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# **AusNet Electricity Services Pty Ltd**

## **Electricity Distribution Price Review 2016–20**

### **Appendix 16A: Tax Standard Lives**

**Submitted: 30 April 2015**

## Calculation of Proposed Tax Standard Lives

This attachment describes the calculation of AusNet Services' proposed tax standard lives.

Standard lives were assigned to tax asset classes by mapping the asset classes and standard lives set out in the ATO Tax Ruling 2014/14 using:

- Weighted averages of the ATO standard lives for **distribution system assets** and **subtransmission assets** using weights based on actual capex between 2006 and 2013, with capex classified according to the Benchmarking RIN categories because these categories align with the ATO Tax Ruling asset classes;
- A simple average of the ATO standard lives for **non-network general assets: other**;
- The ATO standard life for **non-network general assets: IT**; and
- The ATO standard life for **SCADA/Network control**.

The below table illustrates this process:

**Table 1: Calculation of proposed tax standard lives**

| RAB asset class                    | ATO Tax Ruling                                                                                                                                                       |                | Mapping method   | RAB asset classes - standard lives |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------|------------------------------------|
|                                    | Asset class                                                                                                                                                          | Standard Lives |                  |                                    |
| SCADA/Network control              | Control, monitoring, communications and protection systems                                                                                                           | 10             | Direct map       | 10                                 |
| Distribution system assets         | Above ground (incorporating conductors; cross arms, insulators and fittings; poles – concrete, wood, steel or stobie; and transformers – pole or ground pad mounted) | 45             | Weighted average | 46                                 |
|                                    | Underground (incorporating cables, fittings and ground pad mounted transformers)                                                                                     | 50             |                  |                                    |
|                                    | Distribution substations/transformers, pole or ground pad mounted                                                                                                    | 40             |                  |                                    |
| Subtransmission                    | Distribution zone substations (excluding control, monitoring, communications and protection systems)                                                                 | 40             | Weighted average | 43                                 |
|                                    | Transmission lines (incorporating conductors, insulators and towers)                                                                                                 | 47.5           |                  |                                    |
| Non-network general assets – IT    | Computer: Generally                                                                                                                                                  | 4              | Direct map       | 4                                  |
| Non-network general assets – Other | Cars (motor vehicles designed to carry a load of less than one tonne and fewer than 9 passengers): General                                                           | 8              | Simple average   | 12                                 |
|                                    | Light commercial vehicles designed to carry a load of one tonne or greater and having a gross vehicle mass of 3.5 tonnes or less                                     | 12             |                  |                                    |
|                                    | Trucks having a gross vehicle mass greater than 3.5 tonnes (excluding off highway trucks used in mining operations)                                                  | 15             |                  |                                    |

Source: ATO Tax Ruling 2014/14; AusNet Services analysis