

Preliminary Annual Order - electricity distributors

January 2023



AUSTRALIAN
ENERGY
REGULATOR

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1 Regulatory Information Order framework

1.1 Addressee of this Order

1.1.1 This *Regulatory Information Order (Order)* requires a specific class of *regulated network service providers* to provide the *Australian Energy Regulator (AER)* with information annually.

1.1.2 The *AER* requires this information to perform or exercise its functions and powers under the *National Electricity Law (NEL)* and the *National Electricity Rules (NER)*.

1.1.3 The *Order* is issued under Part 3, Division 4 of the *NEL*.

1.2 Specified class of persons to which this Order applies

1.2.1 This *Order* applies to the following specified class of *regulated network service providers*:

- *regulated distribution system operators* that own, control or operate a *distribution system* located in the Australian Capital Territory, New South Wales, Queensland, South Australia, Tasmania or Victoria (*electricity distributors*).

1.2.2 Throughout this *Order* we refer to the specified class as '*electricity distributors*'.

1.3 Reasons for issuing this Order

1.3.1 The *AER* considers it is reasonably necessary for the performance or exercise of its functions and powers under the *NEL* for *electricity distributors* to provide, prepare and maintain information in the manner and form specified in this *Order*.

1.3.2 The functions and powers of the *AER* are specified under section 15 of the *NEL*. These include:

- monitoring *electricity distributors*' compliance with network revenue or pricing determinations
- preparing and publishing reports on *electricity distributors*' financial and operational performance
- economic regulatory functions or powers including the making of a distribution determination.

1.3.3 Under rule 6.27 of the *NER*, the *AER* must prepare and publish an *annual benchmarking report* to describe the relative efficiency of each *electricity distributor* in providing *direct control services* over a 12-month period. Further, under rules 6.5.6 and 6.5.7 of the *NER*, the *AER* must have regard to benchmark operating expenditure and benchmark capital expenditure when assessing these types of expenditure.

1.3.4 In addition, section 16 of the *NEL* requires the *AER* to perform its functions in a manner that will or is likely to contribute to the achievement of the *national electricity objective*. Section 16 of the *NEL* also requires the *AER* to take into account the revenue and pricing principles set out in section 7A of the *NEL* when exercising a discretion in making those parts of a distribution determination relating to *direct control services*.

1.3.5 Accordingly, the *AER* requires detailed information relating to *electricity distributors* and their regulated electricity *network services*. For example, the *AER* considers that to

monitor an *electricity distributor's* capital expenditure, operating expenditure, network reliability performance and customer service, and to inform the next distribution determination, the AER requires annually detailed capital expenditure, operating expenditure, network reliability and customer service information. Much of this information is held only by *electricity distributors* and is not publicly available.

1.3.6 The AER considers that the information it receives in response to this *Order* will enable it to perform its functions and powers under section 15 of the *NEL* and contribute to the achievement of the *national electricity objective*.

1.4 Responding to this Order

1.4.1 *Electricity distributors* must comply with all the *Order* requirements in preparing, providing and maintaining their annual response to the AER.

1.4.2 *Electricity distributors* must submit their annual response to the AER using the AER file sharing service, AER information portal or other method agreed by the AER.

1.5 Annual response date

1.5.1 This *Order* applies for four consecutive years (*reporting periods*):

- (a) The first *reporting period* commences on 1 July 2023 and ends on 30 June 2024.
- (b) The second, third and fourth *reporting periods* end on 30 June 2025, 30 June 2026 and 30 June 2027 respectively.

1.5.2 Information provided in response to this *Order* is to be delivered to the AER in accordance with the schedule set out below:

Schedule 1: Schedule of response dates

Information requirement	Response date
Data workbook 05 – service performance – Other service measures – Instances where GSL not met – indicative data	On or before 30 September, 3 months after the end of the <i>reporting period</i> .
All information required under section 3 or 4 or 5 or 6	On or before 31 October, 4 months after the end of the <i>reporting period</i>

1.6 Annual information to be provided to the AER

1.6.1 Each year *electricity distributors* are required to provide the following information for the *reporting period* to the AER:

- (a) The information specified in section 3 of this *Order*
- (b) The information specified in section 4 of this *Order*
- (c) A *basis of preparation* which meets the requirements set out in section 5 of this *Order*

- (d) *Audit and/or assurance reports* which meets the requirements set out in section 6 of this *Order*
- (e) A statutory declaration which meets the requirements set out in section 6 of this *Order*.

1.7 Structure of this Order

This *Order* is structured as follows:

- **Section 2** sets out the general requirements which apply under this *Order*.
- **Section 3** identifies the data required from *electricity distributors*.
- **Section 4** identifies the *supporting information* required from *electricity distributors*.
- **Section 5** identifies the *supporting information* required from *electricity distributors* in the basis of preparation.
- **Section 6** identifies the *supporting information* required from *electricity distributors* to meet the audit and assurance requirements which apply under this *Order*.
- **Section 7** sets out information around the interpretation and definitions which apply to this *Order*.
- **Appendix A** contains the *data workbooks* setting out the data requirements and the *data workbook* instructions relevant to section 3.
- **Appendix B** contains the definitions which apply under this *Order*.
- **Appendix C** contains a template for use in preparing a *basis of preparation* required under section 5.

