks' proposed corporate income tax allowance for the 2014–19 period ($ million, nominal)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 2014–15 | 2015–16 | 2016–17 | 2017–18 | 2018–19 | Total |
| Tax payable | 8.3 | 8.9 | 9.5 | 9.6 | 10.4 | 46.7 |
| Less: value of imputation credits | 4.1 | 4.4 | 4.8 | 4.8 | 5.2 | 23.3 |
| Net corporate income tax allowance | 4.1 | 4.4 | 4.8 | 4.8 | 5.2 | 23.3 |

Source: Transend, Regulatory proposal, p. 109.

## AER's assessment approach

1. Under clause 6A.6.4 of the NER, we must make an estimate of taxable income for each regulatory year. Our estimate must be for the taxable income a benchmark efficient entity would earn for providing prescribed transmission services if it operated TasNetworks' business. The estimate is required to be determined in accordance with the PTRM. Our approach for calculating a TNSP's cost of corporate income tax is set out in our PTRM[[3]](#footnote-3) and involves the following steps:
* First, we estimate the annual taxable income that would be earned by a benchmark efficient entity operating the TNSP's business.[[4]](#footnote-4) A TNSP's taxable income is calculated by netting the approved forecast revenues by benchmark estimates of tax expenses. Using the PTRM, we model the TNSP's benchmark tax expenses, including interest tax expense and tax depreciation, over the regulatory control period. The interest tax expense is estimated using the benchmark 60 per cent gearing. Tax depreciation is calculated using a separate value for the TAB, and standard and remaining tax asset lives for taxation purposes. All tax expenses (including other expenses such as opex) are offset against the TNSP's forecast revenue to estimate the taxable income.
* The statutory income tax rate is then applied to the estimated annual taxable income to arrive at a notional amount of tax payable.
* We then apply a discount to that notional amount of tax payable to account for the assumed utilisation of imputation credits (gamma).
* The final estimate of tax payable net of assumed utilised imputation credits is then included as a separate building block in determining the TNSP’s annual building block revenue requirement.
1. The corporate income tax allowance is an output of our PTRM. We therefore assess the TNSP's proposed corporate income tax allowance by analysing the proposed inputs to the PTRM for calculating the tax allowance. These inputs include:
* The opening TAB as at the commencement of the TNSP's next regulatory control period: We consider that the roll forward of the opening TAB should be based on the approved opening TAB as at commencement of the TNSP's current regulatory control period and the TNSP's actual capex incurred during its current regulatory control period.
* The standard tax asset life for each asset class: We assess the TNSP's proposed standard tax asset lives, where necessary, against those prescribed by the Commissioner for taxation in tax ruling 2014/4 and the approved standard tax asset lives in the TNSP's transmission determination for its current regulatory control period.
* The remaining tax asset life for each asset class at the commencement of the TNSP's next regulatory control period: Our RFM determines the remaining tax asset lives using the weighted average method.[[5]](#footnote-5) We consider the weighted average method provides a better reflection of the mix of assets within an asset class.
* The income tax rate: The statutory income tax rate is 30 per cent per year.
* The value of gamma: The gamma input proposed by TasNetworks is 0.5, which is consistent with the value determined in our Rate of return guideline. Refer to attachment 4 for detailed discussion on this matter.

