

# Checklist of requirements for AusNet Services; Electricity Distribution Revised Regulatory Proposal

Version 53 of Chapter 6, and clauses 11.60, 11.65 and 11.76 of the National Electricity Rules

IP – Initial Proposal

RRP – Revised Regulatory Proposal

Clause	Requirement	Revised Regulatory Proposal cross-ref
6.3.1	<b>Building block determinations</b>	
	<p>(c) The <i>building block proposal</i>:</p> <p>(1) must be prepared in accordance with the <i>post-tax revenue model</i> and other relevant requirements of this Part;</p> <p>(2) must comply with the requirements of, and must contain or be accompanied by the information required by, any relevant <i>regulatory information instrument</i>; and</p> <p>(3) must be prepared in accordance with Schedule 6.1.</p>	AusNet Services' 2016-20 Electricity Distribution Revised Regulatory Proposal (RRP)
6.5.2	<b>Return on capital</b>	RRP Chapter 2, Section 2.3.2 sets out the return on capital
	<p>(a) The return on capital for each <i>regulatory year</i> must be calculated by applying a rate of return for the relevant <i>Distribution Network Service Provider</i> for that <i>regulatory year</i> that is determined in accordance with this clause 6.5.2 (the <i>allowed rate of return</i>) to the value of the regulatory asset base for the relevant <i>distribution system</i> as at the beginning of that <i>regulatory year</i> (as established in accordance with clause 6.5.1 and schedule 6.2).</p>	IP – AusNet's proposed rate of return is based on WACC parameters entered in 'PTRM input' sheet in AusNet's PTRM. Calculation of the return on capital component is as per the 'Analysis' sheet within AusNet's PTRM.
	<b>Allowed rate of return</b>	RRP – Chapter 7 explains the approach to calculating the proposed rate of return and why it meets the rate of return objective.
	<p>(b) The <i>allowed rate of return</i> is to be determined such that it achieves the <i>allowed rate of return objective</i>.</p> <p>(c) The <i>allowed rate of return objective</i> is that the rate of return for a <i>Distribution Network Service Provider</i> is to be commensurate with the efficient financing costs of a benchmark efficient entity with a similar degree of risk as that which applies to the <i>Distribution Network Service Provider in respect of the provision of standard control services (the allowed rate of return objective)</i>.</p>	<p>Section 7.3 sets out the approach to calculating the return on debt.</p> <p>Section 7.4 sets out the approach to calculating the return on equity.</p> <p>Section 7.8. sets out the proposed rate of return.</p>

Clause	Requirement	Revised Regulatory Proposal cross-ref
	<p>(d) Subject to paragraph (b), the <i>allowed rate of return</i> for a <i>regulatory year</i> must be:</p> <p>(1) a weighted average of the return on equity for the <i>regulatory control period</i> in which that <i>regulatory year</i> occurs (as estimated under paragraph (f)) and the return on debt for that <i>regulatory year</i> (as estimated under paragraph (h)); and</p> <p>(2) determined on a nominal vanilla basis that is consistent with the estimate of the value of imputation credits referred to in clause 6.5.3.</p>	RRP – Addressed in Section 7.8
6.5.2	<p>(e) In determining the <i>allowed rate of return</i>, regard must be had to:</p> <p>(1) relevant estimation methods, financial models, market data and other evidence;</p> <p>(2) the desirability of using an approach that leads to the consistent application of any estimates of financial parameters that are relevant to the estimates of, and that are common to, the return on equity and the return on debt; and</p> <p>(3) any interrelationships between estimates of financial parameters that are relevant to the estimates of the return on equity and the return on debt.</p>	RRP – Addressed throughout Chapter 7
	<p><b>Return on equity</b></p> <p>(f) The return on equity for a <i>regulatory control period</i> must be estimated such that it contributes to the achievement of the <i>allowed rate of return objective</i>.</p> <p>(g) In estimating the return on equity under paragraph (f), regard must be had to the prevailing conditions in the market for equity funds.</p>	RRP – Addressed in Section 7.4
	<p><b>Return on debt</b></p> <p>(h) The return on debt for a <i>regulatory year</i> must be estimated such that it contributes to the achievement of the <i>allowed rate of return objective</i>.</p>	RRP – Addressed in Section 7.3
	<p>(i) The return on debt may be estimated using a methodology which results in either:</p> <p>(1) the return on debt for each <i>regulatory year</i> in the <i>regulatory control period</i> being the same; or</p> <p>(2) the return on debt (and consequently the <i>allowed rate of return</i>) being, or potentially being, different for different <i>regulatory years</i> in the <i>regulatory control period</i>.</p>	RRP – Addressed in Section 7.3

Clause	Requirement	Revised Regulatory Proposal cross-ref
	<p>(j) Subject to paragraph (h), the methodology adopted to estimate the return on debt may, without limitation, be designed to result in the return on debt reflecting:</p> <ol style="list-style-type: none"> <li>(1) the return that would be required by debt investors in a benchmark efficient entity if it raised debt at the time or shortly before the making of the distribution determination for the <i>regulatory control period</i>;</li> <li>(2) the average return that would have been required by debt investors in a benchmark efficient entity if it raised debt over an historical period prior to the commencement of a <i>regulatory year</i> in the <i>regulatory control period</i>; or</li> <li>(3) some combination of the returns referred to in subparagraphs (1) and (2).</li> </ol>	RRP – Addressed in Section 7.3
<b>6.5.2</b>	<p>(k) In estimating the return on debt under paragraph (h), regard must be had to the following factors:</p> <ol style="list-style-type: none"> <li>(1) the desirability of minimising any difference between the return on debt and the return on debt of a benchmark efficient entity referred to in the <i>allowed rate of return objective</i>;</li> <li>(2) the interrelationship between the return on equity and the return on debt;</li> <li>(3) the incentives that the return on debt may provide in relation to capital expenditure over the <i>regulatory control period</i>, including as to the timing of any capital expenditure; and</li> <li>(4) any impacts (including in relation to the costs of servicing debt across <i>regulatory control periods</i>) on a benchmark efficient entity referred to in the <i>allowed rate of return objective</i> that could arise as a result of changing the methodology that is used to estimate the return on debt from one <i>regulatory control period</i> to the next.</li> </ol>	RRP – Addressed in Section 7.3
	<p>(l) If the return on debt is to be estimated using a methodology of the type referred to in paragraph (i)(2) then a resulting change to the <i>Distribution Network Service Provider's annual revenue requirement</i> must be effected through the automatic application of a formula that is specified in the distribution determination.</p>	RRP – Addressed in Section 7.3.7

Clause	Requirement	Revised Regulatory Proposal cross-ref
6.5.3	<p><b>Estimated cost of corporate income tax</b></p> <p>The estimated cost of corporate income tax of a <i>Distribution Network Service Provider</i> for each <i>regulatory year</i> (<math>ETC_t</math>) must be estimated in accordance with the following formula:</p> $ETC_t = (ETI_t \times r_t) (1 - \gamma)$ <p>where:</p> <p><math>ETI_t</math> is an estimate of the taxable income for that <i>regulatory year</i> that would be earned by a benchmark efficient entity as a result of the provision of <i>standard control services</i> if such an entity, rather than the <i>Distribution Network Service Provider</i>, operated the business of the <i>Distribution Network Service Provider</i>, such estimate being determined in accordance with the <i>post-tax revenue model</i>;</p> <p><math>r_t</math> is the expected statutory income tax rate for that <i>regulatory year</i> as determined by the <i>AER</i>; and</p> <p><math>\gamma</math> is the value of imputation credits.</p>	<p>RRP Chapter 10, Section 10.2.3 sets out the revised proposed tax allowance</p> <p>RRP – The calculation of AusNet’s revised tax allowance accords with the methodology prescribed in the AER’s PTRM. This calculation takes into account AusNet’s estimate of the value of imputation credits (gamma).</p> <p>RRP Chapter 7, Section 7.5 sets out AusNet’s proposed gamma.</p>
6.5.5	<p><b>Depreciation</b></p> <p>(a) The depreciation for each <i>regulatory year</i>:</p> <p>(1) must be calculated on the value of the assets as included in the regulatory asset base, as at the beginning of that <i>regulatory year</i>, for the relevant <i>distribution system</i>; and</p> <p>(2) must be calculated:</p> <p>(i) providing such depreciation schedules conform with the requirements set out in paragraph (b), using the depreciation schedules for each asset or category of assets that are nominated in the relevant <i>Distribution Network Service Provider’s building block proposal</i>; or</p> <p>(ii) to the extent the depreciation schedules nominated in the <i>Distribution Network Service Provider’s building block proposal</i> do not so conform, using the depreciation schedules determined for that purpose by the <i>AER</i>.</p>	<p>RRP Chapter 9, Section 9.4 sets out the proposed depreciation allowance</p> <p>Depreciation of the regulatory asset base is calculated within AusNet Services’ ‘year-by-year’ depreciation model which uses the ‘year-by-year’ tracking of net capex approach.</p> <p>AusNet’s depreciation schedule for the forthcoming regulatory control period is contained in the ‘year-by-year tracking depreciation model’ and reflected in the ‘Assets’ sheet within AusNet’s PTRM.</p>