2 General requirements

2.1 Preparation of information provided to the AER

2.1.1 Prepare all information required under this *Order* in a manner and form that:

- (a) is in an electronic format;
- (b) if submitted as a standalone file, is not protected, and allows for precedents and dependants to be traced;
- (c) for information provided as a written response, is fully searchable, in text readable format and is capable of text selection and a 'copy and paste' function being applied to it (all document files must be provided in Microsoft Word or PDF); and
- (d) for information required in the *data workbooks*, is provided in a form agreed with the *AER*.

2.2 Maintaining information provided under the Order

2.2.1 *Electricity distributors* must maintain all information used to prepare the annual responses required under this *Order* for a period of seven years from the date the information is submitted to the *AER*.

2.3 Confidentiality claims

2.3.1 If an *electricity distributor* makes a claim for confidentiality over any information provided in response to this *Order*, the *electricity distributor* must:

- (a) comply with the requirements of *AER's Distribution Confidentiality Guideline*, as if it extended and applied to responses to this *Order*,
- (b) provide, in addition to a confidential version of any information, a version of the information that may be published by the *AER*, and
- (c) highlight all information that is subject to a confidentiality claim, and if that information is being reported in response to the requirements of section 3 of this *Order*, it must be identified using a methodology agreed by the *AER*.

2.4 Resubmission of information provided under this Order

2.4.1 If an *electricity distributor* is required to, or chooses to resubmit information provided under this *Order* the *electricity distributor* must notify the *AER* and:

- (a) identify the information which is to be resubmitted
- (b) provide the reason for the resubmission, and
- (c) advise whether or not the resubmitted information results in a *material* change in its response to the *Order*.

2.4.2 If the *AER* agrees that information should be resubmitted, the *electricity distributor* must update the relevant information as directed by the *AER*.

2.4.3 If an *electricity distributor* resubmits information which results in a *material change* to its response to this *Order*, the *AER* may request that the *electricity distributor* provide assurance over this information by:

- (a) verifying the resubmitted information by way of a statutory declaration in accordance with section 6 of this *Order*; and / or
- (b) providing the necessary *audit report* and/or the *assurance report* as applicable for the resubmitted information, prepared in accordance with the requirements set out in section 6 of this *Order*.

3 Data requirements

3.1 Requirement to provide information specified in data workbooks

3.1.1 *Electricity distributors* must prepare and provide the *AER* with the information specified in the *data workbooks* attached in Appendix A titled:

1. Annual order – electricity distributors – Data category 02 Operational outputs.xlsx (**Workbook 02 – Operational outputs**)
2. Annual order – electricity distributors – Data category 03 Network metrics.xlsx (**Workbook 03 – Network metrics**)
3. Annual order – electricity distributors – Data category 04 Customer numbers.xlsx (**Workbook 04 – Customer numbers**)
4. Annual order – electricity distributors – Data category 05 Service performance.xlsx (**Workbook 05 – Service performance**)
5. Annual order – electricity distributors – Data category 06 Operating expenditure.xlsx (**Workbook 06 – Operating expenditure**)
6. Annual order – electricity distributors – Data category 07 Capital expenditure.xlsx (**Workbook 07 – Capital expenditure**)
7. Annual order – electricity distributors – Data category 08 Asset base values.xlsx (**Workbook 08 – Asset base values**)
8. Annual order – electricity distributors – Data category 09 Revenue and financial statements.xlsx (**Workbook 09 – Revenue and financial statements**)
9. Annual order – electricity distributors – Data category 10 Prices.xlsx (**Workbook 10 – Prices**)

3.1.2 *Electricity distributors* must prepare the information specified in the *data workbooks* in accordance with the instructions set out:

- (a) in each *data workbook*, and
- (b) in the document attached at Appendix A titled ‘Annual Order – Electricity distributors – Appendix A – Data Workbook instructions (**Data workbook instructions**)’.

3.1.3 *Electricity distributors* must provide the information specified in the *data workbooks* in a manner agreed with the *AER*.

4 Supporting information requirements

4.1 Requirement to provide supporting information under this Order

4.1.1 *Electricity distributors* must prepare and provide the *AER* with the information set out in sections 4, 5 and 6 of this *Order*.

4.1.2 *Electricity distributors* must also provide the following information to assist the *AER* in identifying the information:

- (a) a table that identifies each response to this section 4 and where it is provided in the annual information submission;
- (b) a table that references each file (workbook, document or other) provided, where each file listed in the table must be given a name in the form:

[*Electricity distributor* name] – Annual Order – [reporting period] – [title] – [public/confidential]

where:

- (i) [Title] provides a meaningful description of the content of document, with limited reliance on acronyms or cross references, for example “Appendix 1A” is not meaningful, but “Appendix 1A – Cost allocation method” is;
- (ii) [Public/confidential] identifies if the file in its entirety can be published (public); or if it contains any information which is the subject of a claim for confidentiality in accordance with this *Order* (confidential).