### Interrelationships

1. The cost of corporate income tax building block feeds directly into the annual building block revenue requirement. This tax allowance is determined by four factors:
* pre-tax revenues
* tax expenses (including tax depreciation)
* the corporate tax rate
* gamma—the expected proportion of company tax that is returned to investors through the utilisation of imputation credits—which offsets against the corporate income tax allowance. This is discussed further at attachment 4.
1. Of these four factors, the corporate tax rate is set externally by the Government. The higher the tax rate the higher the required tax allowance.
2. The pre-tax revenues depend on all the building block components. Any factor that affects revenue will therefore affect pre-tax revenues. Higher pre-tax revenues can increase the tax allowance.[[6]](#footnote-6) Depending on the source of the revenue increase, the tax increase may be equal to or less than proportional to the company tax rate.[[7]](#footnote-7)
3. The tax expenses depend on various building block components and their size. Some components give rise to tax expenses, such as opex, interest payments and tax depreciation of assets. However, others do not, such as increases in return on equity. Higher tax expenses offset revenues as deductions in the tax calculation and therefore reduce the tax allowance (all things being equal). Tax expenses include:
* Interest on debt – Interest is a tax offset. The size of which depends on the ratio of debt to equity and therefore the proportion of the RAB funded through debt. It also depends on the allowed return on debt and the size of the RAB.
* General expenses – In the main these expenses will match the opex allowance.
* Tax depreciation – A separate TAB is maintained for the TNSPs reflecting tax rules. This TAB is affected by many of the same factors as the RAB, such as capex, although unlike the RAB value it is maintained at its historical cost with no indexation. The TAB is also affected by the depreciation rate and asset lives assigned for tax depreciation purposes.
1. A ten per cent increase in the corporate income tax allowance would cause revenues to increase by about 0.2 per cent. The proposed gamma of 0.5 compared to the AER's decision of 0.4, would decrease total revenues by about 0.6 per cent.

## Reasons for draft decision

1. We do not accept TasNetworks' proposed estimated cost of corporate income tax allowance. This is because we adjusted the following proposed inputs to the PTRM for tax purposes:
* the opening TAB value at the commencement of the 2014–19 period (section 8.4.1)
* the remaining tax asset lives (section 8.4.3)
* the value for gamma (attachment 4)
* our determinations on other building block components, including forecast opex (attachment 7) and forecast capex (attachment 5), also impact the estimated corporate income tax allowance.[[8]](#footnote-8)
1. We determine an estimated cost of corporate income tax of $25.3 million ($ nominal) for TasNetworks, which represents an increase of $2.0 million (or 8.6 per cent) from its proposal.

### Opening tax asset base at 1 July 2014

1. We accept TasNetworks' proposed method to establish the opening TAB as at 1 July 2014. However, we reduced TasNetworks' proposed opening TAB value as at 1 July 2014 to $1143.8 million ($ nominal). This reduction is due to adjustments we made to the actual capex values in TasNetworks' proposed asset base roll forward model (RFM) as discussed in attachment 2. This relates to our adjustment to actual capex inputs over the 2009–14 regulatory control period for movements in capitalised provisions.[[9]](#footnote-9)
2. Table 8‑3 sets out our draft decision on the roll forward of TasNetworks' TAB values.

Table 8‑3 AER's draft decision on TasNetworks' TAB roll forward for the 2009–14 regulatory control period ($ million, nominal)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2009–10 | 2010–11 | 2011–12 | 2012–13 | 2013–14 |
| Opening TAB | 777.5 | 783.8 | 958.8 | 1 022.9 | 1 064.0 |
| Capital expenditurea | 50.1 | 221.5 | 105.1 | 87.2 | 131.4b |
| Tax depreciation | –43.7 | –46.6 | –40.9 | –46.2 | –50.5 |
| Closing TAB | 783.8 | 958.8 | 1 022.9 | 1 064.0 | 1 144.8 |
| Assets removed from prescribed services |  |  |  |  | –1.1 |
| Opening TAB as at 1 July 2014 |  |  |  |  | 1 143.8 |

Source: AER analysis.

(a) As commissioned, net of disposals.

(b) Based on estimated capex.

