

| Guideline Section | Submission Guideline's Clauses | ElectraNet – Revenue Proposal |
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| Purpose | The purpose of this table is to demonstrate compliance with the Revenue Proposal information content requirements specified in Chapter 4 of the AER's Electricity Transmission Network Service Providers Submission Guidelines, and other directly relevant provisions of the Rules | |
| 4.3.1 | Audit Assurance The revenue proposal must be accompanied by all audit assurances that the AER requires under s. 2.8 of these guidelines. | The AER has not requested any specific audit assurances. The general audit assurance requirements of the Guidelines are addressed in section 4.2 and 4.4. |
| 4.3.2 | Directors' responsibility statement The revenue proposal must be accompanied by a directors' responsibility statement as required under s. 2.10 of these guidelines. | The Directors' Responsibility Statement is referred to in sections 5.9.3 and 6.8.5 and is included at Appendix A. |
| NER 6A.10.1(f) | Consistency with the NTNDP The Revenue Proposal must also include a statement of whether it is consistent with the most recent the National Transmission Network Development Plan and, if it is inconsistent, identify and give reasons for the inconsistency. | A statement of consistency with the 2011 NTNDP is included in section 5.9.1 based on independent assessment of the capital project forecast by AEMO. |
| 4.3.3 (a) (1) NER 6A.6.7(a) / S6A.1.1(1) | Capital expenditure Forecasts of the capital expenditure for each year of the relevant regulatory control period which comply with clause 6A.6.7(a) of the NER and which identify the forecast capital expenditure by reference to well accepted categories such as: A. asset class (e.g. transmission lines, substations etc), or B. category driver (e.g. regulatory obligation, replacement, reliability, net market benefit, business support etc.) and which identify, in respect of proposed material assets: C. the location of the proposed asset D. the anticipated or known cost of the proposed asset E. the categories of transmission services which are to be provided by the proposed asset. | The capital expenditure forecast is set out in section 5.9. Table 5.10 presents the forecast for each year by project category. Material assets (projects) are listed in Table 5.11, which includes their location, description and anticipated cost. The categories of transmission services provided by these assets (projects) are listed in Table 5.1. |
| 4.3.3 (a) (2) NER S6A.1.1(2) | The methodology used for developing the capital expenditure forecasts. | The forecasting methodology is set out in section 5.7 and illustrated in Figure 5.1. Appendix I provides further detailed information on the capital expenditure forecasting methodology. |
| 4.3.3 (a) (3) NER S6A.1.1(3) | The forecasts of load growth relied upon to derive the capital expenditure forecasts and the methodology used for developing those forecasts of load growth. | The demand forecasts relied upon to derive the capital expenditure forecast are described in section 5.8.1, and presented in Table 5.3 (AEMO state-wide forecasts) and Appendix J (connection point forecasts). |

SUBMISSION GUIDELINES COMPLIANCE CHECKLIST

| Guideline Section | Submission Guideline's Clauses | ElectraNet – Revenue Proposal |
|--|--|---|
| 4.3.3 (a) (4) NER S6A.1.1(4) | The key assumptions that underlie the capital expenditure forecasts. | The key inputs and assumptions underlying the capital expenditure forecast are set out in section 5.8. |
| 4.3.3 (a) (5) NER S6A.1.1(5) | A certification of the reasonableness of the key assumptions by the directors as part of the directors responsibility statement required under s. 4.3.2 of these guidelines. | The Directors' Responsibility Statement is referred to in relation to capital expenditure assumptions in section 5.9.3, and is included at Appendix A. |
| 4.3.3 (a) (6) NER S6A.1.1(6) | Capital expenditure for each of the first three years of the current regulatory control period and the expected capital expenditure for each of the last two years of that regulatory control period, categorised in the same way as for the capital expenditure forecasts. | Section 4.3 contains a discussion of historical capital expenditure. Table 4.2 sets out the actual and historical expenditure for each year of the current regulatory period (on an as incurred basis). |
| 4.3.3 (a) (7) NER S6A.1.1(7) | An explanation of any significant variations in the forecast capital expenditure from historical capital expenditure. | Section 5.9.2 sets out a comparison of forecast and historical expenditure. Table 5.12 includes forecast and historical expenditure by year and by category. An explanation of significant variations is included in Table 5.13 and other commentary included in section 5.9.2. |
| NER S6A.1.1(8) | Any non-network alternatives considered. | The consideration of non-network options in the development of solutions to address network limitations is set out in sections 3.5.3 and 5.7. |
| 4.3.3 (b) (1) NER – 6A.6.7(e) & (h) | (1) include in the forecast of capital expenditure referred to in subsection (a) an amount of any unspent capital expenditure for a contingent project of the kind described in clause 6A.6.7(e) of the NER (2) not include in the forecast of capital expenditure referred to in subsection (a) an amount of any capital expenditure for a contingent project of the kind described in clause 6A.6.7(h) of the NER | In accordance with the requirements of clause 6A.6.7 ElectraNet has included in its forecast for the forthcoming regulatory period the unspent balance of the capital expenditure allowance approved for the Munno Para contingent project by the AER, as addressed in section 5.9.1. |

