

Ergon Energy Reset RIN Workbook 6 – CESS



Basis of Preparation

31 January 2019



1 Overview

1.1 Introduction

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

Paragraph 1.3 in Schedule 1 of the RIN requires for all information, other than forecast information, to provide in accordance with the Notice and the instructions in Appendix E, a basis of preparation demonstrating how Ergon Energy has complied with the Notice in respect of the information in each regulatory template in the Microsoft Excel Workbooks attached at Appendix A of the Notice.

This Basis of Preparation relates to the information provided in regulatory template, 'Ergon Energy 2021-2025 - Capital Expenditure Sharing Scheme – Regulatory Information Notice templates.xlsx (Workbook 6 – CESS)'.

1. BOP CESS Template

1.1 RIN requirements

The AER requires Ergon Energy to provide the following information for the CESS regulatory template:

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

This Basis of Preparation applies for all information, other than forecast information, input by Ergon Energy into the Capital Expenditure Sharing Scheme (CESS) template.

1.1.1 Consistency with RIN Requirements

Ergon Energy has populated the template with total capex, customer contributions, and asset disposals as required. Information has been sourced and reconciles to records used in the normal course of business, and is free from judgements and assumptions.

1.1.2 Source of information

Variable	Source
Actual CPI Inflation Rate	Australian Bureau of Statistics, Dec – Dec Consumer Price Index for eight capital cities

Variable	Source
Real Vanilla WACC	AER – Final decision Ergon Energy distribution determination – Post tax revenue model – October 2015
Total capex allowance	AER – Final decision Ergon Energy distribution determination – Post tax revenue model – October 2015
Customer Contributions allowance	AER – Final decision Ergon Energy distribution determination – Post tax revenue model – October 2015
Asset Disposals allowance	AER – Final decision Ergon Energy distribution determination – Post tax revenue model – October 2015
Total capex	Ergon Energy Annual Reporting Regulatory Information Notice
Customer Contributions	Ergon Energy Annual Reporting Regulatory Information Notice
Asset Disposals	Ergon Energy Annual Reporting Regulatory Information Notice
Other excludable capex	Not applicable

1.1.3 Methodology

1.1.3.1 Assumptions

No assumptions were applied to the data entered in the CESS template.

1.1.3.2 Approach

Ergon Energy sourced data from the Post tax revenue model – October 2015 and Annual Reporting Regulatory Information Notices and entered the information into the data entry fields denoted by yellow shading in the template.

1.1.4 Estimated information

No information was estimated.