4.2 Policies and procedures

4.2.1 The *electricity distributor* must list and describe all internal plans, policies, procedures and strategies that are used by it to plan and conduct its day-to-day operations and that have been relied upon in the development of its annual response to the *Order*. The description must record the version number and/or date from which the plan, policy, procedure or strategy has applied and, if the document has previously been provided to the *AER*, the date on which it was provided to the *AER*. The list must include:

- (a) regulatory accounting principles and policies,
- (b) capitalisation policy,
- (c) policy/procedures for the allocation of overheads, in accordance with the approved cost allocation method
- (d) any other policies or procedures that have a *material* impact on the compilation and presentation of information in response to this *Order*.

4.2.2 The *electricity distributor* must identify any internal plans, policies, procedures and strategies that have changed in the *reporting period*, and describe:

- (a) the reason for the change
- (b) the impact of the change on the information being reported.

4.3 Regulatory adjustments

4.3.1 For each *regulatory adjustment* recorded in the *data workbooks* (Workbook 06 – Operating expenditure, Workbook 09 – Revenue and financial statements) the *electricity distributor* must provide:

- (a) a detailed explanation for the underlying reason for the *regulatory adjustment*
- (b) methodology and assumptions used to quantify the *regulatory adjustment*.

4.4 Discretionary row descriptors

4.4.1 *Electricity distributors* should keep discretionary row descriptors (inputs) used to meet the information requirements in the *data workbooks* at Appendix A the same in each *reporting period*.

4.4.2 If an electricity distributor has varied the row descriptors (input) compared to those used in the previous *reporting period* or *regulatory year*, the *electricity distributor* must provide:

- (a) an explanation of the relationship between the current row descriptors, and those used previously
- (b) an explanation of why the change was made
- (c) supporting material (or references to supporting material) driving the change (including for example policies, guidelines, or accounting standards).

4.5 Allocation of revenues and expenditures to distribution services

4.5.1 For each item of revenue or expenditure reported on a causal allocation basis to *distribution services* provide:

- (a) a description of the causal basis of allocation
- (b) the numeric quantity of the allocator
- (c) an explanation of why the allocator was selected

4.5.2 For each item of revenue or expenditure reported on a non-causal allocation basis to *distribution services* provide:

- (a) a description of the non-causal basis of allocation
- (b) the numeric quantity of the allocator
- (c) an explanation of why the allocator was preferred over other possible allocators
- (d) an explanation of why no causal basis of allocation could be established
- (e) documents showing any approval previously granted by the AER to use the allocator.

4.6 Allocation of revenues and expenditures to service segments

Note: Service segment refers to *direct control services* (either *standard control services* or *alternative control services*), *negotiated distribution services*, *unregulated distribution services* and non-distribution services.

4.6.1 For each item of revenue or expenditure reported on a causal allocation basis from *distribution services* to a service segment provide:

- (a) a description of the causal basis of allocation
 - (b) the numeric quantity of the allocator
 - (c) an explanation of why the allocator was selected
- 4.6.2 For each item of revenue or expenditure reported on a non-causal allocation basis from *distribution services* to a service segment provide:
- (a) a description of the non-causal basis of allocation
 - (b) the numeric quantity of the allocator
 - (c) an explanation of why the allocator was preferred over other possible allocators
 - (d) an explanation why no causal basis of allocation could be established
 - (e) documents showing any approval previously granted by the AER to use the allocator.

4.7 Material differences

- 4.7.1 Identify each difference (where the difference is equal to or greater than ± 10 per cent) between the target performance measure specified in the *service target performance incentive scheme* and actual performance reported in the *data workbooks*.
- 4.7.2 Identify each difference (where the difference is equal to or greater than ± 10 per cent) between the AER's forecast operating expenditure and actual operating expenditure reported in *data workbook 06 - operating expenditure*.
- 4.7.3 Explain the reasons for each difference identified in the response to section 4.7.1, and 4.7.2.

4.8 Compliance

- 4.8.1 Explain the procedures and processes used by the electricity distributor to ensure that the *distribution services* have been classified in accordance with the *electricity distributor's current distribution determination*.
- 4.8.2 Explain the procedures and processes used by the *electricity distributor* to ensure that the *negotiated service criteria*, as set out in the electricity distributor's current *distribution determination*, have been applied.
- 4.8.3 Describe the process the *electricity distributor* has in place to identify a *negative change event* under clause 6.6.1(f) of the *NER* and the *materiality* threshold applied to these events.

4.9 Demand management incentive scheme

- 4.9.1 Identify each *demand management incentive scheme (DMIS)* eligible project and committed project for which the *electricity distributor* seeks approval.
- 4.9.2 For each *DMIS* eligible project identified in the response to section 4.9.1:
- (a) explain how it complies with the *AER's RIT-D* or the minimum project evaluation requirements detailed at section 2.2.1 of the *DMIS*;
 - (b) submit a demand management compliance report in accordance with section 2.4 of the *DMIS*.
- 4.9.3 For each committed project identified in the response to section 4.9.1:

- (a) explain how it complies with committed project requirements as detailed at section 2.2.2 of the *DMIS*;
- (b) calculate the project incentive that each committed project can receive, in accordance with section 2.3 of *the DMIS*;
- (c) calculate total financial incentive that a distributor can accrue across all committed projects for the *reporting period* in accordance with section 2.5 of *the DMIS*;
- (d) submit a demand management compliance report in accordance with section 2.4 of the *DMIS*.