Clause	Requirement	Revised Regulatory Proposal cross-ref
	<p>(b) The depreciation schedules referred to in paragraph (a) must conform to the following requirements:</p> <ol style="list-style-type: none"> <li>(1) the schedules must depreciate using a profile that reflects the nature of the assets or category of assets over the economic life of that asset or category of assets;</li> <li>(2) the sum of the real value of the depreciation that is attributable to any asset or category of assets over the economic life of that asset or category of assets (such real value being calculated as at the time the value of that asset or category of assets was first included in the regulatory asset base for the relevant <i>distribution system</i>) must be equivalent to the value at which that asset or category of assets was first included in the regulatory asset base for the relevant <i>distribution system</i>;</li> <li>(3) the economic life of the relevant assets and the depreciation methods and rates underpinning the calculation of depreciation for a given <i>regulatory control period</i> must be consistent with those determined for the same assets on a prospective basis in the distribution determination for that period.</li> </ol>	<p>AusNet's depreciation schedule for the forthcoming regulatory control period is contained in the 'year-by-year tracking depreciation model' and reflected in the 'Assets' sheet within AusNet's PTRM.</p> <p>An overview of AusNet's depreciation methodology is provided in section 9.4 of Chapter 9 (Depreciation) of RRP</p> <p>As noted in section 15.2.3 of the Initial Proposal, the standard lives for SCADA &amp; Comms assets have increased from 5 to 10 years, which reflects the nature of the assets that will be added to this asset class from the beginning of the next regulatory period. The AER approved these changes in its preliminary decision on the opening RAB for AusNet Services (per AER, Attachment 2 - Regulatory asset base - October 2015)</p>

Clause	Requirement	Revised Regulatory Proposal cross-ref
6.5.6	<p><b>Forecast operating expenditure</b></p> <p>(a) A <i>building block proposal</i> must include the total forecast operating expenditure for the relevant <i>regulatory control period</i> which the <i>Distribution Network Service Provider</i> considers is required in order to achieve each of the following (the <i>operating expenditure objectives</i>):</p> <ol style="list-style-type: none"> <li>(1) meet or manage the expected demand for <i>standard control services</i> over that period;</li> <li>(2) comply with all applicable <i>regulatory obligations or requirements</i> associated with the provision of <i>standard control services</i>;</li> <li>(3) to the extent that there is no applicable <i>regulatory obligation or requirement</i> in relation to: <ol style="list-style-type: none"> <li>(i) the quality, reliability or security of supply of <i>standard control services</i>; or</li> <li>(ii) the reliability or security of the <i>distribution system</i> through the supply of <i>standard control services</i>,</li> </ol> <p>to the relevant extent:</p> <ol style="list-style-type: none"> <li>(iii) maintain the quality, reliability and security of supply of <i>standard control services</i>; and</li> <li>(iv) maintain the reliability and security of the <i>distribution system</i> through the supply of <i>standard control services</i>; and</li> </ol> </li> <li>(4) maintain the safety of the <i>distribution system</i> through the supply of <i>standard control services</i>.</li> </ol>	RRP Chapter 4 (Operating and Maintenance Expenditure) sets out AusNet's opex forecast in accordance with these requirements. Section 4.8 sets out the annual and total proposed opex.
	<p>(b) The forecast of required operating expenditure of a <i>Distribution Network Service Provider</i> that is included in a <i>building block proposal</i> must:</p> <ol style="list-style-type: none"> <li>(1) comply with the requirements of any relevant <i>regulatory information instrument</i>;</li> </ol>	There is no relevant RIN for the revised regulatory proposal.
	<ol style="list-style-type: none"> <li>(2) be for expenditure that is properly allocated to <i>standard control services</i> in accordance with the principles and policies set out in the <i>Cost Allocation Method</i> for the <i>Distribution Network Service Provider</i>; and</li> </ol>	Forecast opex is for standard control services and has been allocated in accordance with the approved CAM.
	<ol style="list-style-type: none"> <li>(3) include both: <ol style="list-style-type: none"> <li>(i) the total of the forecast operating expenditure for the relevant <i>regulatory control period</i>; and</li> <li>(ii) the forecast operating expenditure for each <i>regulatory year</i> of the relevant <i>regulatory control period</i>.</li> </ol> </li> </ol>	RRP Chapter 4, Section 4.8; RRP Reset RIN Template 2.16.1.

Clause	Requirement	Revised Regulatory Proposal cross-ref
	<p>(c) The <i>AER</i> must accept the forecast of required operating expenditure of a <i>Distribution Network Service Provider</i> that is included in a <i>building block proposal</i> if the <i>AER</i> is satisfied that the total of the forecast operating expenditure for the <i>regulatory control period</i> reasonably reflects each of the following (the <i>operating expenditure criteria</i>):</p> <ol style="list-style-type: none"> <li>(1) the efficient costs of achieving the <i>operating expenditure objectives</i>; and</li> <li>(2) the costs that a prudent operator would require to achieve the <i>operating expenditure objectives</i>; and</li> <li>(3) a realistic expectation of the demand forecast and cost inputs required to achieve the <i>operating expenditure objectives</i>.</li> </ol>	N/A
6.5.6	<p>(d) If the <i>AER</i> is not satisfied as referred to in paragraph (c), it must not accept the forecast of required operating expenditure of a <i>Distribution Network Service Provider</i> that is included in a <i>building block proposal</i>.</p>	N/A
	<p>(e) In deciding whether or not the <i>AER</i> is satisfied as referred to in paragraph (c), the <i>AER</i> must have regard to the following (the <i>operating expenditure factors</i>):</p> <ol style="list-style-type: none"> <li>(1) <b>[Deleted]</b></li> <li>(2) <b>[Deleted]</b></li> <li>(3) <b>[Deleted]</b></li> <li>(4) the most recent <i>annual benchmarking report</i> that has been <i>published</i> under rule 6.27 and the benchmark operating expenditure that would be incurred by an efficient <i>Distribution Network Service Provider</i> over the relevant <i>regulatory control period</i>;</li> <li>(5) the actual and expected operating expenditure of the <i>Distribution Network Service Provider</i> during any preceding <i>regulatory control periods</i>;</li> <li>(5A) the extent to which the operating expenditure forecast includes expenditure to address the concerns of electricity consumers as identified by the <i>Distribution Network Service Provider</i> in the course of its engagement with electricity consumers;</li> <li>(6) the relative prices of operating and capital inputs;</li> <li>(7) the substitution possibilities between operating and capital expenditure;</li> </ol>	N/A

Clause	Requirement	Revised Regulatory Proposal cross-ref
6.5.6	<p>(8) whether the operating expenditure forecast is consistent with any incentive scheme or schemes that apply to the <i>Distribution Network Service Provider</i> under clauses 6.5.8 or 6.6.2 to 6.6.4;</p> <p>(9) the extent the operating expenditure forecast is referable to arrangements with a person other than the <i>Distribution Network Service Provider</i> that, in the opinion of the <i>AER</i>, do not reflect arm's length terms;</p> <p>(9A) whether the operating expenditure forecast includes an amount relating to a project that should more appropriately be included as a <i>contingent project</i> under clause 6.6A.1(b);</p> <p>(10) the extent the <i>Distribution Network Service Provider</i> has considered, and made provision for, efficient and prudent non-<i>network</i> alternatives; and</p> <p>(11) [Note: Clause left intentionally blank]</p> <p>(12) any other factor the <i>AER</i> considers relevant and which the <i>AER</i> has notified the <i>Distribution Network Service Provider</i> in writing, prior to the submission of its revised <i>regulatory proposal</i> under clause 6.10.3, is an <i>operating expenditure factor</i>.</p>	N/A



