



FINAL
Electricity Transmission
Network Service
Providers
Information Guideline

Version 2
Explanatory Statement

April 2015

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Shortened forms

Shortened term	Full title
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
Information Guideline	AER's, 'Electricity transmission networks service providers - Information Guidelines', September 2007
NEL	National Electricity Law
NEM	National Electricity Market
NEO	National Electricity Objective
NER	National Electricity Rules
NSP	Network service provider
RIN	Regulatory information notice
TNSP	Transmission network service provider

1 Summary

Our role

The Australian Energy Regulator (AER) is Australia's independent national energy market regulator. Our role is to promote the national electricity and gas objectives. Enshrined in the Electricity and Gas Laws, these objectives focus on promoting the long term interests of consumers.

We are responsible for the economic regulation of electricity and gas monopoly network service providers. We regulate these service providers by establishing the prices that they can charge their customers for the conveyance of gas and electricity through their networks. These prices are based on an analysis of the efficient levels of capital and operating expenditures and a benchmark rate of return over a five year forecast period. We also monitor the compliance of each service provider with its pricing determination and have the power to publish reports on the service provider's performance during the period covered by the pricing determination.

Information Guideline

For electricity transmission network service providers (TNSPs) we have the power under the National Electricity Law (NEL) to issue Regulatory Information Instruments such as regulatory information notices (RINs) to obtain information we consider reasonably necessary for the performance or exercise of our functions or powers.¹ Chapter 6A of the National Electricity Rules (NER) also specifically provides for the development of an information guideline setting out the data requirements TNSPs must provide to us on an annual basis.

We first developed and published the 'Electricity transmission network service providers - Information guidelines' (Information Guideline) in September 2007.² Under Chapter 6A of the NER this Information Guideline must be in force at all times and is binding on both the AER and each TNSP to which it applies.³

Prior to the implementation of our Better Regulation program in late 2013 we did not seek any other annual information from TNSPs.⁴ However, this changed after we developed and issued Economic Benchmarking and Category Analysis RINs (Better Regulation RINs) in late 2013 and early 2014. TNSPs, with the exception of two interconnectors (Directlink and Murraylink), are now required to annually provide us with economic benchmarking and category analysis data, as well as meet the requirements in the Information Guideline.

¹ NEL, s.28F.

² The guideline is available at <http://www.aer.gov.au/node/10809>.

³ NER, cl. 6A.17.2(c), cl. 6A.17.2(i).

⁴ The Better Regulation program was aimed at enhancing our approach to network regulation and occurred throughout 2013 resulting in the publication of a series of guidelines. It included the development of the AER's Expenditure Forecast Assessment Guideline which describes the process, techniques and associated data requirements for our approach to setting efficient expenditure allowances for network businesses. More information about the Better Regulation program can be found on our website at <http://www.aer.gov.au/Better-regulation-reform-program>.

We reviewed the Information Guideline and found some reporting obligations are now duplicated (either directly or indirectly) in the Better Regulation RINs. Further, other reporting requirements were found to be redundant or not aligned with the current regulatory framework and our approach to annual reporting for other electricity distribution and gas businesses.

In December 2014, we released for consultation a revised draft of the Information Guideline (draft Information Guideline (Version 2)) and explanatory statement. In the draft Information Guideline (Version 2) we proposed addressing the issues identified in our review by:

- removing reporting obligations which are duplicated in the Better Regulation RINs
- removing redundant reporting requirements
- making consequential changes to better reflect the current regulatory framework and our current approach towards reporting requirements for other gas and electricity businesses.

We received one submission on the draft Information Guideline (Version 2) from Grid Australia. We have taken into account Grid Australia's submission and the other feedback we received from TNSPs when preparing the final Information Guideline (Version 2). As a result, we have identified and removed further redundant information requirements, amended the 'Historic capital expenditure (capex) by asset class' worksheet in Appendix A - Annual Reporting Templates (Appendix A) and changed the assurance requirement back from a statutory declaration to a directors' responsibility statement.

We consider that the final Information Guideline (Version 2) reduces the compliance burden on TNSPs and improves reporting efficiency, thereby contributing to the achievement of the National Electricity Objective (NEO).⁵

⁵ NEL, s.7.

2 TNSP annual reporting framework

There are seven electricity TNSPs, including two interconnectors, in the National Electricity Market (NEM):

- ElectraNet (South Australia)
- Powerlink (Queensland)
- AusNet Services (Victoria)
- TasNetworks formally Transend (Tasmania)
- TransGrid (New South Wales)
- Directlink (interconnect between Queensland and New South Wales)
- Murraylink (interconnect between Victoria and South Australia).