SUBMISSION GUIDELINES COMPLIANCE CHECKLIST

| Guideline Section | Submission Guideline's Clauses | ElectraNet – Revenue Proposal |
|-------------------|--|---|
| 4.3.3 (c) | <p>The revenue proposal must contain an explanation of why it considers that its forecast of capital expenditure is required to:</p> <ul style="list-style-type: none"> (1) efficiently meet the expected demand for prescribed transmission services over the regulatory control period; (2) comply with all applicable regulatory obligations associated with the provision of prescribed transmission services; (3) maintain the quality, reliability and security of supply of prescribed transmission services; or (4) maintain the reliability, safety and security of the transmission system through the supply of prescribed transmission services. | <p>Section 3.5 and Chapter 5 explain the strategic framework and processes applied by ElectraNet to develop efficient capital expenditure programs to meet the expenditure objectives.</p> <p>These objectives relate to the demand forecasts provided by customers and the compliance obligations set out in section 5.3, as summarised in 5.11 and 5.12. The manner in which the capital expenditure objectives are addressed specifically by larger projects is set out in Appendix P.</p> |
| 4.3.3 (d) | <p>The AER has developed a number of capital expenditure pro forma statements that must be completed as part of the provision of information to the AER as part of the revenue proposal. The following table identifies the relevant capital expenditure pro forma statements in appendix A that must be prepared and submitted to the AER as part of the revenue proposal. All relevant fields must be filled out where possible, including the sections for qualitative commentary.</p> <p>Pro forma number Pro forma reference</p> <ul style="list-style-type: none"> 3.1 Historic capex by category 3.2 Historic capex by asset class 3.3 Historic capex—network 3.4 Historic capex—non-network 4.1 Forecast capex by category 4.2 Forecast capex by asset class 4.3 Forecast capex—network 4.4 Forecast capex—non-network | <p>Refer to AER Submission Guideline templates – cost information</p> |

SUBMISSION GUIDELINES COMPLIANCE CHECKLIST

| Guideline Section | Submission Guideline's Clauses | ElectraNet – Revenue Proposal |
|---|--|--|
| 4.3.4 (a) (1) NER – 6A.6.6(a) / S6A.1.2(1) | <p>Operating expenditure</p> <p>Forecasts of the operating expenditure for each year of the relevant regulatory control period which comply with clause 6A.6.6(a) of the NER and which identify the forecast operating expenditure by reference to well accepted categories such as:</p> <p>A. particular programs, or</p> <p>B. types of operating expenditure (e.g. maintenance, payroll, materials etc.) and which identify in respect of each such category:</p> <p>C. to what extent that forecast expenditure is on costs that are fixed and to what extent it is on costs that are variable, and</p> <p>D. the categories of transmission services to which that forecast expenditure relates.</p> | <p>The operating expenditure forecast is set out in section 6.8. Table 6.20 sets out the forecast for each year by expenditure category.</p> <p>Operating costs will be impacted by a range of factors during the coming regulatory period, and given these uncertainties, all operating expenses are considered variable as discussed in section 6.6.</p> |
| 4.3.4 (a) (2) NER S6A.1.2(2) | The methodology used for developing the operating expenditure forecasts. | <p>The forecasting methodology is set out in section 6.6 and is illustrated in Figure 6.3.</p> <p>Appendix R provides further detailed information on the operating expenditure forecasting methodology.</p> |
| 4.3.4 (a) (3) NER S6A.1.2(3) | The forecasts of key variables relied upon to derive the operating expenditure forecasts and the methodology used for developing those forecasts of key variables. | The key variables in relation to operating expenditure are set out in section 6.7. |
| 4.3.4 (a) (4) NER S6A.1.2(4) | The methodology used for determining the cost associated with planned maintenance programs designed to improve the performance of the relevant transmission system for the purposes of any service target performance incentive scheme that is to apply to the TNSP in respect of the relevant regulatory control period. | ElectraNet undertakes its maintenance programs to meet all of its operating objectives and not to specifically meet any particular service target performance incentive scheme target. This is addressed in section 6.7.5. |
| 4.3.4 (a) (5) NER S6A.1.2(5) | The key assumptions that underlie the operating expenditure forecasts. | The subsections in section 6.7 set out the inputs and assumptions in relation to operating expenditure. |
| 4.3.4 (a) (6) NER S6A.1.2(6) | A certification of the reasonableness of the key assumptions by the directors of the TNSP as part of the directors' responsibility statement required under s. 4.3.2 of these guidelines. | The Directors' Responsibility Statement is referred to in relation to operating expenditure assumptions in section 6.8.5, and is included at Appendix A. |
| 4.3.4 (a) (7) NER S6A.1.2(7) | Operating expenditure for each of the first three years of the current regulatory control period, and the expected operating expenditure for each of the last two years of that regulatory control period, categorised in the same way as for the operating expenditure forecasts. | Section 4.4 contains a discussion of historical operating expenditure. Table 4.5 sets out the actual and expected operating expenditure for each year of the current period by expenditure category. |