Clause	Requirement	Revised Regulatory Proposal cross-ref
6.5.7	<p><b>Forecast capital expenditure</b></p> <p>(a) A <i>building block proposal</i> must include the total forecast capital expenditure for the relevant <i>regulatory control period</i> which the <i>Distribution Network Service Provider</i> considers is required in order to achieve each of the following (the <i>capital expenditure objectives</i>):</p> <ul style="list-style-type: none"> <li>(1) meet or manage the expected demand for <i>standard control services</i> over that period;</li> <li>(2) comply with all applicable <i>regulatory obligations or requirements</i> associated with the provision of <i>standard control services</i>;</li> <li>(3) to the extent that there is no applicable <i>regulatory obligation or requirement</i> in relation to: <ul style="list-style-type: none"> <li>(i) the quality, reliability or security of supply of <i>standard control services</i>; or</li> <li>(ii) the reliability or security of the <i>distribution system</i> through the supply of <i>standard control services</i>,</li> </ul> </li> </ul> <p>to the relevant extent:</p> <ul style="list-style-type: none"> <li>(iii) maintain the quality, reliability and security of supply of <i>standard control services</i>; and</li> <li>(iv) maintain the reliability and security of the <i>distribution system</i> through the supply of <i>standard control services</i>; and</li> </ul> <p>(4) maintain safety of the <i>distribution system</i> through the supply of <i>standard control services</i>.</p>	<p>RRP Chapter 3 – Capital Expenditure, sets out AusNet Services’ capex forecast in accordance with these requirements.</p> <p>See in particular, Section 3.2, which identifies that the forecast capex is required to meet the capital expenditure objectives.</p> <p>IP Chapter 7 - Capital Expenditure, sets out AusNet Services’ capex forecast in accordance with these requirements.</p> <p>See in particular, Section 7.1, p.p.3-4, which identifies that the forecast capex is required to meet the capital expenditure objectives.</p>
	<p>(b) The forecast of required capital expenditure of a <i>Distribution Network Service Provider</i> that is included in a <i>building block proposal</i> must:</p> <ul style="list-style-type: none"> <li>(1) comply with the requirements of any relevant <i>regulatory information instrument</i>;</li> </ul>	<p>There is no relevant RIN for the revised regulatory proposal.</p>
	<ul style="list-style-type: none"> <li>(2) be for expenditure that is properly allocated to standard control services in accordance with the principles and policies set out in the Cost Allocation Method for the Distribution Network Service Provider;</li> </ul>	<p>RRP Chapter 3, Section 3.10 IP Chapter 7, Section 7.3.4</p>
	<ul style="list-style-type: none"> <li>(3) include both: <ul style="list-style-type: none"> <li>(i) the total of the forecast capital expenditure for the relevant <i>regulatory control period</i>; and</li> <li>(ii) the forecast capital expenditure for each regulatory year of the relevant regulatory control period; and</li> </ul> </li> </ul>	<p>Chapter 3, Section 3.10, Table 3.16  Chapter 3, Section 3.10, Table 3.16</p>

Clause	Requirement	Revised Regulatory Proposal cross-ref
	(4) identify any forecast capital expenditure for the relevant <i>regulatory control period</i> that is for an option that has satisfied the <i>regulatory test</i> .	There has been no change from the initial proposal. Relevant capex is identified in the Initial Proposal as below.  IP Chapter 7, Section 7.4.4  IP Network Consultation Conclusions Report – Maintain reliability of electricity supply to Kalkallo substation customers
6.5.7	<p>(c) The <i>AER</i> must accept the forecast of required capital expenditure of a <i>Distribution Network Service Provider</i> that is included in a <i>building block proposal</i> if the <i>AER</i> is satisfied that the total of the forecast capital expenditure for the <i>regulatory control period</i> reasonably reflects each of the following (the <i>capital expenditure criteria</i>):</p> <ol style="list-style-type: none"> <li>(1) the efficient costs of achieving the <i>capital expenditure objectives</i>;</li> <li>(2) the costs that a prudent operator would require to achieve the <i>capital expenditure objectives</i>; and</li> <li>(3) a realistic expectation of the demand forecast and cost inputs required to achieve the <i>capital expenditure objectives</i>.</li> </ol> <p>(d) If the <i>AER</i> is not satisfied as referred to in paragraph (c), it must not accept the forecast of required capital expenditure of a <i>Transmission Network Service Provider</i>.</p> <p>(e) In deciding whether or not the <i>AER</i> is satisfied as referred to in paragraph (c), the <i>AER</i> must have regard to the following (the <i>capital expenditure factors</i>):</p> <ol style="list-style-type: none"> <li>(1) [Deleted]</li> <li>(2) [Deleted]</li> <li>(3) [Deleted]</li> <li>(4) the most recent <i>annual benchmarking report</i> that has been <i>published</i> under rule 6.27 and the benchmark capital expenditure that would be incurred by an efficient <i>Distribution Network Service Provider</i> over the relevant <i>regulatory control period</i>;</li> </ol>	<p>N/A</p> <p>N/A</p> <p>N/A</p>

Clause	Requirement	Revised Regulatory Proposal cross-ref
6.5.7	<ul style="list-style-type: none"> <li>(5) the actual and expected capital expenditure of the <i>Distribution Network Service Provider</i> during any preceding <i>regulatory control periods</i>;</li> <li>(5A) the extent to which the capital expenditure forecast includes expenditure to address the concerns of electricity consumers as identified by the <i>Distribution Network Service Provider</i> in the course of its engagement with electricity consumers</li> <li>(6) the relative prices of operating and capital inputs;</li> <li>(7) the substitution possibilities between operating and capital expenditure;</li> <li>(8) whether the capital expenditure forecast is consistent with any incentive scheme or schemes that apply to the <i>Distribution Network Service Provider</i> under clauses 6.5.8A or 6.6.2 to 6.6.4;</li> </ul>	
	<ul style="list-style-type: none"> <li>(9) the extent the capital expenditure forecast is referable to arrangements with a person other than the <i>Distribution Network Service Provider</i> that, in the opinion of the <i>AER</i>, do not reflect arm's length terms;</li> <li>(9A) whether the capital expenditure forecast includes an amount relating to a project that should more appropriately be included as a contingent project under clause 6.6A.1(b);</li> <li>(10) the extent the <i>Distribution Network Service Provider</i> has considered, and made provision for, efficient and prudent non-<i>network</i> alternatives; and;</li> <li>(11) [Note: clause left intentionally blank];</li> <li>(12) any other factor the <i>AER</i> considers relevant and which the <i>AER</i> has notified the <i>Distribution Network Service Provider</i> in writing, prior to the submission of its revised <i>regulatory proposal</i> under clause 6.10.3, is a <i>capital expenditure factor</i>.</li> </ul>	N/A
6.5.9	<p><b>The X factor</b></p> <p>(b) The X factor:</p> <ul style="list-style-type: none"> <li>(1) must be set by the <i>AER</i> with regard to the <i>Distribution Network Service Provider's total revenue requirement</i> for the <i>regulatory control period</i>; and</li> </ul>	N/A
	<ul style="list-style-type: none"> <li>(2) must be such as to minimise, as far as reasonably possible, variance between expected revenue for the last <i>regulatory year</i> of the <i>regulatory control period</i> and the <i>annual revenue requirement</i> for that last <i>regulatory year</i>; and</li> </ul>	N/A

