
**REGULATORY INFORMATION
NOTICE UNDER DIVISION 4 OF
PART 3 OF THE NATIONAL
ELECTRICITY LAW**

ISSUED BY

**THE AUSTRALIAN ENERGY
REGULATOR**

**Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001**

NATIONAL ELECTRICITY LAW

DIVISION 4 OF PART 3

**REGULATORY INFORMATION NOTICE
TO PROVIDE, PREPARE AND MAINTAIN INFORMATION**

TO: NSP Name
Address 1
Address 2
SUBURB STATE POSTCODE

The Australian Energy Regulator (**AER**) considers it reasonably necessary for NSP Name (ACN XXX XXX XXX) (**The NSP**), being a regulated network service provider for the purposes of section 28D of the *National Electricity Law (NEL)* who provides electricity distribution services in <state>, to provide and to prepare and maintain the information in the manner and form specified in this draft Regulatory Information Notice (**Notice**), which is information the AER requires for the performance or exercise of its functions or powers conferred on it under the NEL or the *National Electricity Rules (NER)*.

THE MATTERS THE SUBJECT OF THIS NOTICE

This RIN sets out the requirements that must be complied with and the information that must be provided to the AER and be prepared and maintained by The NSP for the purposes of the AER to:

1. to *publish network service provider performance reports (annual benchmarking reports)* the purpose of which are to describe, in reasonably plain language, the relative efficiency of each *Distribution Network Service Provider* in providing *direct control services* over a 12 month period
2. assess benchmark operating expenditure and benchmark capital expenditure that would be incurred by an efficient *Distribution Network Service Provider* relevant to building block determinations
3. to assist the AER determine whether it should exercise its powers to disclose information obtained under this Notice

for the distribution services provided by way of the electricity distribution network The NSP operates in <state>.

Pursuant to sections 28F(1)(a) of the NEL, the AER requires The NSP to:

- (a) provide the information specified in Schedule 1 to this Notice;
- (b) prepare and maintain the information in the manner and form specified in Schedule 2 to this Notice;
- (c) verify, by way of a statutory declaration, the information specified in this Notice in accordance with Appendix B to this Notice

and deliver the said information electronically to AERInquiry@ aer.gov.au, on or before 5pm Australian

Eastern Standard Daylight Time or Australian Eastern Standard Time as applicable on:

- i. Friday, 14 February 2014 for information relating to the Initial Regulatory Years
- ii. 30 April (or, if 30 April is not a *Business Day*, the next *Business Day*) of each year *t*, for the information relating to the relevant Subsequent Regulatory Year, where:
 - a. year *t* commences in 2014
 - b. the relevant Subsequent Regulatory Year is the year *t* – 1.

Explanatory note: The NSP must provide the information for the 2013 Regulatory Year on Wednesday, 30 April 2014; the information for the 2014 Regulatory Year on Thursday, 30 April 2015; the information for the 2015 Regulatory Year on Monday, 2 May 2016 and so on.

Pursuant to section 28M(e) of the NEL, the information specified in this Notice must be audited in accordance with Appendix C to this Notice. Audited information and the accompanying Audit Report must be delivered electronically to AERInquiry@ aer.gov.au on or before 5pm Australian Eastern Standard Time on:

- i. Friday, 16 May 2014 for information relating to the Initial Regulatory Years and the 2013 Regulatory Year
- ii. 30 April (or, if 30 April is not a *Business Day*, the next *Business Day*) of each year commencing 2015 for information relating to all Subsequent Regulatory Years excluding the 2013 Regulatory Year.

Pursuant to section 28K(1)(c) of the NEL, the reasons for the information required in this Notice to be provided and to be prepared and maintained in the manner and form specified are set out in Schedule 2 Appendix D to this Notice.