All TNSPs report to us on an annual basis primarily through the provision of an annual statement.⁶ In addition TNSPs, with the exception of the two interconnectors (Directlink and Murraylink), are also required to comply with the Better Regulation RINs.

2.1 Information Guideline - NER requirements

Since September 2007 we have collected data from TNSPs in accordance with the Information Guideline.⁷ This guideline was developed in accordance with Chapter 6A of the NER.

Clause 6A.17 of the NER requires TNSPs to submit annual statements to us that:⁸

- provide a true and fair statement of their financial and operating performance;
- are certified in accordance with the Information Guideline; and
- otherwise comply with the requirements of cl. 6A.17.1 of the NER and the Information Guideline.

Under clause 6A.17.1 (d) any information collected under the Information Guideline may be used for the following purposes:

- to monitor, report on and enforce the compliance of the TNSP with the total revenue cap for the TNSP for a regulatory control period, the maximum allowed revenue for the TNSP for each regulatory year, and any requirements that are imposed on the TNSP under a transmission determination;
- to monitor, report on and enforce compliance with the provider's Cost Allocation Methodology (CAM);

⁶ Generally, this information must be provided to us by the end of October each year.

⁷ The guideline is available at <http://www.aer.gov.au/node/10809>.

⁸ NER, cl.6A.17.1(a).

- as an input regarding the financial, economic and operational performance of the TNSP, to inform the AER's decision-making for the making of revenue determinations or other regulatory controls to apply in future regulatory control periods;
- to monitor and report on the performance of the TNSP under any incentive scheme that applies to it under clauses 6A.6.5 (efficiency benefit sharing scheme), 6A.6.5A (capital expenditure sharing scheme), 6A.7.4 (service target performance incentive scheme) or 6A.7.5 (small scale incentive scheme); and
- for the preparation of a network service provider performance report.

The Information Guideline is binding on both the AER and each TNSP to which it applies.⁹

2.2 Review of the Information Guideline

The 2007 Information Guideline requires TNSPs to provide us with annual data including:

- *Financial information* - regulatory and disaggregation financial statements (income, balance sheet, cash flow), operations and maintenance expenditure disaggregation including causal and non-causal allocations, historic operating and capital expenditure; prescribed transmission services (regulatory adjustments, price reduction/recovery, prudent discount, revenue analysis, pass throughs), asset statements, provisions, related party transactions and revenue reconciliation.
- *Non-financial information* - current map of the network and one year demand forecast.
- *Service performance information* - inputs (performance against the service target performance incentive scheme parameters, exclusions as defined under the scheme), S-factor results, revenue impact calculation, outcomes (total performance, s-factor, financial incentives).
- *Assurance requirements* - audit of financial information covering the basis and application of the CAM, arithmetic accuracy and reconciliation of statutory financial statements, and a directors' responsibility statement.

Prior to the introduction of the Better Regulation work program, we did not seek any other information from TNSPs on an annual basis. However, as part of the Better Regulation work program we developed the Better Regulation RINS to collect economic benchmarking and category analysis data. The Better Regulation RINs were issued to the relevant TNSPs.¹⁰

With our analytical and benchmarking requirements met through the Better Regulation RINs, we reviewed the Information Guideline to ascertain whether the information being collected from TNSPs was still required by us and whether any information requirements were now met by the Better Regulation RINs.

⁹ NER, cl.6A.17.2(i).

¹⁰ TNSPs, with the exception of two interconnectors (Directlink and Murraylink), are required to annually comply with Better Regulation RINs. The Economic Benchmarking RINs were issued on 28 November 2013. The Category Analysis RINs were issued on 7 March 2014, except for the two TNSPs (TransGrid and TasNetworks) in the midst of a regulatory reset. For these TNSPs category analysis reporting requirements were embedded in their Reset RINs (which were also issued on 7 March 2014).

We found many reporting obligations were duplicated in the Better Regulation RINs. Further, other reporting requirements were found to be redundant or not aligned with the current regulatory framework and our approach to annual reporting for other regulated businesses.

We are concerned that duplicated or redundant reporting requirements impose an unnecessary compliance burden on TNSPs. To address this issue we proposed amending the Information Guideline to only request information that we require to fulfil our functions, which we cannot source elsewhere.