Clause	Requirement	Revised Regulatory Proposal cross-ref
6.5.9	<p>(3) must conform with whichever of the following requirements is applicable:</p> <p>(i) if the control mechanism relates generally to <i>standard control services</i> – the X factor must be designed to equalise (in terms of net present value) the revenue to be earned by the <i>Distribution Network Service Provider</i> from the provision of <i>standard control services</i> over the <i>regulatory control period</i> with the provider's <i>total revenue requirement</i> for the <i>regulatory control period</i>;</p> <p>(ii) if there are separate control mechanisms for different <i>standard control services</i> – the X factor for each control mechanism must be designed to equalise (in terms of net present value) the revenue to be earned by the <i>Distribution Network Service Provider</i> from the provision of <i>standard control services</i> to which the control mechanism relates over the <i>regulatory control period</i> with the portion of the provider's <i>total revenue requirement</i> for the <i>regulatory control period</i> attributable to those services.</p>	<p>AusNet's PTRM (under the Revenue Cap calculation in the 'X factors' sheet) shows that (3)(i) is satisfied.</p> <p>Further explanation of AusNet's proposal with respect to X factors is contained in section 2.3.3 of RRP Chapter 2 (Revenue)</p>
	<p>(c) There may be different X factors:</p> <p>(1) for different <i>regulatory years</i> of the <i>regulatory control period</i>; and</p> <p>(2) if there are 2 or more control mechanisms – for each control mechanism.</p>	As above
6.5.10	<p><b>Pass through events</b></p> <p>(a) A <i>building block proposal</i> may include a proposal as to the events that should be defined as <i>pass through events</i> under clause 6.6.1(a1)(5) having regard to the <i>nominated pass through event considerations</i>.</p>	RRP Chapter 6 (Cost Pass Through)
	<p>(b) In determining whether to accept the pass through events nominated by a <i>Distribution Network Service Provider</i> in its <i>building block proposal</i> under paragraph (a), the <i>AER</i> must take into account the <i>nominated pass through event considerations</i>.</p>	N/A
6.6A	<p><b>Contingent Projects</b></p>	<p>AusNet Services is proposing a contingent project for the 2016-20 regulatory control period relating to anticipated amendments to AusNet Services' bushfire mitigation obligations.</p> <p>Discussed further in Section 3.5 of RRP.</p>
6.6A.1	<p><b>Acceptance of a contingent project in a distribution determination</b></p> <p>(a) A <i>regulatory proposal</i> may include <i>proposed contingent capital expenditure</i>, which the <i>Distribution Network Service Provider</i> considers is reasonably required for the purpose of undertaking a <i>proposed contingent project</i>.</p>	

Clause	Requirement	Revised Regulatory Proposal cross-ref
6.6A.1	<p>(b) The <i>AER</i> must determine that a <i>proposed contingent project</i> is a <i>contingent project</i> if the <i>AER</i> is satisfied that:</p> <p>(1) the <i>proposed contingent project</i> is reasonably required to be undertaken in order to achieve any of the <i>capital expenditure objectives</i>;</p>	<p>Event:</p> <p>Installation of REFCLs contingent project - expenditure project to ensure polyphase electric line has the required capacity to reduce voltage in the event of a phase-to-ground fault</p> <p>Discussed further in Section 3.5 of RRP.</p>
	<p>(2) the <i>proposed contingent capital expenditure</i>:</p> <p>(i) is not otherwise provided for (either in part or in whole) in the total of the forecast capital expenditure for the relevant <i>regulatory control period</i> which is accepted in accordance with clause 6.5.7(c) or substituted in accordance with clause 6.12.1(3)(ii) (as the case may be);</p> <p>(ii) reasonably reflects the <i>capital expenditure criteria</i>, taking into account the <i>capital expenditure factors</i>, in the context of the <i>proposed contingent project</i> as described in the <i>regulatory proposal</i>; and</p> <p>(iii) exceeds either \$30 million or 5% of the value of the <i>annual revenue requirement</i> for the relevant <i>Distribution Network Service Provider</i> for the first year of the relevant <i>regulatory control period</i>, whichever is the larger amount;</p>	<p>In proposing this contingent project AusNet Services has had regard to the contingent project criteria outlined in clause 6.6A.1 of the Rules and it considers that each project and trigger meets the necessary requirements to be approved as a contingent project.</p> <p>Discussed further in Section 3.5 of RRP.</p> <p>The contingent project capex for REFCLs is not forecast in any other part of the Revised Proposal.</p>
	<p>(3) the <i>proposed contingent project</i> and the <i>proposed contingent capital expenditure</i>, as described or set out in the <i>regulatory proposal</i>, and the information provided in relation to these matters, complies with the relevant requirements of any relevant <i>regulatory information instrument</i>; and</p>	
	<p>(4) the <i>trigger events</i> in relation to the <i>proposed contingent project</i> which are proposed by the <i>Distribution Network Service Provider</i> in its <i>regulatory proposal</i> are appropriate.</p>	<p>AusNet Services has proposed a three-part trigger based on the AER's Preliminary Decision.</p> <p>Discussed further in Section 3.5 of RRP.</p>

Clause	Requirement	Revised Regulatory Proposal cross-ref
	<p>(c) In determining whether a <i>trigger event</i> in relation to a <i>proposed contingent project</i> is appropriate for the purposes of subparagraph (b)(4), the <i>AER</i> must have regard to the need for a <i>trigger event</i>:</p> <p>(1) to be reasonably specific and capable of objective verification;</p> <p>(2) to be a condition or event, which, if it occurs, makes the undertaking of the <i>proposed contingent project</i> reasonably necessary in order to achieve any of the <i>capital expenditure objectives</i>;</p>	Discussed in Section 3.5 of RRP.
	<p>(3) to be a condition or event that generates increased costs or categories of costs that relate to a specific location rather than a condition or event that affects the <i>distribution network</i> as a whole;</p>	<p>Yes - Approximately \$214 million in costs during the 2016-20 regulatory control period.</p> <p>Discussed further in Section 3.5 of RRP.</p>
6.6A.1	<p>(4) to be described in such terms that the occurrence of that event or condition is all that is required for the distribution determination to be amended under clause 6.6A.2; and</p>	Yes
	<p>(5) to be an event or condition, the occurrence of which is probable during the <i>regulatory control period</i>, but the inclusion of capital expenditure in relation to it under clause 6.5.7 is not appropriate because:</p> <p>(i) it is not sufficiently certain that the event or condition will occur during the <i>regulatory control period</i> or if it may occur after that <i>regulatory control period</i> or not at all; or</p> <p>(ii) subject to the requirement to satisfy subparagraph (b)(2)(iii), the costs associated with the event or condition are not sufficiently certain.</p>	Yes
6.7.5	<p><b>Preparation of and requirements for negotiating framework for negotiated distribution services</b></p> <p>(a) A <i>Distribution Network Service Provider</i> must prepare a document (the <i>negotiating framework</i>) setting out the procedure to be followed during negotiations between that provider and any person (the <i>Service Applicant</i> or applicant) who wishes to receive a <i>negotiated distribution service</i> from the provider, as to the <i>terms and conditions of access</i> for the provision of the service.</p>	The Negotiating Framework is provided as Appendix 12A.

Clause	Requirement	Revised Regulatory Proposal cross-ref
	<p>(b) The <i>negotiating framework</i> for a <i>Distribution Network Service Provider</i> must comply with and be consistent with:</p> <p>(1) the applicable requirements of the relevant distribution determination; and</p> <p><b>Note:</b> Clause 6.7.3 states: The determination specifying requirements relating to the <i>negotiating framework</i> forming part of a distribution determination for a <i>Distribution Network Service Provider</i> is to set out requirements that are to be complied with in respect of the preparation, replacement, application or operation of its <i>negotiating framework</i>.</p> <p>(2) paragraph (c), which sets out the minimum requirements for a <i>negotiating framework</i>.</p>	Negotiating Framework prepared consistent with the NER, requirements of the Framework & Approach and Preliminary Determination.
	<p>(c) The <i>negotiating framework</i> for a <i>Distribution Network Service Provider</i> must specify:</p> <p>(1) a requirement for the provider and a <i>Service Applicant</i> to negotiate in good faith the <i>terms and conditions of access</i> to a <i>negotiated distribution service</i>; and</p>	Negotiating Framework Clause 3
6.7.5	<p>(2) a requirement for the provider to provide all such commercial information a <i>Service Applicant</i> may reasonably require to enable that applicant to engage in effective negotiation with the provider for the provision of the <i>negotiated distribution service</i>, including the cost information described in subparagraph (3); and</p>	Negotiating Framework Clause 4
	<p>(3) a requirement for the provider:</p> <p>(i) to identify and inform a <i>Service Applicant</i> of the reasonable costs and/or the increase or decrease in costs (as appropriate) of providing the <i>negotiated distribution service</i>; and</p> <p>(ii) to demonstrate to a <i>Service Applicant</i> that the charges for providing the <i>negotiated distribution service</i> reflect those costs and/or the cost increment or decrement (as appropriate); and</p> <p>(iii) to have appropriate arrangements for assessment and review of the charges and the basis on which they are made; and</p>	Negotiating Framework Clause 4
	<p>(4) a requirement for a <i>Service Applicant</i> to provide all commercial information the provider may reasonably require to enable the provider to engage in effective negotiation with that applicant for the provision of the <i>negotiated distribution service</i>; and</p>	Negotiating Framework Clause 4
	<p>(5) a requirement that negotiations with a <i>Service Applicant</i> for the provision of the <i>negotiated distribution service</i> be commenced and finalised within specified periods and a requirement that each party to the negotiations must make reasonable endeavours to adhere to the specified time limits; and</p>	Negotiating Framework Clause 3