4.9.4 Provide an overview of developments in relation to projects or programs completed in previous years of the current *regulatory control period*, and of any results to date.

4.9.5 Provide any other required information as specified by the *DMIS*.

4.10 Demand management innovation allowance mechanism

4.10.1 Identify each *demand management innovation allowance mechanism (DMIAM)* eligible project for which the *electricity distributor* seeks approval.

4.10.2 For each *DMIAM* eligible project identified in the response to section 4.10.1:

- (a) explain how it complies with project criteria detailed at section 2.2.1 of the *DMIAM*;
- (b) submit a compliance report in accordance with section 2.3 of the *DMIAM*.

4.10.3 Provide an overview of developments in relation to *projects* or programs completed in previous years of the current *regulatory control period*, and of any results to date.

4.10.4 Provide any other required information as specified by the *DMIAM*.

4.11 Tax standard asset lives

4.11.1 Identify all tax standard asset lives applied to asset classes that differ from those contained in the *AER approved Post Tax Revenue Model* for the *reporting period*.

4.11.2 Explain the reasons for each difference identified in section 4.11.1 including reasons for any departure from the Australian Tax Office's most recent determination of effective life.

4.12 Tax reporting – immediate expensing

4.12.1 List and explain the types of capital expenditure (such as refurbishment capital expenditure and capitalised overheads) associated with the *immediate expensing capital expenditure* as reported in the *data workbooks*, if any.

4.12.2 State if the *electricity distributor* has, since the last *reporting period*, changed and/or intends to change its tax policy on *immediate expensing capital expenditure* and explain the rationale for the change and impact of the change.

4.13 Regulatory investment test expenditure

4.13.1 For each project where the electricity distributor has incurred expenditure during the *reporting period* relating to a project that has undergone a *RIT-D* in accordance with r.5.17 of the *NER* and the *AER's RIT-D application guidelines* provide the following details:

- (a) the name of the *RIT-D* and the date on which the *RIT-D* process was concluded; and
- (b) whether the expenditure on the project is classified as *augmentation* expenditure or replacement expenditure.

4.14 Related party information

4.14.1 Where the *electricity distributor* has entered into a *related party contract*, it must provide

- (a) the terms of the contract
- (b) confirmation that the contract requires the *related party* to provide to provide all relevant information to enable the *electricity distributor* to meet its reporting obligations (including allocation or attribution of costs of that *related party contract*) under this *Order*.

4.15 Reporting of fines and penalties

4.15.1 Where any fine or penalty has been incurred by the *electricity distributor* during the *reporting period* as a result of non-compliance with:

- (a) a distribution safety standard; or
- (b) distribution reliability standard; or
- (c) distribution service standard; or
- (d) the *NEL* or *NER*; or
- (e) the *National Energy Retail Law* or *National Energy Retail Rules*; or
- (f) any Act or instrument referred to in s.2D(1)(b)(ii) to (v) of the *NEL*,

the *electricity distributor* must identify and itemise each fine or penalty (including a description of the non-compliance, the size of each fine or penalty, and the relevant authority that levied each fine or penalty).

4.15.2 For all such fines or penalties identified in response to section 4.15.1, the *electricity distributor* must provide a statement attesting that:

- (a) The *electricity distributor* has not included any of that expenditure or cost, or any part of that expenditure or cost, in the operating expenditures contained in its response to this *Order*; and
- (b) The *electricity distributor* has not recovered any of that expenditure or cost, or any part of that expenditure or cost, from end users; and

(c) The *electricity distributor* has not sought to pass through any of that expenditure or cost, or any part of that expenditure or cost, to end users.

4.15.3 Where no such fines or penalties have been identified in response to section 4.15.1, the *electricity distributor* must provide a statement attesting that no such fine or penalty has been incurred.

4.15.4 The fines or penalties identified in section 4.15.1 exclude any payments made in accordance with the *AER's* incentive schemes (including guaranteed service level payments under Chapter 6 of the *AER's service target performance incentive scheme*) or any relevant jurisdictional guaranteed service level scheme.

4.16 Tariff variations

4.16.1 The *electricity distributor* must provide an explanation of the timing and nature of any *material* changes in the level and structure of tariffs in the *reporting period*.

4.16.2 The *electricity distributor* must provide an explanation of any *material* tariff re-assignments in the *reporting period*.

4.17 Vegetation management

4.17.1 The *electricity distributor* must provide a list of regulations that result in a material cost on performing vegetation management works (including, but not limited to, bushfire mitigation regulations).

4.17.2 The *electricity distributor* must provide a list of self-imposed standards from the *electricity distributor's* vegetation management program.

4.17.3 The *electricity distributor* must provide an explanation of the cost impact of regulations and self-imposed standards on performing vegetation management work in the *reporting period*.

4.18 Reconciliation of expenditure

4.18.1 The *electricity distributor* must identify all non-network operating expenditures items that have been reported against more than one operating expenditure category. The report must specify the relevant categories and expenditure amounts, for each non-network expenditure item allocated to multiple categories and enable reconciliation to total non-network operating expenditure reported on a mutually exclusive/collectively exhaustive basis to meet the requirement for *Opex by purpose*.