2.3 Draft Information Guideline (Version 2)

On 10 December 2014, we released for consultation the draft Information Guideline (Version 2) with an accompanying Explanatory Statement. The draft Information Guideline included proposed amendments which aimed to address the issues of duplicated and redundant reporting requirements. These amendments can be categorised as follows:

- *Removal of duplicated reporting requirements:* Clause 4.17 was inserted into the draft Information Guideline (Version 2) which had the effect of removing any obligation TNSPs may have to supply us with data when the TNSP provides the same data in response to a regulatory information instrument such as a Better Regulation RIN.
- *Removal of redundant reporting requirements:* Any reporting requirements contained in the Information Guideline that were no longer required by us were removed. This was to ensure that TNSPs do not have to provide data that is already provided to us through some other mechanism, or is no longer used by us.
- *Consequential amendments:* Consequential alterations to the Information Guideline were made to reflect changes to the regulatory framework since the Information Guideline was first published in 2007, and our current approach towards annual reporting requirements for other gas and electricity businesses. The requirement for the provision of a directors' responsibility statement was also substituted with the provision of a Statutory Declaration consistent with our current approach in Annual Reporting RINs.

Table 2.1 below summarises the approach we adopted to Appendix A of the draft Information Guideline (Version 2).

Table 2.1 Approach to the annual reporting templates in Appendix A of the draft Information Guideline (Version 2)

Type of information	Worksheet	Proposed approach
Regulatory Financial Statements	Income	Retain
	Balance Sheet	Redundant
	Cash flow	Redundant
Disaggregated statements	Income – disaggregated statement	Retain
	Balance Sheet– disaggregated	Redundant

Type of information	Worksheet	Proposed approach
	statement	
	Cash flow– disaggregated statement	Redundant
Workpapers supporting the disaggregation statements	Operations and maintenance expenditure	Retain
	Causal allocations	Retain
	Non-causal allocations	Retain
Prescribed transmission services	Regulatory adjustment journal	Retain
	Price reduction/recovery	Retain
	Discount	Retain
	Revenue Analysis	Duplicated in Economic Benchmarking RIN
	Network support cost pass through	Redundant
	Cost pass through	Redundant
Asset schedules and supporting papers	Summary of disaggregation statement assets	Retain
	Reconciliation of property, plant and equipment	Retain
	Asset aging schedule	Duplicated in Category Analysis RIN
Provisions schedules	Provisions summary	Duplicated in Economic Benchmarking RIN
	Provisions reconciliation	Duplicated in Economic Benchmarking RIN
Information	Related party transactions	Retain
	Revenue Reconciliation	Retain
Non-financial schedules	Current map of the network	Retain
	One year demand forecast	Retain
Historic operating expenditure (by category summary, base year, years 1-5)	Historic opex by category – summary	Duplicated in Category Analysis RIN
Historic capital expenditure (by category, asset class, network,	Historic capex	Duplicated in Category Analysis RIN

2.4 Consultation on draft Information Guideline (Version 2)

We invited all interested parties to comment on the draft Information Guideline (Version 2) and explanatory statement.¹¹ We received one submission from Grid Australia. Grid Australia supported the principle of rationalising the annual reporting requirements. However, it sought clarification on the practical effect of the general obligation under the proposed clause 4.17 given the potential for information collected under RINs to change. Grid Australia noted that there is the potential to impose extra responsibility and increased operating costs on TNSPs in determining what information is submitted within a RIN and, therefore, not required to be submitted under the Information Guideline.¹²

Grid Australia suggested that we could supply two templates so as to make clear what information is required for submission by the TNSPs. Grid Australia also sought clarification on assurance requirements and a number of other requirements which they set out in more detail in the Attachment to their submission.¹³

In a meeting held with various representatives from the TNSPs, we discussed in more detail the issues raised by Grid Australia.¹⁴ We have since considered the issues and suggestions leading to various further amendments to the draft Information Guideline (Version 2).

The specific issues raised during the consultation process are discussed in Chapter 3.

¹¹ The consultation period ran from Wednesday 10 December 2014 to close of business Wednesday 4 February 2015.

¹² Grid Australia, *Submission on the Draft Electricity Transmission Network Service Providers Information Guideline (Version 2)*, 4 February 2015, pp. 1-2.

¹³ Grid Australia, *Submission on the Draft Electricity Transmission Network Service Providers Information Guideline (Version 2)*, 4 February 2015, p. 3.