Clause	Requirement	Revised Regulatory Proposal cross-ref
	(6) a process for dispute resolution which provides that all disputes as to the <i>terms and conditions of access</i> for the provision of <i>negotiated distribution services</i> are to be dealt with in accordance with the relevant provisions of the Law and the <i>Rules</i> for dispute resolution; and	Negotiating Framework Clause 6
	(7) the arrangements for payment by a <i>Service Applicant</i> of the provider's reasonable direct expenses incurred in processing the application to provide the <i>negotiated distribution service</i> ; and	Negotiating Framework Clause 3
	(8) a requirement that the <i>Distribution Network Service Provider</i> determine the potential impact on other <i>Distribution Network Users</i> of the provision of the <i>negotiated distribution service</i> ; and	Negotiating Framework Clause 5
6.7.5	(9) a requirement that the <i>Distribution Network Service Provider</i> must notify and consult with any affected <i>Distribution Network Users</i> and ensure that the provision of <i>negotiated distribution services</i> does not result in non-compliance with obligations in relation to other <i>Distribution Network Users</i> under the <i>Rules</i> ; and	Negotiating Framework Clause 5
	(10) a requirement that the <i>Distribution Network Service Provider</i> publish the results of negotiations on its website.	Negotiating Framework Clause 3
	(d) Notwithstanding the foregoing, the negotiating framework must not be inconsistent with any of the requirements of:  (1) rules 5.3 and 5.5 insofar as the <i>negotiating framework</i> applies to <i>negotiated distribution services</i> which would have been <i>negotiated distribution services</i> regardless of the operation of clause 6.24.2(c); and  (2) rules 5.3 and 5.4A insofar as the <i>negotiating framework</i> applies to <i>negotiated distribution services</i> which would have been treated as <i>negotiated transmission services</i> were it not for the operation of clause 6.24.2(c),  and any other relevant provisions of this Chapter 6 and, in the event of any inconsistency, those requirements prevail.	Negotiating Framework Clause 1  Negotiating Framework Clause 1 Negotiating Framework Clause 1
6.7A.1	<b>Preparation of, and requirements for, connection policy</b>  (a) A <i>Distribution Network Service Provider</i> must prepare a document (its proposed <i>connection policy</i> ) setting out the circumstances in which it may require a <i>retail customer</i> or <i>real estate developer</i> to pay a <i>connection charge</i> , for the provision of a <i>connection service</i> under Chapter 5A.	Discussed in section 3.6 of RRP.
	(b) The proposed <i>connection policy</i> :  (1) must be consistent with:  (i) the <i>connection charge principles</i> ; and  (ii) the <i>connection charge guidelines</i> ; and	N/A



Clause	Requirement	Revised Regulatory Proposal cross-ref
6.7A.1	<p>(2) must specify:</p> <ul style="list-style-type: none"> <li>(i) the categories of persons that may be required to pay a <i>connection charge</i> and the circumstances in which such a requirement may be imposed; and</li> <li>(ii) the aspects of a <i>connection service</i> for which a <i>connection charge</i> may be made; and</li> </ul> <p><b>Example</b></p> <p>The <i>Distribution Network Service Provider</i> might (for example) make separate <i>connection charges</i> for the provision of a <i>connection asset</i> and for making a necessary <i>extension</i> to, or other <i>augmentation</i> of, the <i>distribution network</i>.</p>	N/A
	<ul style="list-style-type: none"> <li>(iii) the basis on which <i>connection charges</i> are determined; and</li> <li>(iv) the manner in which <i>connection charges</i> are to be paid (or equivalent consideration is to be given); and</li> </ul> <p><b>Examples</b></p> <p>The payment (or equivalent consideration) might take the form of a capital contribution, prepayment or financial guarantee.</p> <ul style="list-style-type: none"> <li>(v) a threshold (based on capacity or any other measure identified in the <i>connection charge guidelines</i>) below which a <i>retail customer</i> (not being a non-registered <i>embedded generator</i> or a <i>real estate developer</i>) will not be liable for a <i>connection charge</i> for an <i>augmentation</i> other than an <i>extension</i>.</li> </ul>	N/A
6.8.2	<p><b>Submission of regulatory proposal and tariff structure statement</b></p> <p>(a) A <i>Distribution Network Service Provider</i> must, whenever required to do so under paragraph (b), submit to the <i>AER</i> a <i>regulatory proposal</i> and a proposed <i>tariff structure statement</i> related to the <i>distribution services</i> provided by means of, or in connection with, the <i>Distribution Network Service Provider's distribution system</i>..</p>	<p>This Regulatory Proposal is submitted in accordance with these requirements.</p> <p>AusNet Services has submitted its Tariff Structure Statement on 26 October 2015 in accordance with the requirements of clause 11.76 of the NER.</p>
	<p>(b) A <i>regulatory proposal</i> must be submitted:</p> <ul style="list-style-type: none"> <li>(1) at least 17 months before the expiry of a distribution determination that applies to the <i>Distribution Network Service Provider</i>; or</li> <li>(2) if no distribution determination applies to the <i>Distribution Network Service Provider</i>, within 3 months after being required to do so by the <i>AER</i>.</li> </ul>	<p>See above</p> <p>N/A</p>

Clause	Requirement	Revised Regulatory Proposal cross-ref
6.8.2	<p>(c) A <i>regulatory proposal</i> must include (but need not be limited to) the following elements:</p> <p>(1) a classification proposal:</p> <ul style="list-style-type: none"> <li>(i) showing how the <i>distribution services</i> to be provided by the <i>Distribution Network Service Provider</i> should, in the <i>Distribution Network Service Provider's</i> opinion, be classified under this Chapter; and</li> <li>(ii) if the proposed classification differs from the classification suggested in the relevant <i>framework and approach paper</i> – including the reasons for the difference;</li> </ul>	<p>RRP Appendix 2A, Revised Service Classification Proposal.</p> <p>Chapter 12, Section 12.2 states that AusNet Services is adopting the Preliminary Decision's service classification with respect to Public Lighting Operation, Maintenance and Repair – Dedicated Public Lighting Assets, and the reasons for that decision which is a change from AusNet Services' Initial Proposal and the AER's framework and approach paper.</p> <p>Chapter 11, Section 11.2 'Allocation of costs between network and metering services' and Chapter 4, Section 4.7 'Costs from distribution systems upgraded under AMI' states that AusNet Services is maintaining the service classification from the Initial Proposal and the AER's framework and approach paper, and not adopting the Preliminary Decision service classification.</p>
	<p>(2) for <i>direct control services</i> classified under the proposal as <i>standard control services</i> – a <i>building block proposal</i>;</p>	<p>RRP, in particular, Chapter 2 sets out the building block.</p> <p>The information provided in the Revised Regulatory Proposal includes the information requirements of a building block proposal.</p> <p>Chapter 2 summarises the building block proposal, including Table 2.5.</p>

Clause	Requirement	Revised Regulatory Proposal cross-ref
	(3) for <i>direct control services</i> classified under the proposal as <i>alternative control services</i> – a demonstration of the application of the control mechanism, as set out in the <i>framework and approach paper</i> , and the necessary supporting information;	The RRP proposes no changes to the form of control for ACS.  This requirement was addressed in the following sections of the Initial Proposal: IP Chapter 17 – section 17.4 IP Chapter 18 – Section 18.7 IP Chapter 19 – Section 19.9
	(4) for <i>direct control services</i> – indicative prices for each year of the <i>regulatory control period</i> ;	RRP PTRM
	(5) for services classified under the proposal as <i>negotiated distribution services</i> – the proposed <i>negotiating framework</i> ;	Negotiating Framework Appendix 12A
	(5A) the proposed <i>connection policy</i> ; and	N/A
	(6) an identification of any parts of the <i>regulatory proposal</i> the <i>Distribution Network Service Provider</i> claims to be confidential and wants suppressed from publication on that ground in accordance with the <i>Distribution Confidentiality Guidelines</i> .	See AusNet Services' Confidentiality Response Document
6.8.2	(c1) The <i>regulatory proposal</i> must be accompanied by an overview paper which includes each of the following matters:  (1) a summary of the <i>regulatory proposal</i> the purpose of which is to explain the <i>regulatory proposal</i> in reasonably plain language to electricity consumers;  (2) a description of how the <i>Distribution Network Service Provider</i> has engaged with electricity consumers and has sought to address any relevant concerns identified as a result of that engagement;  (3) a description of the key risks and benefits of the <i>regulatory proposal</i> for electricity consumers; and  (4) a comparison of the <i>Distribution Network Service Provider's</i> proposed <i>total revenue requirement</i> with its <i>total revenue requirement</i> for the current <i>regulatory control period</i> and an explanation for any material differences between the two amounts.	N/A  Addressed in the IP Overview.