### Standard tax asset lives

1. We accept TasNetworks' proposed standard tax asset lives because they are:
* broadly consistent with the values prescribed by the Commissioner for taxation in tax ruling 2014/4[[10]](#footnote-10)
* the same as those approved standard tax asset lives for the 2009–14 regulatory control period.
1. We also accept TasNetworks' proposed standard tax asset lives for the new 'Communication assets' asset classes with standard asset lives of 45 years (medium life), 10 years (short life) and 5 years (very short life). As discussed in attachment 5, we accepted Transend's proposed standard asset lives for these asset classes for regulatory depreciation purposes. We consider the standard tax asset life for these asset classes should reflect the same asset life for regulatory depreciation purposes. Therefore, we accept TasNetworks' proposed standard tax asset lives for these asset classes. We are satisfied that the proposed standard tax asset lives are appropriate for applying over the 2014–19 period. We are satisfied the proposed standard tax asset lives are likely to provide an appropriate estimate of the tax depreciation amount for a benchmark efficient TNSP as required by the NER.[[11]](#footnote-11)
2. Table 8‑4 sets out our draft decision on TasNetworks' standard tax asset lives for the 2014–19 period.

### Remaining tax asset lives

1. We accept TasNetworks' proposed weighted average method to calculate the remaining tax asset lives as at 1 July 2014. The proposed method applies the approach as set out in the RFM. In accepting the weighted average method, we have updated the proposed remaining tax asset lives to reflect our adjustments to TasNetworks' actual capex in its proposed RFM, as discussed in attachment 2.[[12]](#footnote-12) This is because the actual capex values are inputs for calculating the weighted average remaining tax asset lives in the RFM.
2. We also accept TasNetworks' proposal to increase the remaining tax asset life of the ‘Transmission lines and cables’ and 'Transmission substations' asset classes. As discussed in attachment 5, we approved TasNetworks' proposal to increase the remaining asset lives for these asset classes. Therefore, we consider that similar increases should also apply to the remaining tax asset life to be consistent with the remaining asset life for regulatory depreciation purposes.
3. We note TasNetworks has not assigned a remaining tax asset for its 'Equity raising' asset class, reflecting that such a life was not established for this class in the 2009 determination. However, for this draft decision, we consider it appropriate to assign a remaining tax asset life of 5 years for the 'Equity raising' asset class for tax depreciation purposes. This is because the Australian Taxation Office (ATO) requires equity raising costs to be amortised over a five-year period on a straight-line basis.[[13]](#footnote-13) In recent determinations, we adopted a standard tax asset life of 5 years for amortising equity raising costs for tax depreciation purposes.[[14]](#footnote-14) We consider applying this remaining tax asset life provides a better estimate of the tax depreciation amount for a benchmark efficient TNSP as required by the NER.[[15]](#footnote-15)
4. Table 8‑4 sets out our draft decision on the remaining tax asset lives as at 1 July 2014 for TasNetworks.

Table 8‑4 AER's draft decision on TasNetworks' standard and remaining tax asset lives as at 1 July 2014 (years)

| Asset class | Standard tax asset life  | Remaining tax asset life as at 1 July 2014  |
| --- | --- | --- |
| Transmission lines and cables\* | n/a | 33.9 |
| Transmission substations\* | n/a | 32.1 |
| Protection and control\* | n/a | 3.8 |
| Refurbishment\* | n/a | 5.0 |
| Other\* | n/a | 0.3 |
| Other - IT\* | n/a | 5.0 |
| Other - general\* | n/a | 5.0 |
| Other - buildings\* | n/a | 31.3 |
| Land and easements | n/a | n/a |
| Transmission line assets - long life (60) | 60.0 | 57.9 |
| Transmission line assets - medium life (45) | 45.0 | 43.7 |
| Transmission line assets - short life (10) | 10.0 | 9.4 |
| Substation assets - long life (60) | 60.0 | 58.2 |
| Substation assets - medium life (45) | 45.0 | 43.2 |
| Substation assets - short life (15) | 15.0 | 12.8 |
| Protection and control - short life (15) | 15.0 | 13.5 |
| Protection and control - short life (4) | 4.0 | 2.2 |
| Transmission operations - short life (10) | 10.0 | 8.3 |
| Transmission operations - short life (4) | 4.0 | 2.8 |
| Other - medium life (40) | 40.0 | 37.1 |
| Other - short life (9) | 9.0 | 6.9 |
| Other - short life (4) | 4.0 | 2.8 |
| Land and easements | n/a | n/a |
| Equity raising costsa | n/a | 5.0 |
| Communication assets - long life (45) | 45.0 | n/a |
| Communication assets - medium life (10) | 10.0 | n/a |
| Communication assets - short life (5) | 5.0 | n/a |

Source: AER analysis.

n/a: not applicable.