¹⁴ The meeting was held via video and telephone conference on 24 February 2015 and was attended by representatives of the AER, TransGrid, Powerlink and ElectraNet.

3 Proposed amendments to the draft Information Guideline (Version 2)

We have made amendments to the draft Information Guideline (Version 2). These changes reflect our response to concerns raised by Grid Australia and our further consideration of the annual data requirements for TNSPs.

3.1 Response to Grid Australia's concerns

3.1.1 Identifying duplicated information

In the draft Information Guideline (Version 2) we proposed removing any obligation TNSPs may have to supply us with data when the TNSP has already provided the same data in response to a Regulatory Information Instrument such as a Better Regulation RIN.¹⁵ We did this by inserting clause 4.17 in Chapter 4 of the draft Information Guideline (Version 2). Clause 4.17 states:

*If a TNSP is required to provide information to the AER in response to a Regulatory Information Instrument it is not a requirement for this information to be provided to the AER in response to this guideline.*¹⁶

As raised in their submission, Grid Australia sought clarity on the practical effect of the general obligation under this proposed clause given the potential for information collected under RINs to change.¹⁷ Grid Australia was of the view that uncertainty regarding information requirements, would potentially impose undue responsibility and increased operating costs on the TNSPs in determining what information we consider to be captured within a RIN and, therefore what is not required to be completed in their annual regulatory financial and other statements.¹⁸ Furthermore, Grid Australia suggested we produce two different versions of Appendix A under the Information Guideline to provide greater clarity.¹⁹ The first version of Appendix A would be used by the principal TNSPs and the second version would be used by the interconnectors as each of the groups has different reporting obligations.²⁰

We introduced clause 4.17 into the draft Information Guideline (Version 2) for the purposes of keeping the Information Guideline as flexible to future changes in the TNSPs' reporting

¹⁵ AER, *Draft explanatory statement for electricity transmission information guideline (Version 2)*, December 2014, p. 9.

¹⁶ AER, *Draft Electricity Transmission Network Service Providers information guideline (Version 2)*, December 2014, p. 20.

¹⁷ Grid Australia, *Submission on the Draft Electricity Transmission Network Service Providers Information Guideline (Version 2)*, 4 February 2015, p. 1.

¹⁸ Grid Australia, *Submission on the Draft Electricity Transmission Network Service Providers Information Guideline (Version 2)*, 4 February 2015, p. 2.

¹⁹ Grid Australia, *Submission on the Draft Electricity Transmission Network Service Providers Information Guideline (Version 2)*, 4 February 2015, pp. 2-3.

²⁰ All TNSPs are required to submit an annual statement under the Information Guideline. In addition, the five principal TNSP are required to annually comply with Better Regulation RINs. This additional requirement does not apply to the two interconnectors.

requirements as possible. The clause does not specifically refer to the Better Regulation RINs but rather refers to a '*Regulatory Information Instrument*'. Hence, we consider it will apply to any RIN reporting obligations a TNSP may be subject to in the future. Further, we consider clause 4.17 provides all TNSPs with a degree of certainty about how we intend TNSPs to deal with any duplicated reporting obligations. Therefore, we are not proposing to make any further changes to clause 4.17.

We have also considered Grid Australia's request for two versions of Appendix A to be released as part of the final Information Guideline. We do not agree to this request. We consider that if we include a second version of Appendix A in the final Information Guideline it may become outdated as RIN obligations change. If this occurs, any change to Appendix A would have to be made in accordance to the transmission consultation procedures set out in the NER.²¹ We consider that undertaking a full consultation process for what is essentially an administrative change imposes a disproportionate and unnecessary burden on TNSPs. Therefore, we consider that it is best to provide just one version of Appendix A.

However, to address Grid Australia's concerns about the lack of certainty around TNSPs' annual reporting requirements we have agreed to clarify with each TNSP (through an exchange of letters) their reporting requirements following the release of this Guideline.²² We consider that this approach will provide TNSPs with sufficient certainty to address their concerns.

In addition, since the release of the draft Information Guideline (Version 2) we have conducted a further review of the areas of duplication between Appendix A of the Information Guideline and the Better Regulation RINs. As a consequence we have updated the table of duplicated requirements which was in the Explanatory Statement to the draft Information Guideline (Version 2)²³ so that it more accurately reflects the duplicated reporting requirements contained in the Information Guideline.²⁴ Table 3.1 below is our updated table.

²¹ NER, cl. 6A.20.