Clause	Requirement	Revised Regulatory Proposal cross-ref
	(c2) The <i>regulatory proposal</i> must be accompanied by information required by the <i>Expenditure Forecast Assessment Guidelines</i> as set out in the <i>framework and approach paper</i> .	<p><u>Capital Expenditure</u></p> <p>Refer to RRP Chapter 3. The capital expenditure forecast is presented on a consistent basis with the AER's preliminary decision, which is consistent with the EFA Guideline.</p> <p>Detailed information requirements were addressed in the IP including as provided in the RIN templates.</p> <p>The RRP is accompanied by updates of the key RIN templates.</p> <p><u>Operating and Maintenance Expenditure</u></p> <p>Refer to RRP Chapter 4. The operating and maintenance expenditure forecast is presented on a consistent basis with the AER's preliminary decision, which is consistent with the EFA Guideline.</p> <p>Detailed information requirements were addressed in the IP including as provided in the RIN templates.</p> <p>The RRP is accompanied by updates of the key RIN templates</p>
	(d) The <i>regulatory proposal</i> must comply with the requirements of, and must contain or be accompanied by the information required by any relevant <i>regulatory information instrument</i> .	There is no relevant RIN for the revised proposal.
<b>6.14A</b>	<b>Distribution Confidentiality Guidelines</b>	
	(b) The <i>Distribution Confidentiality Guidelines</i> must specify the manner in which the <i>Distribution Network Service Provider</i> may make confidentiality claims in its <i>regulatory proposal</i> , which may include categories of confidential information by reference to which <i>Distribution Network Service Providers</i> must classify any claims of confidentiality in their <i>regulatory proposals</i> .	See AusNet Services' Confidentiality Response Document
<b>Schedule 6.1 - Contents of Revenue Proposals</b>		

Clause	Requirement	Revised Regulatory Proposal cross-ref
S6.1.1	<p><b>Information and matters relating to capital expenditure</b></p> <p>A <i>building block proposal</i> must contain at least the following information and matters relating to capital expenditure:</p> <p>(1) a forecast of the required capital expenditure that complies with the requirements of clause 6.5.7 and identifies the forecast capital expenditure by reference to well accepted categories such as:</p> <p>(i) asset class (eg. <i>distribution lines, substations</i> etc); or</p> <p>(ii) category driver (eg. <i>regulatory obligation or requirement, replacement, reliability, net market benefit, business support</i> etc),</p>	RRP Chapter 3 (Capital Expenditure)
	<p>and identifies, in respect of proposed material assets:</p> <p>(iii) the location of the proposed asset;</p> <p>(iv) the anticipated or known cost of the proposed asset; and</p> <p>(v) the categories of <i>distribution services</i> which are to be provided by the proposed asset;</p>	
	(2) the method used for developing the capital expenditure forecast;	RRP Chapter 3, Section 3.2. IP Section 7.3 of Chapter 7 (Capital Expenditure); and IP Network Capital Expenditure Overview IP Capital Expenditure Model
	(3) the forecasts of load growth relied upon to derive the capital expenditure forecasts and the method used for developing those forecasts of load growth;	RRP Demand & Energy Chapter Section 1.3.3
	(4) the key assumptions that underlie the capital expenditure forecast;	RRP Chapter 3, Section 3.2. and IP Section 7.3.4 of Chapter 7 (Capital Expenditure)
	(5) a certification of the reasonableness of the key assumptions by the directors of the <i>Distribution Network Service Provider</i> ;	See Signed Statutory Declaration accompanying RRP

Clause	Requirement	Revised Regulatory Proposal cross-ref
S6.1.1	<p>(6) capital expenditure for each of the past <i>regulatory years</i> of the previous and current <i>regulatory control period</i>, and the expected capital expenditure for each of the last two <i>regulatory years</i> of the current <i>regulatory control period</i>, categorised in the same way as for the capital expenditure forecast and separately identifying for each such <i>regulatory year</i></p> <p>(i) margins paid or expected to be paid by the <i>Distribution Network Service Provider</i> in circumstances where those margins are referable to arrangements that do not reflect arm's length terms; and</p> <p>(ii) expenditure that should have been treated as operating expenditure in accordance with the policy submitted under paragraph (8) for that <i>regulatory year</i>;</p>	<p>At time of lodgement the 'current regulatory control period' is the 2016-20 period to which the RRP is directed.</p> <p>This Rule is interpreted as though the 'current regulatory control period' is the 2011-15 period.</p> <p>This was addressed in the Initial Proposal.</p> <p>IP Chapter 7, Section 7.2.2, Figure 7.2 shows gross capex for 2006-15.</p> <p>IP The Supporting Document "Previous and Current Period Capital Expenditure - Clause S6.1.1(6)" provides a table showing Capex split according to a consistent categorisation for each year, and showing related party margins.</p>
	<p>(7) an explanation of any significant variations in the forecast capital expenditure from historical capital expenditure; and</p>	<p>This was addressed in the Initial Proposal</p> <p>IP Section 7.4 of Chapter 7 (Capital Expenditure)</p> <p>IP Both Gross and Net Capex forecast are within 5% of current period totals.</p> <p>IP Variances by category driver are discussed in sections 7.4.2 to 7.4.7</p>
	<p>(8) the policy that the <i>Distribution Network Service Provider</i> applies in capitalising operating expenditure.</p>	<p>Supporting Document from IP – Accounting Policy Manual</p>
S6.1.2	<p><b>Information and matters relating to operating expenditure</b></p> <p><i>A building block proposal</i> must contain at least the following information and matters relating to operating expenditure:</p>	

Clause	Requirement	Revised Regulatory Proposal cross-ref
	<p>(1) a forecast of the required operating expenditure that complies with the requirements of clause 6.5.6 and identifies the forecast operating expenditure by reference to well accepted categories such as:</p> <ul style="list-style-type: none"> <li>(i) particular programs; or</li> <li>(ii) types of operating expenditure (eg. maintenance, payroll, materials etc),</li> </ul> <p>and identifies in respect of each such category:</p> <ul style="list-style-type: none"> <li>(iii) to what extent that forecast expenditure is on costs that are fixed and to what extent it is on costs that are variable; and</li> <li>(iv) the categories of <i>distribution services</i> to which that forecast expenditure relates;</li> </ul>	<p>Chapter 4 (Operating and Maintenance Expenditure); RRP Reset RIN Template Table 3.2</p> <p>The method by which AusNet Services' operating expenditure is recorded and forecast does not categorise information in terms of fixed and variable costs. The opex forecast relates to standard control services.</p>
	<p>(2) the method used for developing the operating expenditure forecast;</p>	<p>Section 8.3 of Chapter 8 (Operating and Maintenance Expenditure) of the IP sets out the opex forecasting method.</p>
	<p>(3) the forecasts of key variables relied upon to derive the operating expenditure forecast and the method used for developing those forecasts of key variables;</p>	<p>Chapter 4 of the RRP set out the forecasts of key opex variables and the methods used to derive them.</p>
<b>S6.1.2</b>	<p>(4) the method used for determining the cost associated with planned maintenance programs designed to improve the performance of the relevant <i>distribution system</i> for the purposes of any <i>service target performance incentive scheme</i> that is to apply to the <i>Distribution Network Service Provider</i> in respect of the relevant <i>regulatory control period</i>;</p>	<p>N/A</p>
	<p>(5) the key assumptions that underlie the operating expenditure forecast;</p>	<p>Chapter 4 of the RRP sets out key assumptions and inputs underlying the opex forecast, including in relation to:</p> <ul style="list-style-type: none"> <li>• Base opex</li> <li>• Rate of change</li> <li>• Step changes</li> <li>• Self-insurance</li> <li>• GSL payments</li> </ul> <p>Costs from distribution systems upgraded under AMI</p>
	<p>(6) a certification of the reasonableness of the key assumptions by the directors of the <i>Distribution Network Service Provider</i>;</p>	<p>See Signed Statutory Declaration accompanying RRP</p>