SUBMISSION GUIDELINES COMPLIANCE CHECKLIST

| Guideline Section | Submission Guideline's Clauses | ElectraNet – Revenue Proposal |
|-------------------------------------|---|--|
| 4.3.4 (a) (8) NER S6A.1.2(8) | An explanation of any significant variations in the forecast operating expenditure from historical operating expenditure. | Section 6.8.2 sets out a comparison of forecast and historical operating expenditure. Table 6.21 includes forecast and historical expenditure by year and by expenditure category. An explanation of significant variations is included in Table 6.22. |
| NER S6A.1.2(9) | Any non-network alternatives considered. | The consideration of non-network options in the development of the expenditure forecasts is set out in sections 3.5.3 and 5.7. |
| 4.3.4 (b) | <p>A TNSP's revenue proposal must contain a justification for its forecast of operating expenditure on the basis that it is required to:</p> <ul style="list-style-type: none"> (1) efficiently meet the expected demand for prescribed transmission services over the regulatory control period (2) comply with all applicable regulatory obligations associated with the provision of prescribed transmission services (3) maintain the quality, reliability and security of supply of prescribed transmission services, or (4) maintain the reliability, safety and security of the transmission system through the supply of prescribed transmission services. | <p>Section 3.5 and Chapter 6 explain the strategic framework and processes applied by ElectraNet to develop efficient operating expenditure programs to meet the expenditure objectives.</p> <p>These objectives relate to the demand forecasts provided by customers and the compliance obligations set out in section 6.3, as summarised in 6.9 and 6.10. See also relevant Appendices referred to in section 6.7.</p> |
| 4.3.4 (c) (1) NER – 6A.6.6(e) | <p>In determining whether the AER is satisfied with the forecast operating expenditure proposed by a TNSP, clause 6A.6.6(e) of the NER requires the AER to have regard to ten operating expenditure factors. The following requirements of the operating expenditure forecasting process are relevant to the efficiency benefit sharing scheme:</p> <ul style="list-style-type: none"> (1) The past expenditure profile of a TNSP may vary and it may be uneven. An uneven expenditure profile may arise for legitimate operational reasons or, in some circumstances, may indicate cost-shifting. The AER will require that a business provide an explanation for the profile of expenditure sufficient to demonstrate that the operating expenditure incurred in the regulatory period is related to operational needs as they arose and does not entail instances of cost-shifting. | <p>An explanation of the profile of operating expenditure incurred in the current regulatory period is provided in section 4.4.</p> <p>Table 4.5 presents the expenditure profile by year and by category and Table 4.6 provides further explanation of the operating expenditure levels observed in the current period for each expenditure category.</p> |
| 4.3.4 (c) (2) NER – 6A.6.6(f) | A TNSP must provide a detailed description of any changes in capitalisation policies that have arisen in the current regulatory control period, or that are proposed to apply in the next regulatory control period. This description must be accompanied by a calculation of the impact of those changes in capitalisation policy. If the AER is not satisfied that a change in capitalisation policy is appropriate, it may adjust the forecast operating expenditure allowance of the TNSP as allowed by clause 6A.6.6(f) of the NER. | <p>No changes in capitalisation policy have occurred within the current regulatory period.</p> <p>Section 5.5 discusses the minor consequential changes in capitalisation policy proposed to apply in the next regulatory period to reflect the capitalisation of expenditure on transmission line components.</p> |

SUBMISSION GUIDELINES COMPLIANCE CHECKLIST

| Guideline Section | Submission Guideline's Clauses | ElectraNet – Revenue Proposal |
|-------------------|---|---|
| 4.3.4 (c) (3) | The operating expenditure forecast must include any necessary adjustments for changes in responsibilities that result from compliance with a new or amended law or licence, or other statutory or regulatory requirement, including a requirement that can be demonstrated to arise directly from a recognised policy, practice or policy generally applicable to similar firms participating in the National Electricity Market. | Section 6.7.2 sets out new regulatory obligations and changes in the external operating environment that are increasing the level of efficient cost in the forecast period. |
| 4.3.4 (c) (4) | A TNSP must include in its revenue proposal its proposed basis for accounting for growth in demand in the next regulatory control period. This must be accompanied by evidence that the proposed adjustment mechanism accurately reflects the impact of changes in expected growth in demand from a baseline forecast (positive and negative) on operating expenditure. | Refer to section 11.3.2 for an explanation of ElectraNet's proposed demand adjustment mechanism |
| 4.3.4 (d) | <p>The AER has developed a number of operating expenditure pro forma statements that TNSPs must fill out as part of their provision of information to the AER as part of a TNSP's Revenue proposal. The following table identifies the relevant operating expenditure pro forma statements in appendix A that a TNSP must prepare and submit to the AER as part of its revenue proposal. All relevant fields must be filled out where possible, including the sections for qualitative commentary.</p> <p>Pro forma number Pro forma reference</p> <ul style="list-style-type: none"> 1.1 Historic opex by category—summary 1.2 Historic opex by category (any part year) 1.3 Historic opex by category year 1 1.4 Historic opex by category year 2 1.5 Historic opex by category year 3 1.6 Historic opex by category year 4 1.7 Historic opex by category year 5 2.1 Forecast opex by category—summary 2.2 Forecast opex by category year 6 2.3 Forecast opex by category year 7 2.4 Forecast opex by category year 8 2.5 Forecast opex by category year 9 2.6 Forecast opex by category year 10 | Refer to AER Submission Guideline templates – cost information |