²² The arrangement where an exchange of letters will occur between the AER and the TNSPs was discussed and agreed upon during the meeting on 24 February 2015.

²³ AER, *Draft explanatory statement for electricity transmission information guideline (Version 2)*, December 2014, pp. 9-10.

²⁴ As a result of this review we have removed the following worksheets from the duplicated requirements table: Historic Capex by Asset Class (see discussion in 3.2 below), Historic Capex - Non-network by project, and Provisions Summary. We now consider that these worksheets are not duplicated in the Better Regulation RINs and, therefore, should be completed by all TNSPs.

Table 3.1 Duplicated requirements in Appendix A of the final Information Guideline

Information guideline requirement in Appendix A (Annual Reporting Templates)	Alternative RIN Worksheet source for information ²⁵
Revenue analysis worksheet	<p><i>Economic Benchmarking RIN</i></p> <p>Worksheet 3.1 (Revenue) containing:</p> <ul style="list-style-type: none"> ○ Table 3.1.1 Revenue grouping by chargeable quantity <p>Worksheet 3.4 (Operational data) containing:</p> <ul style="list-style-type: none"> ○ Table 3.4.1 Energy delivery ○ Table 3.4.2 Connection points ○ Table 3.4.3 System demand including: <ul style="list-style-type: none"> ● Table 3.4.3.1 Annual system maximum demand characteristics – MW measure ● Table 3.4.3.2 Annual system maximum demand characteristics – MVA measure ● Table 3.4.3.3 Power factor
Asset aging schedule	<p><i>Category Analysis RIN</i></p> <p>Worksheet 5.2 (Asset age profile) containing:</p> <ul style="list-style-type: none"> ○ Table 5.2.1 Asset age profile
Provisions reconciliation	<p><i>Economic Benchmarking RIN</i></p> <p>Worksheet 3.2 (Operating expenditure) containing:</p> <ul style="list-style-type: none"> ○ Table 3.2.3 Provisions
<p>Historic opex by expenditure category summary/part year</p> <p>Historic opex expenditure category years 1-5</p>	<p><i>Category Analysis RIN</i></p> <p>Worksheet 2.1 (Expenditure summary) containing:</p> <ul style="list-style-type: none"> ○ Table 2.1.2 Prescribed transmission service opex <p>Worksheet 2.6 (Non-network) containing:</p> <ul style="list-style-type: none"> ○ Table 2.6.1 Non-network expenditure <p>Worksheet 2.7 (Vegetation management) containing:</p>

²⁵ Based upon the 2013-14 Economic Benchmarking and Category Analysis RIN templates.

**Information guideline
requirement in Appendix A
(Annual Reporting Templates)**

**Alternative RIN Worksheet source for
information²⁵**

- Table 2.7.2 Expenditure metrics by zone
- Worksheet 2.8 (Maintenance) containing:
- Table 2.8.2 – Cost metrics for routine and non-routine maintenance
- Worksheet 2.10 (Overheads) containing:
- Table 2.10.1 Network overheads expenditure
 - Table 2.10.2 Corporate overheads expenditure
- Worksheet 2.11 (Labour) containing:
- Table 2.11.1 Cost metrics per annum
- Economic Benchmarking RIN*
- Worksheet 3.2 (Operating expenditure) containing:
- Table 3.2.1 Opex categories

Historic capex by project category

Category Analysis RIN

- Worksheet 2.1 (Expenditure summary) containing:
- Table 2.1.1 Prescribed transmission service capex
- Worksheet 2.2 (Repex) containing:
- Table 2.2.1 – Replacement expenditure, volumes and asset failures by asset category
- Worksheet 2.3 (Augex) containing:
- Table 2.3.1 – Augex data substations
 - Table 2.3.2 – Augex asset data lines
 - Table 2.3.3 – Augex total expenditure
- Worksheet 2.5 (Connections) containing:
- Table 2.5.1 Expenditure on connection projects
- Worksheet 2.6 (Non-network) containing:
- Table 2.6.1 Non-network expenditure

Historic capex – Network – by project

Category Analysis RIN

- Worksheet 2.3 (Augex) containing:
- Table 2.3.1 – Augex data substations

Information guideline requirement in Appendix A (Annual Reporting Templates)

Alternative RIN Worksheet source for information²⁵

- Table 2.3.2 – Augex asset data lines
 - Table 2.3.3 – Augex total expenditure
- Worksheet 2.5 (Connections) containing:
- Table 2.5.1 Expenditure on connection projects

3.1.2 Removal of redundant reporting requirements

In the draft Information Guideline we proposed removing those reporting requirements we considered redundant.²⁶ No concerns were raised during the consultation process on the draft Information Guideline about our proposed approach. For this reason, we are maintaining the removal of these redundant reporting requirements in the final Guideline. We are also removing from the final Information Guideline (Version 2) some additional reporting requirements following our consideration of Grid Australia's submission. These are discussed below.