Clause	Requirement	Revised Regulatory Proposal cross-ref
	(7) operating expenditure for each of the past <i>regulatory years</i> of the previous and current <i>regulatory control period</i> , and the expected operating expenditure for each of the last two <i>regulatory years</i> of the current <i>regulatory control period</i> , categorised in the same way as for the operating expenditure forecast;	IP opex chapter, section 8.3.6, opex consistency sub-section, Table 8.16 sets out historical opex. RRP opex chapter, section 4.8 sets out forecast opex.
	(8) an explanation of any significant variations in the forecast operating expenditure from historical operating expenditure.	The roll-in of Bairnsdale Power Station network support costs and AMI opex into SCS opex constitute signification variations from historical SCS opex.
<b>S6.1.3</b>	<p><b>Additional information and matters</b></p> <p><i>A building block proposal</i> must contain at least the following additional information and matters:</p> <p>(1) an identification and explanation of any significant interactions between the forecast capital expenditure and forecast operating expenditure programs;</p> <p>(2) [Deleted]</p> <p>(3) a description, including relevant explanatory material, of how the <i>Distribution Network Service Provider</i> proposes any <i>efficiency benefit sharing scheme</i> that has been specified in a <i>framework and approach paper</i> that applies in respect of the forthcoming distribution determination should apply to it;</p>	<p>RRP Chapter 3, Section 3.2</p> <p>IP Chapter 7 (Capital Expenditure)</p> <p>IP Section 7.3.1, sub-heading “Capex/Opex interactions” addresses significant interactions between capex and opex.</p> <p>IP Section 7.3.4, sub-heading “Overheads” notes assumption of no change to capitalisation policy.</p> <p>IP Section 7.4.1, sub-heading “Benefits of investing in ICT” details impact of ICT (capex and opex) on overheads (capex and opex).</p> <p>IP Section 7.4.7, states assumption that there will be no change to opex/capex mix for buildings and vehicles.</p> <p>IP Opex and Demand Management chapters.</p> <p>RRP Opex and Metering chapters.</p> <p>RRP Chapter 5 (Incentive Schemes); RRP EBSS Model</p>



Clause	Requirement	Revised Regulatory Proposal cross-ref
	(3A) a description, including relevant explanatory material, of how the <i>Distribution Network Service Provider</i> proposes any <i>capital expenditure sharing scheme</i> that has been specified in a <i>framework and approach paper</i> that applies in respect of the forthcoming distribution determination should apply to it;	RRP Chapter 5 (Incentive Schemes)
	(4) a description, including relevant explanatory material, of how the <i>Distribution Network Service Provider</i> proposes any <i>service target performance incentive scheme</i> that has been specified in a <i>framework and approach paper</i> that applies in respect of the forthcoming distribution determination should apply to it;	RRP Chapter 5 (Incentive Schemes)
<b>S6.1.3</b>	(5) a description, including relevant explanatory material, of how the <i>Distribution Network Service Provider</i> proposes any <i>demand management and embedded generation connection incentive scheme</i> that has been specified in a <i>framework and approach paper</i> that applies in respect of the forthcoming distribution determination should apply to it;	RRP Chapter 5 (Incentive Schemes)
	(5A) a description, including relevant explanatory material, of how the <i>Distribution Network Service Provider</i> proposes any <i>small-scale incentive scheme</i> that has been specified in a <i>framework and approach paper</i> that applies in respect of the forthcoming distribution determination should apply to it;	N/A
	(6) the <i>Distribution Network Service Provider's</i> calculation of revenues or prices for the purposes of the control mechanism proposed by the <i>Distribution Network Service Provider</i> together with: <ul style="list-style-type: none"> <li data-bbox="562 874 1420 927">(i) details of all amounts, values and inputs (including X factors) relevant to the calculation;</li> <li data-bbox="562 943 1464 995">(ii) an explanation of the calculation and the amounts, values and inputs involved in the calculation; and</li> <li data-bbox="562 1011 1442 1064">(iii) a demonstration that the calculation and the amounts, values and inputs on which it is based comply with relevant requirements of the Law and the <i>Rules</i>;</li> </ul>	<p>Calculations of AusNet Services' RRP revenue are contained in AusNet Services' RRP PTRM.</p> <p>Supporting documents relevant to the calculations (e.g., Forecast Capex &amp; Opex models) shall be provided to the AER and/or be available upon request.</p> <p>A high-level explanation of the calculations of each revenue building block is contained in RRP Chapter 2 (Revenue).</p>

Clause	Requirement	Revised Regulatory Proposal cross-ref
	<p>(7) the <i>Distribution Network Service Provider's</i> calculation of the regulatory asset base for the relevant <i>distribution system</i> for each <i>regulatory year</i> of the relevant <i>regulatory control period</i> using the <i>roll forward model</i> referred to in clause 6.5.1 , together with:</p> <p>(i) details of all amounts, values and other inputs used by the <i>Distribution Network Service Provider</i> for that purpose;</p> <p>(ii) a demonstration that any such amounts, values and other inputs comply with the relevant requirements of Part C of Chapter 6 ; and</p> <p>(iii) an explanation of the calculation of the regulatory asset base for each <i>regulatory year</i> of the relevant <i>regulatory control period</i> and of the amounts, values and inputs referred to in subparagraph (i);</p>	<p>Calculation of the RAB for the 2011-16 regulatory period is contained in AusNet Services' RRP RFM.</p> <p>Supporting documents relevant to the calculations of the RAB roll forward shall be provided to the AER and/or be available upon request.</p> <p>An explanation of the calculation of AusNet Services' opening RAB and its roll forward for the forthcoming regulatory period is contained in RRP Chapter 8 (Opening RAB).</p>
	(8) [Deleted]	
<b>S6.1.3</b>	(9) the <i>Distribution Network Service Provider's</i> calculation of the proposed return on equity, return on debt and <i>allowed rate of return</i> , for each <i>regulatory year</i> of the <i>regulatory control period</i> , in accordance with clause 6.5.2, including any departure from the methodologies set out in the <i>Rate of Return Guidelines</i> and the reasons for that departure;	RRP – Chapter 7 sets out the proposed rate of return. Sections 7.2-7.4 set out the detailed reasons for the departures
	(9A) if the <i>Distribution Network Service Provider</i> proposes that the return on debt for a <i>regulatory year</i> of the <i>regulatory control period</i> is not to be determined using the methodology referred to in clause 6.5.2(i)(2), the formula it proposes should be applied in accordance with clause 6.5.2(l);	RRP – Addressed in Section 7.3.7.
	(9B) the <i>Distribution Network Service Provider's</i> proposed value of imputation credits as referred to in clause 6.5.3;	RRP – Chapter 7, Section 7.5 sets out proposed gamma.
	(10) the <i>post-tax revenue model</i> completed to show its application to the <i>Distribution Network Service Provider</i> and the completed <i>roll-forward model</i> ;	Refer to AusNet Services' RRP RFM and PTRM models.
	(11) the <i>Distribution Network Service Provider's</i> estimate of the cost of corporate income tax for each <i>regulatory year</i> of the <i>regulatory control period</i> ;	<p>Cost of corporate income tax is shown for each regulatory year in the 'Analysis' sheet within AusNet Services' RRP PTRM.</p> <p>Value are also included in RRP Chapter 2 (Revenue), Section 2.3.2.</p>

Clause	Requirement	Revised Regulatory Proposal cross-ref
	<p>(12) the depreciation schedules nominated by the <i>Distribution Network Service Provider</i> for the purposes of clause 6.5.5 , which categorise the relevant assets for these purposes by reference to well accepted categories such as:</p> <ul style="list-style-type: none"> <li>(i) asset class (eg <i>distribution lines</i> and <i>substations</i>); or</li> <li>(ii) category driver (eg <i>regulatory obligation or requirement</i>, replacement, <i>reliability</i>, net market benefit, and business support),</li> </ul> <p>together with:</p> <ul style="list-style-type: none"> <li>(iii) details of all amounts, values and other inputs used by the <i>Distribution Network Service Provider</i> to compile those depreciation schedules;</li> <li>(iv) a demonstration that those depreciation schedules conform with the requirements set out in clause 6.5.5(b) ; and</li> <li>(v) an explanation of the calculation of the amounts, values and inputs referred to in subparagraph (iii);</li> </ul>	<p>AusNet Services' year-by-year tracking depreciation model and RRP PTRM each contain the list of asset classes and their standard lives that have been used within the relevant depreciation schedules.</p> <p>The asset classes to be used in the forecast period are largely the same as those adopted in the current period.</p> <p>RRP Chapter 9 (Depreciation) describes how the depreciation schedules have been determined as per this requirement.</p> <p>AusNet Services' inclusion of accelerated depreciation in the 2016-20 depreciation schedules has necessitated the establishment of 4 new asset classes within AusNet Services' PTRM and year-by-year tracking depreciation model. These 4 new asset classes were approved in the Preliminary decision, based on information submitted in the IP.</p>
	<p>(13) the commencement and length of the <i>regulatory control period</i> proposed by the <i>Distribution Network Service Provider</i>; and</p>	<p>This was addressed in the Initial Proposal, with no changes in the Revised Regulatory Proposal.</p> <p>IP Chapter 1</p>
<b>S6.1.3</b>	<p>(14) if the <i>Distribution Network Service Provider</i> is seeking a determination by the <i>AER</i> that a <i>proposed contingent project</i> is a <i>contingent project</i> for the purposes of the relevant distribution determination:</p> <ul style="list-style-type: none"> <li>(i) a description of the <i>proposed contingent project</i>, including reasons why the <i>Distribution Network Service Provider</i> considers the project should be accepted as a <i>contingent project</i> for the <i>regulatory control period</i>;</li> </ul>	<p>AusNet Services is proposing a contingent project for the 2016-20 regulatory control period relating to anticipated amendments to AusNet Services' bushfire mitigation obligations.</p> <p>Discussed in section 3.5 of Chapter 3: Capital Expenditure of RRP.</p>