SUBMISSION GUIDELINES COMPLIANCE CHECKLIST

| Guideline Section | Submission Guideline's Clauses | ElectraNet – Revenue Proposal |
|----------------------------------|---|---|
| 4.3.5 NER – S6A.1.3(1) | <p>Interactions between capital and operating expenditure</p> <p>Contain an identification and explanation of any significant interactions between the TNSP's forecast capital expenditure and forecast operating expenditure programs.</p> | <p>Section 6.8.4 sets out the interaction between capital expenditure and operating expenditure.</p> <p>Section 3.5 discusses ElectraNet's strategic framework for managing and developing the network, encompassing both capital and operating expenditure programs.</p> |
| 4.3.6 (a) NER – S6A.1.3(2) | <p>Performance incentive scheme parameters</p> <p>(1) the values, weightings and other elements that the TNSP proposes are to be attributed to the performance incentive scheme parameters for the purposes of the application to the TNSP of the service target performance incentive scheme that applies during the relevant regulatory control period</p> <p>(2) an explanation of how the proposed values, weightings and other elements to be attributed to those performance incentive scheme parameters comply with any requirements relating to them set out in that scheme.</p> | <p>Section 10.3 and in particular Table 10.5 set out the values, weightings and other elements that ElectraNet proposes to be attributed to the performance incentive scheme parameters. The parameters are illustrated in Figures 10.4 to 10.9.</p> <p>Section 10.3 also explains how the values, weightings and other elements comply with the applicable requirements set out in the Scheme.</p> |
| 4.3.6 (b) | <p>The AER has developed the pro forma statement 7.3 at appendix A to assist TNSPs to provide the required information to the AER relating to performance incentive scheme parameters. A TNSP must prepare and submit this pro forma statement to the AER as part of its revenue proposal.</p> | <p>Refer to AER Submission Guideline templates – other information</p> |
| 4.3.7 (a) NER – S6A.1.3(3) | <p>(1) the values that the TNSP proposes are to be attributed to the efficiency benefit sharing scheme parameters for the purposes of the application to the TNSP of the efficiency benefit sharing scheme that applies in respect of the relevant regulatory control period</p> <p>(2) an explanation of how the values proposed to be attributed to the efficiency benefit sharing scheme parameters comply with any relevant requirements set out in that scheme.</p> | <p>Section 11.2 sets out the values applied to determine ElectraNet's performance under the efficiency benefit sharing scheme for the current regulatory control period, and the compliance of these values with the requirements of the Scheme.</p> |
| 4.3.7 (b) | <p>The AER has developed the pro forma statement 7.4 at appendix A to assist TNSPs to provide the required information to the AER relating to efficiency benefit sharing scheme parameters. A TNSP must prepare and submit this pro forma statement to the AER as part of its revenue proposal.</p> | <p>Refer to AER Submission Guideline templates – other information</p> |

| Guideline Section | Submission Guideline's Clauses | ElectraNet – Revenue Proposal |
|----------------------------------|--|--|
| 4.3.8 NER – S6A.1.3(4) | <p>Total revenue cap and maximum allowed revenue</p> <p>(a) the TNSP's calculation of the estimated total revenue cap for the relevant regulatory control period</p> <p>(b) the TNSP's calculation of the maximum allowed revenue for each year of the relevant regulatory control period, using the post-tax revenue model referred to in rule 6A.5 of the NER, together with:</p> <p>(c) details of all amounts, values and other inputs used to generate the calculations</p> <p>(d) a demonstration that any such amounts, values and other inputs comply with the relevant requirements of part C of chapter 6A of the NER</p> <p>(e) an explanation of the calculation of the amounts referred to in subsections (a) and (b), together with an explanation of the amounts, values and inputs referred to in subsection (c).</p> | <p>The estimated total revenue cap and maximum allowed revenue for the forthcoming regulatory period are set out as follows:</p> <p>(a) Estimated total revenue cap - section 12.7</p> <p>(b) Maximum allowed revenue by year - section 12.7 and completed PTRM</p> <p>(c) Details of amounts, values and other inputs - sections 12.2 to 12.7</p> <p>(d) Demonstration of compliance - sections 12.2 to 12.7 and chapters 5 (capital expenditure), 6 (operating expenditure), 7 (RAB), 8 (depreciation), 9 (return on capital and taxation) and 11 (efficiency carryovers)</p> <p>(e) Explanation of calculations and inputs - sections 12.2 to 12.7</p> <p>Further information is provided in the completed PTRM and AER Submission Guideline templates.</p> |
| 4.3.9 NER – S6A.1.3(5) | <p>Regulatory asset base</p> <p>Under clause S6A.1.3(5) of schedule 6A.1 of the NER, a revenue proposal must contain the TNSP's calculation of the regulatory asset base for the relevant transmission system for each year of the regulatory control period using the roll forward model referred to in clause 6A.6.1 of the NER, together with:</p> <p>(a) details of all amounts, values and other inputs used by the TNSP for that purpose</p> <p>(b) a demonstration that any such amounts, values and other inputs comply with the relevant requirements of part C of chapter 6A of the NER</p> <p>(c) an explanation of the calculation of the regulatory asset base for each regulatory year of the relevant regulatory control period and of the amounts, values and inputs referred to in subsection (a).</p> | <p>The calculation of the Regulatory Asset Base is set out as follows:</p> <p>(a) Amounts, values and inputs - section 12.2</p> <p>(b) Demonstration of compliance - sections 12.1 and 12.2 and chapters 5 (capital expenditure), 7 (opening RAB) and 8 (depreciation)</p> <p>(c) Explanation of calculations – sections 12.1 and 12.2</p> <p>Further information is provided in the completed RFM and AER Submission Guideline templates.</p> |
| 4.3.10 NER – S6A.6.2(c)(2) | <p>Nominal risk free rate calculation period</p> <p>The TNSP's revenue proposal must nominate a commencement and length of the period to be used by the AER to calculate the nominal risk free rate for the regulatory control period according to clause 6A.6.2(c)(2) of the NER.</p> | <p>ElectraNet has nominated its applicable averaging period for the calculation of the risk free rate for the forthcoming regulatory control period, on a confidential basis to the AER as provided for under the Rules.</p> |