\* We have changed the standard tax asset lives to 'n/a' for these asset classes because they do not need to have standard tax asset lives assigned as a result of forecast capex no longer being allocated to them.

(a) For this draft decision, TasNetworks do not satisfy the requirements to incur benchmark equity raising costs associated with its forecast capex for the 2014–19 regulatory control period. Therefore, a standard tax asset life for equity raising costs is not required.

1. NER, clause 6A.5.4(a)(4). [↑](#footnote-ref-1)
2. Transend, Revenue proposal, p. 109; Transend, Proposed PTRM, May 2014. [↑](#footnote-ref-2)
3. The PTRM must set specify the manner in which the estimated cost of corporate income tax is to be calculated: NER, clause 6A.5.3(b)(4). [↑](#footnote-ref-3)
4. NER, clause 6A.6.4. [↑](#footnote-ref-4)
5. The weighted average method involves weighting the remaining life of each capital stream within an asset class (that is, the opening tax capital value and the capital expenditures for each year) by the closing tax capital value of that capital stream as a proportion of the total closing tax capital value of the asset class as a whole. The resulting individual values for each capital stream are then added together to obtain the overall weighted average remaining life of the asset class. [↑](#footnote-ref-5)
6. In fact, there is an iterative relationship between tax and revenues. That is, revenues lead to tax, being applied, which increases revenues and leads to slightly more tax and so on. The PTRM is therefore set up to run an iterative process until the revenue and tax allowances become stable. [↑](#footnote-ref-6)
7. For example, although increased opex adds to revenue requirement, these expenses are also offset against the revenues as deductions in determining tax, so there is no net impact in this case. A higher return on equity, in contrast, gives rise to no offsetting tax expenses and therefore increases the tax allowance in proportion to the company tax rate. [↑](#footnote-ref-7)
8. NER, clause 6A.6.4. [↑](#footnote-ref-8)
9. At the time of this draft decision, the roll forward of TasNetworks' TAB includes estimated capex values for
2013–14. We will update the 2013–14 estimated capex values with the actual values for the final decision. [↑](#footnote-ref-9)
10. Australian Taxation Office, Taxation Ruling Income tax: effective life of depreciating assets (applicable from 1 July 2014), August 2014, <http://law.ato.gov.au/atolaw/view.htm?docid=%22TXR%2FTR20144%2FNAT%2FATO%2F00001%22>, accessed on 25 September 2014. [↑](#footnote-ref-10)
11. NER, clause 6A.6.4. [↑](#footnote-ref-11)
12. At the time of this draft decision, the roll forward of TasNetworks' TAB includes estimated capex values for 2013–14. We will update the 2013–14 estimated capex values with the actual values for the final decision. The 2013–14 capex values are used to calculate the weighted average remaining tax asset lives in the RFM. Therefore, for the final decision we will recalculate TasNetworks' remaining tax asset lives as at 1 July 2014 using the method approved in this draft decision. [↑](#footnote-ref-12)
13. ATO, Guide to depreciating assets 2001-02: Business related costs—section 40-880 deductions, ATO reference; NO NAT7170, p. 25. [↑](#footnote-ref-13)
14. AER, Draft decision: Powerlink transmission determination 2012–13 to 2016–17, 2011, p. 265–266; AER, Draft decision: ElectraNet transmission determination 2013–14 to 2017–18, 2013, p. 193–194. [↑](#footnote-ref-14)
15. NER, clause 6A.6.4. [↑](#footnote-ref-15)