3.1.2.1 Demand forecast information

Grid Australia, in their submission, sought clarification from us on the intent of the demand forecast information expected under clause 3.3 of the draft Information Guideline (Version 2).²⁷ Grid Australia also noted that the information we require is potentially captured by publicly available documents such as Annual Planning Reports.

We consider the reporting requirement under clause 3.3 is redundant and as such we have removed it from the final Information Guideline (Version 2). We can generally obtain this information from the TNSPs' Annual Planning Reports. If the most up to date demand forecast is not found in the Annual Planning Report information requests will be used to obtain this data.

3.1.2.2 Regulatory adjustment journal worksheet

Grid Australia also wanted clarity in regards to the 'Regulatory adjustment journal' and the information required to be provided given that under the draft Information Guideline (Version 2) TNSPs are not required to prepare a regulatory balance sheet.²⁸ We note that the regulatory adjustment journal may still be used by TNSPs when preparing their income

²⁶ AER, *Draft explanatory statement for electricity transmission information guideline (Version 2)*, December 2014, p. 10.

²⁷ Grid Australia, *Submission on the Draft Electricity Transmission Network Service Providers Information Guideline (Version 2)*, 4 February 2015, p. 3.

²⁸ Grid Australia, *Submission on the Draft Electricity Transmission Network Service Providers Information Guideline (Version 2)*, 4 February 2015, p. 3. We consider the regulatory balance sheet is redundant - see AER, *Draft explanatory statement for electricity transmission information guideline (Version 2)*, December 2014, p. 10.

statements. Therefore, rather than removing this worksheet altogether we have decided to amend the notes in the regulatory adjustment worksheet to remove the references to the 'Balance Sheet'.

3.1.2.3 Asset Schedules and supporting papers

We also consider the 'Reconciliation of property, plant and equipment' and 'Summary of disaggregation statement of assets' worksheets in Appendix A to be redundant. We no longer require a balance sheet, cash flow statement and their disaggregated forms in the annual regulatory financial statements for electricity distributors and gas businesses. This is because we moved away from an accounting approach as we did not consider the benefits of having this data outweighed the cost to the businesses of providing this information. Consistent with this approach we consider these worksheets are no longer required.

3.1.3 Assurance requirements

Grid Australia proposed that the requirement for a directors' responsibility statement be retained and that the statutory declaration requirement, proposed in the draft Information Guideline (Version 2), certifying that the regulatory accounts are true and accurate not be adopted.²⁹

The assurance requirements in the 2007 Information Guideline included the provision of a directors' responsibility statement along with an audit of financial information. In the draft Information Guideline (Version 2) we replaced the directors' responsibility statement with a statutory declaration (to be completed by an 'officer' of the TNSP).³⁰ We made this change on the basis that it was consistent with our approach to annual reporting assurance requirements for electricity distributors and gas businesses.

We have considered Grid Australia's proposal and are of the opinion that it is appropriate to amend clause 2.14 so as to only require a directors' responsibility statement. In reaching this view, we first note that the Better Regulation and Reset RINs require a statutory declaration. As outlined in the explanatory statement for the Category Analysis RIN, we recognised that the statutory declaration sign off is a higher standard that reflects the significant time and effort spent in revising the expenditure reporting requirements and the increased importance of this information in future expenditure assessments.³¹ In other words, as the information is used as part of the reset process, we need to be assured of its accuracy and truthfulness.

The Information Guideline is specifically required under Chapter 6A of the NER and sets out the data requirements TNSPs must provide to us in their annual statements. Unlike the

²⁹ Grid Australia, *Submission on the Draft Electricity Transmission Network Service Providers Information Guideline (Version 2)*, 4 February 2015, p. 3.

³⁰ The term 'officer' is defined in the NEL and has the same meaning as s.9 of the Corporations Act 2001 and includes a company director, company secretary, a person who makes (or participates in) decisions that affect the whole or substantial part of the corporation's business; or a person who has the capacity to affect significant the corporation's financial standing.