| Guideline Section | Submission Guideline's Clauses | ElectraNet – Revenue Proposal |
|---|---|--|
| 4.3.11 (a) NER – S6A.6.3 S6A.6.3(b) | <p>Depreciation schedules</p> <p>(1) the depreciation schedules nominated by the TNSP for the purposes of clause 6A.6.3 of the NER. The depreciation schedules must categorise the relevant assets by reference to well accepted categories such as:</p> <p>A. asset class (e.g. transmission lines and substations), or</p> <p>B. category driver (e.g. regulatory obligation, replacement, reliability, net market benefit and business support), and also by location</p> <p>(2) details of all amounts, values and other inputs used by the TNSP to compile those depreciation schedules and an explanation of the calculation of those amounts, values and inputs</p> <p>(3) a demonstration that the depreciation schedules conform with the requirements set out in clause 6A.6.3(b) of the NER.</p> <p>The AER has developed the pro forma statement 7.2 at appendix A to assist TNSPs to provide to the AER the required information relating to its depreciation schedules. A TNSP may prepare and submit this pro forma statement to the AER as part of its revenue proposal.</p> | <p>The calculation of depreciation is set out as follows:</p> <p>(1) Depreciation schedules - sections 8.2 and 8.3</p> <p>(2) Details of amounts, values and inputs - sections 8.3 and 8.4, and completed PTRM and RFM</p> <p>(3) Demonstration of compliance - section 8.4</p> <p>Further information is provided in the AER Submission Guideline templates – other information</p> |
| 4.3.12 NER – S6A.1.3(8) | <p>X factors</p> <p>Must contain the X factors nominated by the TNSP for each year of the relevant regulatory control period for the purposes of clause 6A.6.8(a) of the NER, together with a demonstration that those X factors comply with the requirements set out in clause 6A.6.8(b) of the NER.</p> | <p>Section 12.8 of the Revenue Proposal contains the proposed X factors, as presented in Table 12.8. Section 12.8 also demonstrates that the smoothing profile proposed by ElectraNet meets the requirements of the Rules.</p> |
| 4.3.13 NER – S6A.1.3(9) | <p>Length of regulatory control period</p> <p>Must contain the commencement and length of the regulatory control period proposed by the TNSP.</p> | <p>Section 2.2 proposes the commencement and length of the regulatory control period (1 July 2013 to 30 June 2018).</p> |