DEFINITIONS AND INTERPRETATION

In this Notice, including the Schedules and Appendices to this Notice, unless the contrary intention appears:

| General terms | Definition |
|--|--|
| AER | Australian Energy Regulatory |
| Audit Report | An Auditor's report as required by this Notice and in accordance with the requirements set out in Appendix C of this Notice |
| Audited Statutory Financial Statements | The audited set of financial statements prepared in accordance with the <i>Corporations Act 2001</i> and Australian Accounting Standards |
| Auditor | A person who satisfies the requirements of paragraph 2 of Appendix C of this Notice |
| CAM | The NSP's Cost allocation method as approved by the AER |
| The NSP | NSP Name and ACN |

| | |
|-----------------------------|--|
| Financial Information | Any Variable in the Microsoft Excel workbook attached at Appendix A that is measured in monetary terms |
| Initial Regulatory Years | The 2003 to 2012 Regulatory Years |
| NEL | National Electricity Law |
| NER | National Electricity Rules |
| Non-financial Information | Any Variable in the Microsoft Excel workbook attached at Appendix A that is not measured in monetary terms |
| Notice | This draft Regulatory Information Notice |
| Regulatory Year | Each consecutive period of 12 calendar months in a <i>Regulatory Control Period</i> (under the NER) or equivalent regulatory period under a preceding regulatory framework. The first such 12 month period commences at the beginning of the <i>Regulatory Control Period</i> (or equivalent regulatory period, as the case may be) and the final 12 month period ends at the end of the <i>Regulatory Control Period</i> (or equivalent regulatory period, as the case may be). |
| Review Report | An Auditor's report as required by this Notice and in accordance with the requirements set out in Appendix C of this Notice |
| Subsequent Regulatory Years | Looking forward, each Regulatory Year commencing from 2013 |
| Variable | Economic benchmarking variables listed in worksheet <i>1. Variables and definitions</i> of the Microsoft Excel workbook attached at Appendix A. |

- the terms italicised in this Notice have the same meaning as they do in the NEL or the NER;
- the singular includes the plural and the plural includes the singular; and
- a reference to any corporation, whether expressly identified or not, includes a reference to any representative of that corporation.

Definitions for Variables necessary to provide, prepare and maintain the information in accordance with Schedules 1 and 2 to this Notice are listed in worksheet '*1. Variables and definitions*' of the Microsoft Excel workbook attached at Appendix A.

DATED: _____

.....
Andrew Reeves
Chair

SCHEDULE 1

REGULATORY INFORMATION NOTICE UNDER DIVISION 4 OF PART 3 OF THE NATIONAL ELECTRICITY LAW ISSUED TO

NSP Name ACN XXX XXX XXX

Note: (a) All answers and information are to be provided in accordance with this Schedule.

1. PROVIDE INFORMATION

1.1 Provide the information specified in Schedule 2.

1.2 For each Variable

(a) explain from where the data was obtained (eg. directly from The NSP's internal systems or audited statutory accounts)

(b) explain the methodology The NSP applied to provide the requested data. This should include an explanation of how the data was derived from other sources (if this was undertaken) and any assumptions that were made in this process.

(c) provide these explanations in worksheet titled '*9. Data sources*'.

1.3 If The NSP wishes to make a claim for confidentiality over any information to be provided in accordance with clause 1.1, provide in the worksheet titled '*10. Confidentiality*' of the Microsoft Excel Workbook attached at Appendix A reasons:

(a) supporting how and why detriment may be caused from disclosing the identified information; and

(b) why the identified detriment is not outweighed by the public benefit (especially public benefits such as the effect on the long term interests of consumers).

SCHEDULE 2

REGULATORY INFORMATION NOTICE UNDER DIVISION 4 OF PART 3 OF THE NATIONAL ELECTRICITY LAW ISSUED TO

NSP Name ACN XXX XXX XXX

Note: (a) The information specified in the Excel workbook attached at Appendix A must be verified by way of statutory notice in accordance with Appendix B to this Notice and audited in accordance with Appendix C to this Notice.

(b) Audited information must be provided annually on an ongoing basis.