³¹ AER, *Explanatory Statement - Category Analysis RIN*, March 2014, p. 19.

Better Regulation RINs this information, which TNSPs are required to submit to us under the NER, is currently primarily used for performance reporting.

The appropriate assurance standard should take into account the purpose for which the data is collected, as well as the costs of compliance. The information collected under the Information Guideline is subject to positive audit review, as well as the further assurance provided by the directors' sign off (or Statutory Declaration). We consider that as we do not use information collected under the Information Guideline in the same way as information collected under RINs, we do not have to apply the same assurance standard, and have reverted to the directors' responsibility statement, as previously applied.

Reverting to a directors' responsibility statement in the Information Guideline will mean that the current assurance requirements continue and TNSPs do not incur any additional compliance costs. We note that adopting this position does not preclude us from reconsidering our position in the future, for example if we move to a RIN based regime.

For the reasons discussed above, we are amending clause 2.14 so as to delete the reference to a statutory declaration and instead insert a requirement for a directors' responsibility statement. This change will mean that the directors' responsibility statement requirements in the final Information Guideline (Version 2) will be the same as those in the original Information Guideline (2007).³²

3.1.4 Other issues

3.1.4.1 Reporting period

Grid Australia in its submission sought to clarify when we intend to publish the Guideline and when the first applicable reporting period would be.³³ We intend to publish the final Information Guideline (Version 2) no later than 8th April 2015 with the first applicable reporting period being the 2014-15 period. We do not anticipate any issues in regards to the reporting period as we consider the amendments in the final Information Guideline (Version 2) reduce the compliance burden for TNSPs.

3.1.4.2 Clause 2.6

Grid Australia in its submission was concerned that the proposed removal of wording in clause 2.6 made it less clear what we require.³⁴

We have considered Grid Australia's concerns but remain of the view that leaving the additional words in the final Information Guideline (Version 2) does not provide any greater clarity. We consider that any additional clarity would stem from the nature of the ad hoc

³² AER, *Information guidelines*, September 2007, p. 9.

³³ Grid Australia, *Submission on the Draft Electricity Transmission Network Service Providers Information Guideline (Version 2)*, 4 February 2015, p. 3.

³⁴ Grid Australia, *Submission on the Draft Electricity Transmission Network Service Providers Information Guideline (Version 2)*, 4 February 2015, p. 3.

request made to the TNSP. Therefore we maintain our position on the removal of wording in clause 2.6.

3.2 Historic capex by asset class

During our engagement with TNSPs on the issues raised in Grid Australia's submission, we proposed changes to improve the 'Historic capex by asset class' worksheet in Appendix A.³⁵ In particular, we proposed seeking more detailed information on capex by asset class by replacing the previous table in this worksheet with four tables collecting the TNSP's actual (gross) capex and actual asset disposals by asset class on an as-incurred and as-commissioned bases. We consider that collecting this information will assist us in annually updating the roll forward model for each TNSP, and therefore, facilitate the process when TNSPs submit their revenue proposals.

TNSPs, in their feedback on our proposed amendments, suggested a number of minor changes to the worksheet but did not raise any substantive concerns about the inclusion of our proposed amendments in the 'Historic capex by asset class' worksheet.³⁶ Therefore, we are including the amended worksheet in Appendix A of the final Information Guideline subject to the additional changes discussed below.

ElectraNet and Powerlink both indicated in their submissions that historic capex as incurred expenditure provided by TNSPs will be an estimate and may not reconcile fully to final capex as commissioned expenditure. This is because it is not until a project is commissioned that the final allocation to asset class can accurately occur.

We acknowledge that there are circumstances where TNSPs, when completing their annual statements, may have to provide us with estimates for historic capex as incurred expenditure. However, to make sure that we have the most up to date data available when updating the roll forward model every year we have included an additional note under the two capex as incurred tables in the worksheet. This note indicates that TNSPs are to update capex as incurred for previous years of the regulatory control period to reflect any movements that may have occurred (e.g. due to the final commissioning of assets). In addition, we have incorporated into the worksheet some further minor changes suggested by the TNSPs.³⁷

We note that, as a result of our amendments to the 'Historic capex by asset class' worksheet in Appendix A, the type of information the worksheet now collects is not duplicated in the

³⁵ This issue was initially raised during the meeting between the AER and TNSPs which took place on 24 February 2015. On 2 March 2015, we sent an email to all TNSPs enclosing our proposed amendment to the Historic Capex by Asset Class worksheet and seeking feedback by 13 March 2015.