| Guideline Section | Submission Guideline's Clauses | ElectraNet – Revenue Proposal |
|---|--|--|
| <p>4.3.14 NER – S6A.1.3(10) 6A.8.1(b)(1) 6A.8.1(b)(2) 6A.8.1(c)</p> | <p>Proposed contingent projects</p> <p>Under clause S6A.1.3(10) of schedule 6A.1 of the NER, if the TNSP is seeking a determination by the AER that a proposed contingent project is a contingent project for the purposes of the relevant revenue determination, the TNSP's revenue proposal must contain:</p> <p>(a) a description of the proposed contingent project, including reasons why the TNSP considers the project should be accepted as a contingent project for the regulatory control period</p> <p>(b) a forecast of the capital expenditure which the TNSP considers is reasonably required for the purpose of undertaking the proposed contingent project</p> <p>(c) the methodology used for developing that forecast and the key assumptions that underlie it</p> <p>(d) information that demonstrates that the undertaking of the proposed contingent project is reasonably required to meet one or more of the objectives referred to in clause 6A.8.1(b)(1) of the NER</p> <p>(e) information that demonstrates that the proposed contingent capital expenditure for the proposed contingent project complies with requirements set out in clause 6A.8.1(b)(2) of the NER</p> <p>(f) the proposed trigger events relating to the proposed contingent project and an explanation of how each of those conditions or events addresses the matters referred to in clause 6A.8.1(c) of the NER.</p> | <p>Section 5.10 sets out the contingent projects proposed for the forthcoming regulatory period.</p> <p>The proposed contingent projects, indicative costs and defined trigger events are summarised in Table 5.14.</p> <p>Appendix Q provides additional information in the form of proposed contingent project summaries, including background information and a description of each project, and an explanation as to how it satisfies the requirements of the Rules.</p> <p>The methodology for developing the contingent project forecast is included in section 5.7.</p> |
| <p>4.3.15 NER – 6A.6.2</p> | <p>WACC parameters</p> <p>(a) A revenue proposal must contain a breakdown of the weighted average cost of capital calculation nominated by the TNSP for the purposes of clause 6A.6.2 of the NER, together with a demonstration that this calculation complies with the requirements set out in clause 6A.6.2(b) of the NER.</p> <p>(b) The AER has developed the pro forma statement 7.1 at appendix A in order to assist TNSPs to provide to the AER the required information relating to the weighted average cost of capital. A TNSP must prepare and submit this pro forma statement to the AER as part of its revenue proposal.</p> | <p>Section 9.2 sets out the breakdown of the weighted average cost of capital calculation.</p> <p>Supporting evidence on the derivation of the Debt Risk premium is provided in an independent expert report (Appendix X).</p> <p>Refer also to AER Submission Guideline templates – other information</p> |

SUBMISSION GUIDELINES COMPLIANCE CHECKLIST

| Guideline Section | Submission Guideline's Clauses | ElectraNet – Revenue Proposal |
|--------------------------------------|---|--|
| 4.3.16 | <p>Demand forecasts</p> <p>(a) Must contain:</p> <p>(1) the demand forecasts that the TNSP has used as the basis for its forecasts of operating and capital expenditure for the forthcoming regulatory control period</p> <p>(2) the assumptions on which the demand forecasts have been based, and full and detailed explanations of the basis of their preparation.</p> <p>(b) As a minimum, the TNSP's demand forecasts must be presented for each regulatory year of the regulatory control period. It is expected that the TNSP's demand forecasts will be in the same form as that provided to NEMMCO.</p> | <p>The demand forecasts relied upon to derive the capital and operating expenditure forecasts are described in section 5.8.1.</p> <p>These forecasts are presented in Table 5.3 (AEMO state-wide forecasts) and Appendix J (connection point forecasts).</p> |
| 4.3.17 | <p>Corporate income tax</p> <p>Must contain details of the estimated cost of corporate income tax calculated by the TNSP for the purposes of clause 6A.6.4 of the NER, together with a demonstration that the calculation complies with the requirements of that clause.</p> | <p>Section 9.3 sets out the allowance for corporate income tax and the methodology for calculating it.</p> <p>Table 9.3 shows the tax allowance as calculated for 2013-14 to 2017-18. The tax allowance has been calculated using the PTRM and the tax depreciation allowance summarised in section 8.4.</p> |
| 4.3.18 (a) NER – 6A.5.1(a) | <p>Completed post-tax revenue model</p> <p>Under clause 6A.5.1 (a) of the NER, a TNSP must prepare its revenue proposal using a post-tax revenue model according to the requirements of chapter 6A of the NER.</p> | <p>Refer to the completed PTRM accompanying the Revenue Proposal.</p> |
| 4.3.18 (b) NER – 6A.10.2(c)(i) | <p>In accordance with clause 6A.10.2(c)(1)(i) of the NER, a TNSP's revenue proposal must be accompanied by a post-tax revenue model, completed in a manner that demonstrates its application to the TNSP.</p> | <p>Refer to the completed PTRM accompanying the Revenue Proposal.</p> |
| 4.3.18 (c) NER – 6A.10.2(c)(2) | <p>Consistent with clause 6A.10.2(c)(2) of the NER, the completed post-tax revenue model and the information in that model will not be publicly disclosed without the consent of the TNSP, except to the extent that the information is provided or otherwise available apart from it being contained in that model.</p> | <p>Noted. Such consent will not be unreasonably withheld.</p> |

