

Workbook 6 – Capital Expenditure Sharing Scheme Basis of Preparation

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Contact details

Energex Limited
GPO Box 1461 Brisbane QLD 4001
26 Reddacliff Street Newstead QLD 4006
Telephone 13 12 53
www.energex.com.au

Energex Limited ABN 40 078 849 055

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1 OVERVIEW

1.1 Introduction

On 31 October 2018, the Australian Energy Regulator (AER) issued Energex Limited (Energex) with a Regulatory Information Notice (RIN) under Division 4 of Part 3 of the National Electricity (Queensland) Law.

Clause 1.3 of the RIN requires Energex, for all information, other than forecast information, to provide in accordance with the RIN and the instructions in Appendix E, a basis of preparation demonstrating how Energex has complied with this notice in respect of the information in each regulatory template in the Microsoft Excel Workbooks attached at Appendix A.

This Basis of Preparation relates to the information provided in the regulatory template “Workbook 6 – CESS”.

2 Capital Expenditure Sharing Scheme (CESS) Model

2.1 Input – Reported capex

The AER requires Energex to provide the following information for 2015-16 to 2017-18:

- Total capex
- Customer contributions
- Asset Disposals, and
- Other excludable capex.

This Basis of Preparation applies for all information, other than forecast information, input by Energex into the CESS model.

2.1.1 Consistency with RIN Requirements

The information provided by Energex is actual information.

2.1.2 Source of information

Variable	Source
Actual CPI Inflation Rate	Australian Bureau of Statistics, Dec – Dec Consumer Price Index for eight capital cities
Real Vanilla WACC	AER
Total capex allowance	2015 AER PTRM
Customer Contributions allowance	2015 AER PTRM
Asset Disposals allowance	2015 AER PTRM
Total capex	Energex Annual Reporting Regulatory Information Notices (AR RINs)
Customer Contributions	Energex AR RINs
Asset Disposals	Energex AR RINs

2.1.3 Methodology

Assumptions

No assumptions were applied to inputting data into the CESS model.

Approach

Energex sourced data from the 2015 PTRM and AR RINs, as appropriate and applied this to cells in the AER's CESS model, as per AER directions.

2.1.4 Estimated information

No historical information was estimated.