1. PREPARE INFORMATION

1.1 Prepare information in the manner and form specified in the worksheets in the Microsoft Excel workbook attached at Appendix A (the information) in accordance with the definitions listed in worksheet '*1. Variables and definitions*' and current regulatory reporting requirements

1.2 Prepare the information in the manner and form:

- (a) in accordance with the principles and requirements specified at Schedule 1;
- (b) as set out and required in all the worksheets in the Microsoft Excel workbook attached at Appendix A in accordance with:
 - (i) the instructions provided in the worksheet titled '*Instructions*'; and
 - (ii) any additional instructions as provided for in the worksheets;
- (c) which:
 - (i) includes all underlying calculations and formulae, and supporting documentation;
 - (ii) is not password protected;
 - (iii) allows for precedents and dependents to be traced;
 - (iv) is capable of a 'copy and paste' function being applied to it;
- (d) is verifiable by the AER, an Auditor or an independent third party upon inspection;
- (e) is readily available for inspection by or submission to the AER;
- (f) that is readily reproducible by the AER with reference to The NSP's data assumptions and source data.

- 1.3 For the Initial Regulatory Years only, where it is not possible to provide the information for a particular Variable or part of a particular Variable as required by the Notice, provide an estimate. Where the information provided is an estimate, use best endeavours to generate the most appropriate estimate and provide the AER with the basis for this estimate and explain why it is the most appropriate estimate;
- 1.4 For each year t , prepare an updated version of the Microsoft Excel Workbook attached at Appendix A by adding an additional column on each data worksheet with actual data for the relevant Subsequent Regulatory Year in accordance with this Notice and the instructions in the Workbook, where:
- (a) year t commences in 2014; and
 - (b) the relevant Subsequent Regulatory Year is the year $t - 1$
 - (c) actual data means that no values may be estimated unless stated otherwise in a specific worksheet of the Microsoft Excel Workbook at Appendix A.
- 1.5 Engage a person who satisfies the requirements of paragraph 2 of Appendix C of this Notice to audit the information and prepare an Audit Report in accordance with the requirements of Appendix C of this Notice.

2. MAINTAIN INFORMATION

- 2.1 Maintain, from the date of this Notice until further notice:
- (a) all information prepared under paragraph 1 of this Schedule 2.

APPENDIX A

ECONOMIC BENCHMARKING BACKCAST DATA TEMPLATE

See attached Microsoft Excel spreadsheet titled: “*DNSP economic benchmarking data template.xlsx*”

APPENDIX B
NATIONAL ELECTRICITY (<STATE>) LAW
SECTION 28M(d)
STATUTORY DECLARATION

State of ...

Statutory Declaration

I, _____
[full name]

of _____
[address]

_____, do solemnly and sincerely declare that:

1. I am an officer, for the purposes of the *National Electricity (<state>) Law (NEL)*, of NSP Name (ACN XXX XXX XXX) (The NSP), a regulated network service provider for the purposes of section 28D of the NEL.
2. The response of The NSP regarding the information required to be provided and to be prepared and maintained as specified by the Australian Energy Regulator's (AER) Regulatory Information Notice (Notice) dated 15 November 2013, is to the best of my information, knowledge and belief:
 - (a) in accordance with the requirements of the Notice; and
 - (b) is true and accurate, and in all material respects can be relied upon by the AER to:
 - (i) prepare and *publish a network service provider performance report (an annual benchmarking report)* the purpose of which is to describe, in reasonable plain language, the relative efficiency of each *Distribution Network Service Provider* in providing *direct control services* over a 12 month period; and
 - (ii) to assess benchmark operating expenditure and benchmark capital expenditure that would be incurred by an efficient *Distribution Network Service Provider* relevant to building block determinations; and
 - (c) where it is not possible to provide the information required by the Notice I have provided an estimate. Where the information provided is an estimate, I have used my best endeavours to generate the most appropriate estimate, and have provided the AER with the basis for this estimate and reasons why it is the most appropriate estimate

in respect of the distribution services provided by way of the electricity distribution network The NSP operates in <state>.