SUBMISSION GUIDELINES COMPLIANCE CHECKLIST

| Guideline Section | Submission Guideline's Clauses | ElectraNet – Revenue Proposal |
|---|---|--|
| 4.3.19 NER – 6A.10.2(c) (1)(ii) 6A.6.1 6A.10.2(c)(2) | <p>Completed roll forward model</p> <p>(a) Must be accompanied by:</p> <p>(1) a completed roll forward model</p> <p>(2) calculation of the regulatory asset base for the relevant transmission system for each regulatory year of the relevant regulatory control period using the roll forward model referred to in clause 6A.6.1 of the NER, together with:</p> <p>A. details of all amounts, values and other inputs used by the TNSP for the purpose of that calculation</p> <p>B. a demonstration that any such amounts, values and other inputs comply with the relevant requirements of part C of chapter 6 of the NER</p> <p>C. an explanation of the calculation of the regulatory asset base for each regulatory year of the relevant regulatory control period and of the amounts, values and inputs used to develop that calculation.</p> <p>(b) Consistent with clause 6A.10.2(c)(2) of the NER, the completed roll forward model and the information in that model will not be publicly disclosed without the consent of the TNSP, except to the extent that the information is provided or otherwise available apart from it being contained in that model.</p> | <p>The completed roll forward model accompanies this Revenue Proposal.</p> <p>Section 7.3 describes the roll forward methodology used to establish the opening asset base as at 1 July 2013. This has been done using the published roll forward model. Full details of amounts, values and inputs used are set out in the RFM, Model Handbook and relevant AER templates enclosed.</p> <p>Table 7.1 provides the outcomes of the asset base roll forward used to calculate the RAB value as at 1 July 2013.</p> |
| 4.3.20 (a) NER – 6A.7.3 | <p>Cost pass-through rules</p> <p>If requested to do so by the AER, a TNSP's revenue proposal must contain details of the information a TNSP intends to provide in support of any application made to the AER to pass through a positive pass through amount or a negative pass through amount under clause 6A.7.3 of the NER.</p> | <p>No such request has been made of ElectraNet.</p> |
| 4.2.20 (b) NER – 6A.17.2(f) | <p>Provide any written statement seeking the approval of the AER to pass through a positive pass through amount or a negative pass through amount according to any requirements specified in the information guidelines.</p> | <p>ElectraNet is not seeking the approval of the AER to pass through a positive pass through amount or a negative pass through amount at this time. Section 6.7.6 discusses ElectraNet's intention to nominate pass through events should the Grid Australia Cost Pass-Through Rule Change be Approved by the AEMC.</p> |

| Guideline Section | Submission Guideline's Clauses | ElectraNet – Revenue Proposal |
|-------------------|--|---|
| 4.3.21 | <p>Self-insurance details</p> <p>If requested to do so by the AER, a TNSP's revenue proposal must contain the values that the TNSP proposes are to be attributed to self-insurance costs for each regulatory year of the relevant regulatory control period, together with:</p> <ul style="list-style-type: none"> (a) details of all amounts, values and other inputs used by the TNSP to calculate its proposed self-insurance costs (b) an explanation of the TNSP's calculation of these amounts, values and inputs (c) the following information and reporting requirements: <ul style="list-style-type: none"> A. a board resolution to self-insure (i.e. a copy of the signed minutes recording resolution made by the board) B. confirmation that the TNSP is in a position to undertake credible self insurance for those events C. self-insurance details setting out the specific risks the TNSP has resolved to self-insure D. a report from an appropriately qualified actuary or risk specialist verifying the calculation of risks and corresponding insurance premiums E. the annual regulatory accounts must record the cost of self-insurance as an operating expense and establish a self-insurance reserve F. when a claim against self-insurance is made, an appropriate deduction to the self-insurance reserve must be recorded. | <p>ElectraNet's self-insurance forecast is included in section 6.7.6, which sets out the specific risks to be self-insured.</p> <p>A copy of the actuarial assessment undertaken by Aon Risk Solutions on which this is forecast based is at Appendix V, which incorporates a separate assessment for workers compensation losses undertaken by Brett and Watson Consulting.</p> <p>These assessments include details of all amounts, values and other inputs used to calculate the proposed premium and an explanation of the calculations.</p> <p>A copy of the Board's resolution to self-insure is at Appendix U.</p> |
| 4.3.22 | <p>Services provided by the TNSP</p> <p>A TNSP's revenue proposal must contain:</p> <ul style="list-style-type: none"> (a) the name and description of each individual prescribed transmission service provided by the TNSP that is the subject of that revenue proposal (b) the quality, reliability and security of supply of each prescribed transmission service provided by the TNSP (c) the reliability, safety and security of the transmission system provided by the TNSP in the supply of prescribed transmission services. | <p>The services provided by ElectraNet are explained in section 2.3.</p> |

SUBMISSION GUIDELINES COMPLIANCE CHECKLIST

| Guideline Section | Submission Guideline's Clauses | ElectraNet – Revenue Proposal |
|-------------------|---|--|
| 4.3.23 | <p>Forecast map of transmission system</p> <p>A TNSP's revenue proposal must contain a forecast map of the transmission system for the relevant regulatory control period. This map, together with any appropriate accompanying notes, should also indicate the location of new major network assets proposed to be constructed over the regulatory control period and should identify:</p> <ul style="list-style-type: none"> (a) the different ratings of the transmission lines (b) other major network assets. | <p>Network maps are included in section 3.2.2.</p> <p>A more detailed network map has been submitted on a confidential basis.</p> <p>The location of major new network assets is described in Appendix P</p> <p>Transmission line ratings are available at: http://www.aemo.com.au/en/Electricity/Network-Operations/Network-Outages-and-Ratings/Transmission-Equipment-Ratings</p> |
| 4.3.24 | <p>Related parties</p> <p>A TNSP's revenue proposal must contain the following:</p> <ul style="list-style-type: none"> (a) details of the following information relating to any material related party transactions whose costs are attributed to, or allocated between, categories of transmission services provided by the TNSP: <ul style="list-style-type: none"> A. details of the related party B. the terms of the related party contract C. a description of the goods and/or services that are the subject of the transaction, and D. a description of the procurement process undertaken in respect of the goods and/or services that are the subject of the transaction, and, in particular, whether the procurement process was a competitive process. (b) The TNSP's confirmation that the terms and conditions of any related party contract that it has require the related party to provide sufficient information to the TNSP to enable the TNSP to meet obligations to attribute or allocate the costs of that related party contract under these guidelines. | <p>There are no material related party transactions whose costs are attributed to, or allocated between, categories of transmission services provided by ElectraNet</p> |