4.19 Benchmarking asset base

4.19.1 If the *electricity distributor* wishes to report benchmarking asset base values in accordance with the Optional additional approach set out in the economic benchmarking RIN¹, it must:

- a) Submit the economic benchmarking asset base tables prepared using the optional additional approach as a separate data submission
- b) Provide a *basis of preparation* detailing the estimation of the asset base data.

4.20 Taxable income adjustments

4.20.1 The *electricity distributor* must provide in its *basis of preparation*, the methodology used to determine the permanent differences due to disallowed interest expenditure, and specify the interest expenditures, which the network service provider has assessed to be non-deductible.

4.20.2 The *electricity distributor* must provide in its *basis of preparation*, details of the prior year tax adjustments, including the reasons for the change (e.g. change in legislation, court judgment or Australian Tax Office correspondence where relevant).

4.20.3 The *electricity distributor* must provide an explanation of the factors which have resulted in the carried forward tax losses.

4.20.4 The *electricity distributor* must report any tax losses which have been used by the *electricity distributor* during the regulatory year. The *electricity distributor* must provide supporting calculations for the tax losses used.

4.21 Interest expenditure

4.21.1 The *electricity distributor* must provide in its *basis of preparation*, in relation to its interest expenditure:

- a) a description and explanation of the methodology used to allocate the interest expenditure. This methodology should provide:
 - i. the specific debt which has been allocated to the *electricity distributor's* core regulated services;
 - ii. the general debt which has been allocated to *electricity distributor's* core regulated services;
 - iii. the method used to allocate the specific debt and general debt between the regulated and unregulated assets held at the group level and also to the core regulated services; and

¹ See AER website at:
<https://www.aer.gov.au/system/files/3.%20AER%20economic%20benchmarking%20RIN%20for%20distribution%20network%20service%20providers%20%E2%80%93%20Instructions%20and%20Definitions%20-%20Sample.pdf>

- iv. the method used to allocate related party interest to the *electricity distributor's* core regulated services, to the extent related party debt has been included in the specific or general debt allocations; and
- b) if available or applicable to the *electricity distributor*, details of the characteristics of the portfolio of debt being allocated to the *electricity distributor*, including:
 - i. the value of drawn debt allocated to the *electricity distributor's* core regulated services;
 - ii. the portfolio-weighted average term of debt instruments giving rise to interest expense reported; and
 - iii. any additional detail in its basis of preparation, that *electricity distributor* would consider relevant in understanding the allocated interest expenditure

5 Basis of preparation

5.1 Overview

5.1.1 *Electricity distributors* must prepare and submit a basis of preparation with each annual response to this *Order*. The *basis of preparation* must:

- (a) enable auditors, assurance practitioners and the AER to clearly understand how the *electricity distributor* has complied with the requirements of this *Order*.
- (b) identify any policy or operating instructions that are used to direct the compilation and preparation of information required to respond to the *Order*.

5.2 General instructions

5.2.1 For each table and sub-table in the *data workbooks* the *basis of preparation* must:

- (a) describe the source of the information provided
- (b) document the methodology (if any) used to transform the source data to meet the requirements of the *Order*
- (c) list the assumptions used in applying the methodology noted under (b)
- (d) classify the information as actual or estimated information or a NULL response
- (e) where *estimated information* is provided:
 - (i) explain why *actual information* cannot be provided
 - (ii) explain why the estimate is the *electricity distributor's* best estimate
- (f) where a NULL response is provided explain why the information is not relevant
- (g) explain any changes in the information sources or methodology that have occurred in the *reporting period*.

5.2.2 The basis of preparation may contain additional material if the *electricity distributor* considers it could assist a user to gain an understanding of the information presented in the *data workbooks*.

5.2.3 Appendix C contains a template which must be used by the *electricity distributor* to meet the requirements of section 5 of this *Order*.

6 Assurance requirements

6.1 Audit and/or assurance reports

- 6.1.1 Audits and reviews required under this *Order* must be conducted in compliance with Australian Auditing and Assurance Standards, as developed by the Auditing and Assurance Standards Board.
- 6.1.2 When undertaking an audit or review on the information presented by *electricity distributors*, as required under section 3 of this *Order* (and described in the *data workbooks*), an auditor or assurance practitioner must opine or attest by reference to the *electricity distributor's* basis of preparation, prepared in accordance with section 5 of this *Order*.

6.2 Provision of audit and assurance reports

- 6.2.1 The *electricity distributor* must provide the *AER* with the *audit reports* and/or *assurance reports* as applicable, prepared in accordance with the requirements set out in this section 6.
- 6.2.2 The *electricity distributor* must provide all reports from the *auditor* to its management arising from the audit or review engagements.

6.3 General requirement to audit or review

- 6.3.1 The independent audit or review requirements set out in this section 6 apply to the following types of historical information to be submitted each *reporting period*, in accordance with section 3 of this *Order*:
- (a) Actual *financial information*;
 - (b) Estimated *financial information* where the *electricity distributor* certifies that it is not possible to provide actual *financial information*; and
 - (c) Actual and estimated *non-financial information*.