I acknowledge that this declaration is true and correct, and I make it with the understanding and belief that a person who makes a false declaration is liable to the penalties of perjury.

Declared at _____

this _____ day of _____ 20____

.....
Signature of person making this declaration
[to be signed in front of an authorised witness]

Before me,

.....
Signature of Authorised Witness

The authorised witness must print or stamp his or her name, address and title under section 107A of the *Evidence (Miscellaneous Provisions) Act 1958* (as of 1 January 2010), (previously *Evidence Act 1958*), (eg. Justice of the Peace, Pharmacist, Police Officer, Court Registrar, Bank Manager, Medical Practitioner, Dentist)

APPENDIX C
NATIONAL ELECTRICITY LAW
SECTION 28M(e)
AUDIT REQUIREMENTS

1. INFORMATION SUBJECT TO INDEPENDENT AUDIT

1.1 The information subject to independent audit is the:

- (a) Financial Information in worksheets titled '2. Revenue', '3. Opex' and '4. Assets (RAB)' in the Microsoft Excel Workbook attached in Appendix A ("*DNISP economic benchmarking data template.xlsx*") that is derived from **actual** historical financial data retained by The NSP;
- (b) Financial Information in worksheets titled '2. Revenue', '3. Opex' and '4. Assets (RAB)' in the Microsoft Excel Workbook attached in Appendix A ("*DNISP economic benchmarking data template.xlsx*") that is derived from **estimated** historical financial data (based on reasonable management judgement and assumptions) where The NSP certifies that it is not possible to provide actual historical information; and
- (c) Non-financial Information in worksheets titled '2. Revenue', '3. Opex', '4. Assets (RAB)', '5. Operational data', '6. Physical assets', '7. Quality of services', '8. Environmental factors' and '9. Data sources' of the Microsoft Excel Workbook in Appendix A ("*DNISP economic benchmarking data template.xlsx*") that is derived from either:
 - a. **actual** historical data retained by The NSP; or
 - b. **estimated** historical data (based on reasonable management judgement and assumptions) where The NSP certifies that it is not possible to provide actual historical information.
- (d) In respect of the Non-financial Information, review of the processes and procedures used and the systems applied to provide, prepare and maintain the information for the purposes of the AER requirements.

1.2 In reference to the above, if The NSP has previously provided audited financial data to the AER in response to a *Regulatory Information Instrument* to the standard required by this Notice, it is not necessary for this data to be audited again. This fact would need to be confirmed and documented in response to the Notice. However, if this previously audited and supplied data is disaggregated for the purposes of this Notice, the disaggregated data and reconciliation with the previously audited and supplied data must be audited.

2. CLASS OF PERSON TO CONDUCT AUDITS

2.1 The audit information referred to in paragraph 1.1 must be audited by a person who:

- (a) is independent from The NSP and all of its related bodies corporate— not a principal, member, shareholder, officer, or employee of The NSP or its related entities;
- (b) is a member of the Institute of Chartered Accountants Australia (CA or FCA) or of CPA Australia (CPA or FCPA) that holds a Certificate of Public Practice;
- (c) is appointed for the purposes of expressing an opinion or conclusion on the audit requirements outlined in detail in paragraph 3;
- (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 and customer service;
- (f) understands the procedures and methodologies underlying the data and the AER's relevant definitions for all information; and
- (g) if necessary, is available to discuss issues relating to the audits with The NSP and the AER, including where an Audit Report or Review Report is critical of, or highlights deficiencies in, the audited Financial Information and/or Non-financial Information.

2.2 The audit requirements referred to in this Appendix must be conducted in compliance with the relevant Australian Auditing Standards.