SUBMISSION GUIDELINES COMPLIANCE CHECKLIST

| Guideline Section | Submission Guideline's Clauses | ElectraNet – Negotiating Framework |
|-------------------|---|--|
| Purpose | The purpose of this table is to demonstrate compliance with the Negotiating Framework content requirements specified in Chapter 5 the AER's Electricity Transmission Network Service Providers Submission Guidelines | |
| Guideline section | Requirement | How section was addressed in Negotiating Framework |
| 5.2(b) | A TNSP's negotiating framework must specify a requirement for the TNSP to provide a description to the service applicant of the nature of the negotiated transmission service that is the subject of negotiation, including details of what the TNSP would provide to the service applicant as part of that service. | Refer to clause 6.1.1 |
| 5.2(c) | Consistent with clause 6A.9.5(c)(1) of the NER, a TNSP's negotiating framework must specify a requirement for the TNSP and a service applicant to negotiate in good faith the price at which the negotiated transmission service is to be provided. | Refer to clause 2.1 |
| 5.2(d) | Consistent with clause 6A.9.5(c)(2) of the NER, a TNSP's negotiating framework must specify a requirement for the TNSP to provide all such commercial information as a service applicant may reasonably require to enable that applicant to engage in effective negotiation with the TNSP as to the price at which the negotiated transmission service is to be provided, including the cost information described below. | Refer to clause 6.1 and 7 |
| 5.2(e) | Consistent with clause 6A.9.5(c)(3) of the NER, a TNSP's negotiating framework must specify a requirement for the TNSP to: (1) identify, and inform a service applicant of , the reasonable costs, and/or the increase or decrease in costs (as appropriate), of providing the negotiated transmission service (2) demonstrate to a service applicant that the charges for providing the negotiated transmission service reflect those costs and/or the cost increment or decrement (as appropriate). | Refer to clause 6.1.3 |
| 5.2(f) | Consistent with clause 6A.9.1(1) of the NER, a TNSP's negotiating framework must specify a requirement for the TNSP to base its price for a negotiated transmission service on the costs incurred in providing that service, determined according to the TNSP's approved cost allocation methodology. | Refer to clause 6.1.3. It is noted that the Negotiating Framework does not directly refer to ElectraNet's Cost Allocation Methodology, consistent with the practice adopted to date in Negotiating Frameworks approved by the AER (with the approved Powerlink Negotiating Framework being the most recent example). |
| 5.2(g) | A TNSP's negotiating framework must specify a requirement for the TNSP to provide the service applicant with the terms and conditions on which the TNSP would provide its negotiated transmission service to the service applicant. | Refer to clause 6.1.2 |
| 5.2(h) | Consistent with clause 6A.9.5(c)(4) of the NER, a TNSP's negotiating framework must specify a requirement for a service applicant to provide all such commercial information as the TNSP may reasonably require to enable the TNSP to engage in effective negotiation with that applicant as to the price at which the negotiated transmission service is to be provided. | Refer to clauses 4 and 5 |

SUBMISSION GUIDELINES COMPLIANCE CHECKLIST

| Guideline Section | Submission Guideline's Clauses | ElectraNet – Negotiating Framework |
|-------------------|---|---------------------------------------|
| 5.2(i)(1) | Consistent with clause 6A.9.5(c)(5) of the NER, a TNSP's negotiating framework must specify a requirement for the TNSP to provide a reasonable period of time for commencing, progressing and finalising negotiations with a service applicant | Refer to clauses 3.4 and 3.5 |
| 5.2(i)(2) | Consistent with clause 6A.9.5(c)(5) of the NER, a TNSP's negotiating framework must specify a requirement for each party to the negotiation to use its reasonable endeavours to adhere to those time periods during the negotiation. | Refer to clauses 3.3.2, 3.4.2 and 3.5 |
| 5.2(j) | Consistent with clause 6A.9.5(c)(6) of the NER, a TNSP's negotiating framework must specify a requirement for the TNSP to provide a process for dispute resolution that provides that all disputes about the price at which negotiated transmission services are to be provided are to be dealt with according to schedule 6A.3 of the NER. | Refer to clause 10 |
| 5.2(k) | Consistent with clause 6A.9.5(c)(7) of the NER, a TNSP's negotiating framework must specify for payment by a service applicant of the TNSP's reasonable direct expenses incurred in processing the application to provide the negotiated transmission service. | Refer to clause 11 |