6.4 Exceptions to audit or review requirements

- 6.4.1 The general requirement to audit or review does not apply to information that has previously been audited or reviewed according to the standards set out in sections 6.6, 6.7 and 6.8 and submitted to the *AER*.
- 6.4.2 Where reliance is made on the exemption in section 6.4.1, the *electricity distributor* must identify the information the exemption covers in response to this *Order*. However, if this previously audited and supplied data is disaggregated for the purposes of this *Order*, the disaggregated data and reconciliation with the previously audited and supplied data must be audited or reviewed as relevant.
- 6.4.3 Auto populated cells in the *data workbooks* attached at Appendix A are outside of the audit and review requirements.
- 6.4.4 The following data requirements are exempt from audit and review requirements under sections 6.6, 6.7 and 6.8:

- Workbook 02 – Energy delivered|received – Energy delivered - small business customers (tariff)
- Workbook 02 – Export services
- Workbook 03 – Asset metrics - Asset lives – standard control services
- Workbook 03 – Asset metrics - Asset lives – alternative control services
- Workbook 03 – Safety - Safety incidents
- Workbook 04 – Customers other – Customers (tariff) numbers - Small business customers
- Workbook 05 – Other service measures – Instances where GSL not met – indicative data
- Workbook 05 – Other service measures – Export services
- Workbook 06 – New data collections - Total opex – 2014 CAM basis
- Workbook 06 – Standard control – Maintenance – routine and non-routine

6.5 Class of person to conduct audits or reviews

6.5.1 The audit or review of actual or estimated *financial information* must be conducted by the Auditor General for the state in which the *electricity distributor* operates, or a person who:

- (a) is a registered company auditor who is a member of the Chartered Accountants Australia and New Zealand (CA or FCA) or of CPA Australia (CPA or FCPA) that holds a Certificate of Public Practice;
- (b) is independent from the *electricity distributor* and any *related party* of the *electricity distributor* – that is, not a principal, member, shareholder, officer, or employee of the *electricity distributor* or its *related party*;
- (c) is appointed for the purposes of expressing an opinion or conclusion on the audit or review requirements outlined in section 6.1 of this *Order*;
- (d) has experience in conducting financial, performance, operation or quality assurance audits and conducting data sampling in the electricity industry;
- (e) possesses relevant knowledge and experience in the electricity industry, engineering, IT systems, asset management or customer service as relevant to the audit or review;
- (f) understands regulatory accounting methods, including the *electricity distributor's cost allocation method* and the *AER's Distribution Ring-fencing Guidelines*;
- (g) understands the definitions, procedures and methodologies specified in the *NER* and/or this *Order* that have been used in the preparation of the information the subject of the audit or review; and

- (h) is available to discuss issues relating to the audit or review with the *electricity distributor* and the *AER*, including where an *audit report* or *assurance report* is critical of, or highlights deficiencies in, the audited *financial information* and/or *non-financial information*.

6.5.2 The review of *non-financial information* may be conducted by a person who is an assurance practitioner as defined in *ASAE 3000 Assurance engagements other than audits or reviews of historical financial information* and satisfies the requirements set out in (b) to (h) above.

6.6 Audit of actual financial information

6.6.1 The audit of *financial information* which is *actual information* must:

- (a) comply with Auditing Standard ASA 805 Special Considerations — Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement;
- (b) include an *audit report* that includes an opinion as to whether or not the actual *financial information* provided is presented fairly in accordance with the requirements of this *Order* and the *electricity distributor's* basis of preparation; and
- (c) list all tables and sub-tables within scope of the audit engagement.

6.6.2 The following data requirements are exempt from the audit *financial information* which is *actual information* specified in section 6.6.1:

- Workbook 06 – Vegetation management opex – CARIN table 2.7
- Workbook 06 – Opex for provision of export services
- Workbook 07 – Capex for provision of export services
- Workbook 08 – Benchmarking asset base total – Standard control services – EB RIN table 3.3.1
- Workbook 08 – Benchmarking asset base total – Alternative control services – EB RIN table 3.3.1
- Workbook 08 – Benchmarking asset base by asset group – standard control services – EB RIN table 3.3.2
- Workbook 08 – Benchmarking asset base by asset group – Alternative control services – EB RIN table 3.3.2
- Workbook 09 – Input tables – CA RIN table 2.12.1

NOTE: the assurance requirements at section 6.7 will apply to the data requirements listed in section 6.6.2.

6.7 Review of estimated financial information

6.7.1 The review of *financial information* which is *estimated information* must:

- (a) comply with ASRE 2405 Review of Historical Financial Information Other than a Financial Report; and
- (b) include an *assurance report* as to whether or not anything has come to the *auditor's* attention that causes it to suggest that the estimated historical *financial information* does not, in all *material* respects, present fairly in accordance with the requirements of this *Order* and the *electricity distributor's basis of preparation*; and
- (c) list all tables and sub-tables within scope of the assurance engagement.