3. AUDIT REQUIREMENTS

3.1 The audit of **actual** historical Financial Information referred to in paragraph 1.1(a) must:

- (a) comply with the Auditing Standard ASA 805 *Special Considerations — Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*;
- (b) assess and verify whether the information:
 - (i) has been captured for the entire time period required;
 - (ii) has been derived from actual historical information and can be directly reconcilable to the Audited Statutory Financial Statements of The NSP;
 - (iii) is complete and accurate;
 - (iv) is prepared consistent with the requirements of the Notice; and
 - (v) has been prepared in a manner consistent with The NSP's CAM.
- (c) the Audit Report must include an opinion as to whether:

- (i) the Financial Information has been derived from actual historical data and can be reconciled to the Audited Statutory Financial Statements of The NSP;
 - (ii) the Financial Information provided is presented fairly in accordance with the requirements of the Notice;
 - (iii) the Financial Information provided is prepared in a manner consistent with The NSP's CAM;
 - (iv) where non-compliance with the Notice or has arisen, modification in respect of this.
- (d) The Audit Report must be in a form able to be published by the AER.
- (e) The Audit Report is to be provided to the AER no later than 5pm AEST on:
- (i) Friday, 16 May 2014 for information relating to the Initial Regulatory Years and the 2013 Regulatory Year; and
 - (ii) 30 April (or, if 30 April is not a *Business Day*, the next *Business Day*) of each year commencing 2015 for information relating to all Subsequent Regulatory Years excluding the 2013 Regulatory Year.

3.2 The review of the **estimated** historical Financial Information referred to in paragraph 1.1(b) must:

- (a) comply with the ASAE 3000 *Assurance engagements other than audits or reviews of historical financial information*;
- (b) assess:
 - (i) the validity of the certification by The NSP that it was not possible to provide actual information and hence estimates have been provided;
 - (ii) that the estimated historical Financial Information has been derived based on reasonable management judgement and assumptions and is the most appropriate estimate of the information required;
 - (iii) that the estimated historical data has been captured for the entire time period required;
 - (iv) that the estimated historical data is prepared consistent with the requirements of the Notice; and
 - (v) that the estimated historical data has been prepared in a manner consistent with The NSP's CAM.
- (c) the Review Report must include a conclusion in respect of:
 - (i) the reasons why the historical Financial Information has been provided on an estimated basis;
 - (ii) the appropriateness of the data estimated, based on all available information required;

- (iii) the reasonableness of the methodology and underlying assumptions used to derive the estimates;
 - (iv) compliance with all parts of the Notice, and where non-compliance has arisen, modification in respect of this; and
 - (v) data being provided is prepared in a manner consistent with The NSP's CAM and where non-compliance has arisen, modification in respect of this.
- (d) The Review Report must be in a form able to be published by the AER.
- (e) The Review Report is to be provided to the AER no later than 5pm AEST on:
- (i) Friday, 16 May 2014 for information relating to the Initial Regulatory Years and the 2013 Regulatory Year; and
 - (ii) 30 April (or, if 30 April is not a *Business Day*, the next *Business Day*) of each year commencing 2015 for information relating to all Subsequent Regulatory Years excluding the 2013 Regulatory Year.

3.3 The review of the Non-financial Information referred to in paragraph 1.1(c) must:

- (a) comply with the ASAE 3000 *Assurance engagements other than audits or reviews of historical financial information*;
- (b) assess:
 - (i) that the Non-financial Information has been captured for the entire time period required;
 - (ii) where actual data is provided, that it is complete and accurate, and can be directly reconcilable to systems maintained by The NSP; and
 - (iii) where estimated:
 - the validity of the certification by The NSP that it was not possible to provide actual information and hence estimates have been provided;
 - that the estimated historical Non-financial Information has been derived based on reasonable management judgement and assumptions and is the most appropriate estimate of the information required; and
 - (iv) that the Non-financial Information has been prepared consistent with the requirements of the Notice.
- (c) the Review Report must include a conclusion in respect of:
 - (i) whether the non-financial data has been derived from actual historical data or has been estimated;
 - (ii) where based on actual historical data, the accuracy and completeness of that data;
 - (iii) where estimated:

- the reasons why the historical non-financial data has been provided on an estimated basis;
 - the appropriateness of the data estimated, based on all available information retained;
 - the reasonableness of the methodology and underlying assumptions used to derive the estimates; and
- (iv) compliance with all parts of the Notice, and where non-compliance has arisen, a modification in respect of this.
- (d) The Review Report must be in a form able to be published by the AER.
- (e) The Review Report is to be provided to the AER no later than 5pm AEST on:
- (i) Friday, 16 May 2014 for information relating to the Initial Regulatory Years and the 2013 Regulatory Year; and
 - (ii) 30 April (or, if 30 April is not a *Business Day*, the next *Business Day*) of each year commencing 2015 for information relating to all Subsequent Regulatory Years excluding the 2013 Regulatory Year.
- 3.4 The review of processes, procedures used and systems applied to provide, prepare and maintain the Non-financial Information for the purposes of AER requirements referred to in 1.1 (d) must:
- (a) comply with the *ASAE 3000 Assurance engagements other than audits or reviews of historical financial information*;
 - (b) assess:
 - (i) the reliability of the processes, procedures used and the systems applied to provide, prepare and maintain the information;
 - (ii) whether the processes, procedures and systems were correctly used and applied by the relevant staff to prepare, provide and maintain the information;
 - (iii) whether the systems are able to prepare and provide the required parameter definitions and data exclusions in accordance with the AER's requirements;
 - (iv) whether the systems are able to competently identify and correct errors and whether the information referred to in paragraph 1.1(b) reflects any such corrections;
 - (v) whether the processes, procedures, or systems provide any missing information or unusual trends that suggest errors in information entry or manipulation.
 - (c) the Review Report must include a conclusion in respect of:
 - (i) the reliability of the processes, procedures used and the systems applied to provide, prepare and maintain the information;

- (ii) whether the processes, procedures and systems were correctly used and applied by the relevant staff to prepare, provide and maintain the information;
 - (iii) whether the systems were able to prepare and provide the required parameter definitions and data exclusions in accordance with the AER's requirements;
 - (iv) whether the systems were able to competently identify and correct errors and whether the information referred to in paragraph 1.1(c) reflects any such corrections; and
 - (v) whether the processes, procedures, or systems resulted in any missing information or unusual trends that suggest errors in information entry or manipulation.
- (d) The Review Report must be in a form able to be published by the AER.
- (e) The Review Report is to be provided to the AER no later than 5pm AEST on:
- (i) Friday, 16 May 2014 for information relating to the Initial Regulatory Years and the 2013 Regulatory Year; and
 - (ii) 30 April (or, if 30 April is not a *Business Day*, the next *Business Day*) of each year commencing 2015 for information relating to all Subsequent Regulatory Years excluding the 2013 Regulatory Year.

APPENDIX D
NATIONAL ELECTRICITY LAW
SECTION 28K(1)(c)
STATEMENT OF REASONS

This statement of reasons explains why the AER considers it reasonably necessary for the information described in this Notice to be provided, prepared and maintained in the manner and form specified.

Under clause 6.27 of the NER, the AER must prepare and publish an annual benchmarking report to describe the relative efficiency of each *Distribution Network Service Provider* in providing *direct control services* over a 12 month period. Under clauses 6.5.6 and 6.5.7 of the NER, the AER must have regard to benchmarking operating expenditure and benchmarking capital expenditure when assessing these types of expenditure.

Accordingly, the AER needs to obtain detailed information relating to The NSP and its regulated electricity network services. Refer to the AER's Better Regulation Draft Expenditure Forecast Assessment Guidelines for electricity transmission and distribution for detailed information on how the AER will apply economic benchmarking and the reasons for the data to be provided in Appendix B.

The AER considers that the information and documents that it receives in response to this Notice will enable it to perform its functions under chapter 6 of the NER.