³⁶ We received feedback from ElectraNet, Powerlink, TasNetworks, and TransGrid.

³⁷ The minor changes we have incorporated include adding in Yr-1 column for each table and noting that capex should be adjusted for any movements in capitalised provisions (i.e. accruals are converted to a cash basis). We have also noted that where capex related to Network Capability Incentive Parameter Action Plan (NCIPAP) projects has been commissioned and reported across asset classes, the total amount for each project should be noted. In addition, we clarified in the worksheet that reporting of historic capex should be net of customer contributions.

Better Regulation RINs.³⁸ Therefore, all TNSPs will now be required to complete this worksheet.

3.3 Consequential amendments

In the draft Information Guideline (Version 2) we proposed making a number of consequential amendments to better reflect the current regulatory framework and our current approach towards reporting requirements for other gas and electricity businesses.³⁹ During the consultation process on the draft Information Guideline (Version 2) no specific concerns were raised about our proposed consequential amendments. For this reason, we are maintaining these amendments in the final Information Guideline (Version 2).

In addition, we have also made a number of further consequential amendments. These are set out in table 3.2 below. We consider that these consequential amendments are likely to reduce (or have no effect) on the compliance burden currently imposed upon TNSPs. In addition, they will improve the alignment of TNSP annual reporting requirements with those of other electricity distribution and gas businesses.

Table 3.2: Consequential amendments

Information guideline requirement	Reason for consequential amendment
Clause 2.15 Format of information	Consistent with our approach for electricity distributors and gas businesses we are requesting that data be provided electronically (and for Appendices A and B in the form of Microsoft excel spreadsheets).
Clause 2.12 Discretionary headings	The submission guideline no longer applies to TNSPs as this requirement is no longer in the NER - see <i>National Electricity Amendment (Economic Regulation of Network Service Provider) Rule 2012</i> .
Clause 4.8 Asset aging	Amendments reflect the removal of the 'Summary of disaggregation statement assets' and the 'Reconciliation of property, plant and equipment' worksheets from Appendix A.
Clause 4.9 Asset categories	Amendments reflect the changes made to the reporting requirements for the 'Historic capex by asset class' worksheet in Appendix A.
Clause 4.10 Customer contributions	Amendments reflect the removal of the 'Summary of disaggregation statement assets' and the

³⁸ This differs from the position which we took in the draft Information Guideline (Version 2) where we identified the information sought in the 'Historic Capex by Asset Class' worksheet as a duplicated information requirement - see AER, *Draft explanatory statement for electricity transmission information guideline (Version 2)*, December 2014, pp. 9-10.

³⁹ AER, *Draft explanatory statement for electricity transmission information guideline (Version 2)*, December 2014, p. 11.

Information guideline requirement	Reason for consequential amendment
	'Reconciliation of property, plant and equipment' worksheets and the changes made to reporting requirements for the 'Historic capex by asset class' worksheet in Appendix A.
Clause 4.14 Related party transactions	Amendments reflect the inclusion of a directors' responsibility statement.
Clause 4.15 Third party benefits	Amendments reflect the inclusion of a directors' responsibility statement.
Clause 4.16 Financing transactions	Amendments reflect the inclusion of a directors' responsibility statement.
Glossary - Definition of 'Asset schedule'	As a consequence of removing the 'Summary of disaggregation statement assets' and the 'Reconciliation of property, plant and equipment' worksheets in Appendix A this definition is no longer applicable.
Glossary - Definition of 'Directors' responsibility statement'	Insertion reflects the inclusion of a directors' responsibility statement.
Glossary - Definition of 'Submission guidelines'	The submission guideline no longer applies to TNSPs as this requirement is no longer in the NER - see <i>National Electricity Amendment (Economic Regulation of Network Service Provider) Rule 2012</i> .
Appendix A - Asset aging schedule (PTS Asset Aging)	Removal of the words 'Use same Discretionary Headings as Statement "PTS Rec Assets"' reflects the deletion of the 'Reconciliation of property, plant and equipment' worksheet (PTS Rec Assets).
Appendix A - Historic Capex Network (HCE Netw), Historic Capex Non-network (HCE Non Netw)	Amendments to the notes so that the Historic Capex Instructions worksheet is referenced rather than table 3.1 (which does not exist).
Appendix C - Directors' responsibility statement	Amendments reflect the inclusion of a directors' responsibility statement.
Minor amendments	Minor amendments to correct typographical errors, etc.