6.8 Review of non-financial information

6.8.1 The review of the *non-financial information* must:

- (a) comply with ASAE 3000 Assurance engagements other than audits or reviews of historical financial information;
- (b) include an *assurance report* as to whether or not anything has come to the *auditor's* attention that causes it to suggest that the *non-financial information* does not, in all *material* respects, present fairly in accordance with the requirements of this *Order* and the *electricity distributor's* basis of preparation; and
- (c) list all tables and sub-tables within scope of the assurance engagement.

6.9 Statutory declaration

Statutory declaration requirements

6.9.1 The *Order* requires a company *officer* of the *electricity distributor* to attest to the completeness and quality of the information provided in response to the *Order*, in accordance with the requirements of this section 6.9.

6.9.2 When attesting to the nature of the historical information provided the *officer* of the *electricity distributor* should take into account relevant factors including (but not limited to) whether historical information provided in response to this *Order*:

- (a) meets the requirements of this *Order*
- (b) is based on assumptions, which are identified in response to section 5.2.1 of this *Order*, and are justified and supported by evidence;
- (c) is consistent with applicable *AER* Guidelines; and
- (d) is consistent, to the extent possible, with historical information previously provided to the *AER*.

Form of the statutory declaration

6.9.3 An *officer* of the *electricity distributor* is required to complete a statutory declaration form appropriate for the jurisdiction in which the *officer* resides.

6.9.4 In completing the form the *officer* must make a declaration in the following terms:

1. I am an officer, for the purposes of the *National Electricity (New South Wales) Law*, of [insert full name of the *electricity distributor*] [insert ACN/ABN of *electricity distributor*] (insert shortened name of *electricity distributor*) a regulated *network* service provider for the purposes of section 28D of the NEL. I am authorised by (insert shortened name of *electricity distributor*) to make this statutory declaration as part of the response of (insert shortened name of *electricity distributor*) to the Regulatory Information Order (order) issued by the Australian Energy Regulator (AER) on [date] to electricity distributors.
2. I say that the actual information (as defined in the order) provided in (insert shortened name of *electricity distributor*)'s response to the order is, to the best of my information, knowledge and belief:
 - (a) in accordance with the requirements of the order; and
 - (b) true and accurate.
3. Where it is not possible to provide actual information to comply with the order, (insert shortened name of *electricity distributor*) has, to the best of my information, knowledge and belief:
 - (a) provided (insert shortened name of *electricity distributor*)'s best estimate of the information in accordance with the requirements of the order; and
 - (b) provided the basis for each estimate, including assumptions made and reasons why the estimate is the best estimate, given the information sought in the *Order*.

7 Definitions

7.1 Interpretation

7.1.1 In this *Order* unless the contrary intention appears:

- the singular includes the plural, and the plural includes the singular
- the words “shall” and “must” indicate mandatory requirements
- expressions such as “includes” or “for example”, in any form, are not words of limitation
- a reference to any corporation, whether expressly identified or not, includes a reference to any representatives of that corporation, and
- a reference to any legislation, legislative instrument or other instrument is a reference to that legislation or instrument as in force from time to time.

7.2 Terms used in this Order and data workbooks

7.2.1 The terms used in this *Order* and in the *data workbooks* are defined in Appendix B to this *Order*, or the meaning given in the *NEL* or *NER* if that term is not defined in this *Order*.

Appendix A – data workbooks and instruction

The following workbooks are attached to this Order:

- Annual order – electricity distribution – Appendix A Data workbook instructions (**Workbook instructions**)
- Annual order – electricity distributors – Data category 02 Operational outputs.xlsx (**Workbook 02 – Operational outputs**)
- Annual order – electricity distributors – Data category 03 Network metrics.xlsx (**Workbook 03 – Network metrics**)
- Annual order – electricity distributors – Data category 04 Customer numbers.xlsx (**Workbook 04 – Customer numbers**)
- Annual order – electricity distributors – Data category 05 Service performance.xlsx (**Workbook 05 – Service performance**)
- Annual order – electricity distributors – Data category 06 Operating expenditure.xlsx (**Workbook 06 – Operating expenditure**)
- Annual order – electricity distributors – Data category 07 Capital expenditure.xlsx (**Workbook 07 – Capital expenditure**)
- Annual order – electricity distributors – Data category 08 Asset base values.xlsx (**Workbook 08 – Asset base values**)
- Annual order – electricity distributors – Data category 09 Revenue and financial statements.xlsx (**Workbook 09 – Revenue and financial statements**)
- Annual order – electricity distributors – Data category 10 Prices.xlsx (**Workbook 10 – Prices**)

Appendix B – Definitions

actual information	<p>Information presented in response to the notice whose presentation is materially dependent on information recorded in historical accounting records or other records used in the normal course of business, and whose presentation for the purposes of the notice is not contingent on judgments and assumptions for which there are valid alternatives, which could lead to a materially different presentation in the response to the notice.</p> <p>'Accounting records' include trial balances, the general ledger, subsidiary accounting ledgers, journal entries and documentation to support journal entries. Actual financial information may include accounting estimates, such as accruals and provisions, and any adjustments made to the accounting records to populate its regulatory accounts and responses to the notice. 'Records used in the normal course of business', for the purposes of non-financial information, includes asset registers, geographical information systems, outage analysis systems, and so on.</p> <p>Information presented in response to this notice whose presentation is based on allocation method using judgments or assumptions, can be still reported as actual. The allocation method would be expected to be clearly documented by Ausgrid and approved by senior management as either a regulatory statement accounting policy or regulated statement policy, with any judgments or assumptions used in the allocation remaining consistent between reporting years. The judgments or assumptions used are to be determined in accordance with this notice.</p>
alternative control services	<p>A distribution service that is a direct control service but not a standard control service (as defined in the NER). By way of context, Alternative Control Services are intended to capture distribution services provided at the request of, or for the benefit of, specific customers with regulatory oversight of prices.</p>
assurance reports	<p>A report provided by an assurance practitioner for an review engagement, prepared in accordance with Australian Auditing Standards.</p>
audit reports	<p>A report provided by an auditor for an audit engagement, prepared in accordance with Australian Auditing Standards.</p>
basis of preparation	<p>a description of the methodology used to meet data requirements, in accordance with section 5 of this Order</p>
cost allocation method	<p>The distribution businesses cost allocation method approved by the AER for the <i>reporting period</i>.</p>
data workbooks	<p>The excel workbooks at appendix A to this Order</p>
distribution services	<p>As defined in the NER</p>
estimated information	<p>Information presented in response to the notice whose presentation is not materially dependent on information recorded in Ausgrid's historical accounting records or other records used in the normal course of business, and whose presentation for the</p>

	purposes of the notice is contingent on judgments and assumptions for which there are valid alternatives, which could lead to a materially different presentation in the response to the notice.
financial information	Information that is measured in monetary terms.
immediate expensing capital expenditure	The value of capital expenditure, which would be added to the regulatory or tax asset base, that has been or would be treated as immediately deductible for income tax purposes (e.g. refurbishments, overheads).
material (material change)	Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively to influence the economic decisions of users (including the AER) taken on the basis of the information provided in accordance with the Order. This definition is based on the definition of materiality in the accounting standard AASB 1031. This accounting standard provides context for the interpretation of this definition of materiality.
materiality (threshold)	A level of materiality that is used to classify an event or information as material.
negotiated distribution services	As defined in section 2C of NEL
non-distribution services	As defined in the AER Distribution Ringfencing guideline
non-financial information	Information that is not measured in monetary terms
NULL response	No input is recorded against the data requirement
officer	As defined in section 9 of the Corporations Act 2001 (Cth)
Post tax revenue model	The most recent post tax revenue model for the distribution business, as issued by the AER as part of a final determination, or as updated thereafter.
regulatory adjustment	The adjustments made to audited statutory accounts to arrive at the accounts for the distribution business. The adjustments should include non-distribution services and any other adjustments.
Related party	Any other entity that at any time during the previous regulatory control period, current regulatory control period or forthcoming regulatory control period: <ul style="list-style-type: none"> a. had, has or is expected to have control or significant influence over the DNSP; b. was, is or is expected to be subject to control or significant influence from the DNSP; c. was, is or is expected to be controlled by the same entity that controlled, controls or is expected to control the DNSP —referred to as a situation in which entities are subject to common control; d. was, is or is expected to be controlled by the same entity that significantly influenced, influences or is expected to influence the DNSP; or e. was, is or is expected to be significantly influenced by the same entity that controlled, controls or is expected to control

the DNSP;

but excludes any other entity that would otherwise be related solely due to normal dealings of:

- (a) financial institutions;
- (b) authorised trustee corporations as prescribed in Schedule 9 of the Corporations Regulations 2001 (Cth);
- (c) fund managers;
- (d) trade unions;
- (e) statutory authorities;
- (f) government departments;
- (g) local governments; or

where any of the entities identified in sub-paragraphs (a) to (e) have novated or assigned a contract or arrangement to or from another entity (where that contract or arrangement relates to the provision of distribution services by the DNSP, the entity to whom that contract or arrangement has been novated or assigned).

reporting period	A 12-month period as defined in section 1.4.3 of this Order.
service target performance incentive scheme (STPIS)	AER, Service target performance incentive scheme, version 2.0, November 2018.
standard control services	As defined in the National Electricity Rules. For clarity, Standard Control Services are intended to capture services only available through DNSP's network typically provided to all customers or a broad class of customers recovered through general network tariffs.
supporting information	Information provided in accordance with section 4, 5 or 6 of this Order
unregulated distribution services	As defined in the AER Distribution Ringfencing guideline

Note: Definitions of terms used in the *data workbooks* are contained in the data workbooks.

Appendix C – Basis of preparation template

An electricity distributor must use the basis of preparation template to meet the requirements of section 5 of this Order.

The basis of preparation must be submitted in table form and cover at a minimum the following information for all data requirements:

Workbook /table reference	Annual submission reference		Data quality	Estimated data		NULL response	Information source	Methodology	Assumptions	Additional information	Changes from previous year basis of preparation
	Section 5.2.1		Section 5.2.1(d)	Section 5.2.1(e)		Section 5.2.1(f)	Section 5.2.1(a)	Including policy references Section 5.2.1(b)	Including policy references and approvals Section 5.2.1(c)	Section 5.2.2	Section 5.2.1(g)
	File name	Worksheet / table	Actual/ Estimate/ NULL	Why no actual data	Why best estimate	Why requirement is not able to be met					