Clause	Requirement	Revised Regulatory Proposal cross-ref
	<ul style="list-style-type: none"> <li data-bbox="562 252 1411 331">(ii) a forecast of the capital expenditure which the <i>Distribution Network Service Provider</i> considers is reasonably required for the purpose of undertaking the <i>proposed contingent project</i>;</li> <li data-bbox="562 475 1456 523">(iii) the methodology used for developing that forecast and the key assumptions that underlie it;</li> <li data-bbox="562 544 1433 624">(iv) information that demonstrates that the undertaking of the <i>proposed contingent project</i> is reasonably required in order to achieve one or more of the <i>capital expenditure objectives</i>;</li> <li data-bbox="562 639 1467 719">(v) information that demonstrates that the <i>proposed contingent capital expenditure</i> for the <i>proposed contingent project</i> complies with the requirements set out in clause 6.6A.1(b)(2); and</li> <li data-bbox="562 735 1444 815">(vi) the <i>trigger events</i> which are proposed in relation to the <i>proposed contingent project</i> and an explanation of how each of those conditions or events addresses the matters referred to in clause 6.6A.1(c).</li> </ul>	<p data-bbox="1503 252 1955 384">Event: Installation of REFCLs contingent project - expenditure project to ensure polyphase electric line has the required capacity to reduce voltage in the event of a phase-to-ground fault</p> <p data-bbox="1503 405 1955 453">Estimated costs are \$214 million during the 2016-20 regulatory control period</p> <p data-bbox="1503 475 1899 523">Discussed in section 3.5 of Chapter 3: Capital Expenditure of RRP.</p> <p data-bbox="1503 544 1906 592">Discussed in section 3.5 of Chapter 3: Capital Expenditure of RRP.</p>
<b>Schedule 6.2 - Regulatory Asset Base</b>		
<b>S6.2.1</b>	<p data-bbox="454 880 1330 904"><b>Establishment of opening regulatory asset base for a regulatory control period</b></p> <p data-bbox="454 922 790 946"><b>(a) Application of this clause</b></p> <p data-bbox="506 963 701 987">This clause S6.2.1</p> <ul style="list-style-type: none"> <li data-bbox="506 1007 1451 1114">(1) applies to the establishment of the value of the regulatory asset base for a <i>distribution system</i> as at the beginning of a <i>regulatory control period</i> on the roll forward of the regulatory asset base to that <i>regulatory control period</i> from the previous <i>regulatory control period</i>; and</li> <li data-bbox="506 1134 1458 1241">(2) also applies to the establishment of the value of the regulatory asset base for a <i>distribution system</i> as at the beginning of a <i>regulatory control period</i> where the <i>distribution system</i> was not immediately before that time the subject of a <i>building block determination</i>.</li> </ul>	<p data-bbox="1503 922 1955 970">RRP Chapter 8 (Opening Regulatory Asset Base).</p> <p data-bbox="1503 991 1615 1015">RRP RFM</p>
<b>S6.2.1</b>	<p data-bbox="454 1260 1016 1284"><b>(b) Roll forward model to comply with this clause</b></p> <p data-bbox="506 1302 1361 1350">The values to be used for completing the <i>roll forward model</i> must be established in accordance with this clause and clauses S6.2.2 and S6.2.3.</p>	<p data-bbox="1503 1260 1955 1308">RRP Chapter 8 (Opening Regulatory Asset Base).</p> <p data-bbox="1503 1329 1615 1353">RRP RFM</p>

Clause	Requirement	Revised Regulatory Proposal cross-ref
	<p><b>(c) Distribution systems of specific providers</b></p> <p>(1) In the case of a <i>distribution system</i> owned, controlled or operated by one of the following <i>Distribution Network Service Providers</i> as at the commencement of this schedule, the value of the regulatory asset base for that <i>distribution system</i> as at the beginning of that first <i>regulatory year</i> must be determined by rolling forward the regulatory asset base for that <i>distribution system</i>, as follows:</p> <p>AusNet - \$1,307.2 million (as at 1 January 2006 in July 2004 dollars).</p> <p>(2) The values in the table above are to be adjusted for the difference between:</p> <p>(i) any estimated capital expenditure that is included in those values for any part of a previous regulatory control period; and</p> <p>(ii) the actual capital expenditure for that part of the previous regulatory control period.</p> <p>This adjustment must also remove any benefit or penalty associated with any difference between the estimated and actual capital expenditure.</p> <p>(3) When rolling forward a regulatory asset base under subparagraph (1), the AER must take into account the derivation of the values in the above table from past regulatory decisions and the consequent fact that they relate only to the regulatory asset base identified in those decisions.</p>	<p>As noted in IP Chapter 14 (Regulatory Asset Base), section 14.2, AusNet Services has applied the relevant opening RAB adjustments in the AER's RFM consistent with the requirements of NER S6.2.1(c)(2). These adjustments are applied to derive the opening nominal RAB value as at 1 January 2011 of \$2,093 million.</p>
	<p><b>(d) Other distribution systems</b></p>	<p>Not required to be addressed</p>
	<p><b>(e) Method of adjustment of value of regulatory asset base</b></p> <p>Except as otherwise provided in paragraph (c) or (d) and subject to paragraph (g), the value of the regulatory asset base for a <i>distribution system</i> as at the beginning of the first <i>regulatory year</i> of a <i>regulatory control period</i> must be calculated by adjusting the value (the <b>previous value</b>) of the regulatory asset base for that <i>distribution system</i> as at the beginning of the first <i>regulatory year</i> of the immediately preceding <i>regulatory control period</i> (the <b>previous control period</b>) as follows:</p>	<p>See below.</p> <p>RRP Chapter 8 sets out how value of the regulatory asset base is rolled forward consistent with this requirement.</p>

Clause	Requirement	Revised Regulatory Proposal cross-ref
S6.2.1(e)	<p>(1) The previous value of the regulatory asset base must be:</p> <ul style="list-style-type: none"> <li>(i) increased by the amount of all capital expenditure incurred during the previous control period, including any capital expenditure determined for that period under clause 6.6A.2(e)(1)(i) in relation to <i>contingent projects</i> where the distribution determination has been amended by the <i>AER</i> in accordance with clause 6.6A.2(h) (regardless of whether such capital expenditure is above or below the forecast capital expenditure for the period that is adopted for the purposes of the distribution determination (if any) for that period); and</li> <li>(ii) reduced by the amount of any capital expenditure that has been recovered by way of a pass through under clause 6.6.1 where the amount of that capital expenditure would otherwise have been included in the value of the regulatory asset base.</li> </ul>	<p>AusNet Services has used the opening RAB information as contained in the Final decision (Amended) RFM for the 2006-10 regulatory period. The opening Distribution RAB from the 2011-15 Distribution Determination was amended by the AER resulting from Australian Federal court orders issued on 20 December 2012.</p> <p>The RRP RFM contains the net capex values for the previous regulatory control period (2011-15). Actual net capex values for 2010-14 are sourced from the audited annual Distribution regulatory accounts. Net Capex for 2015 is an estimate.</p>
	<p>(2) The previous value of the regulatory asset base must be increased by the amount of the estimated capital expenditure approved by the <i>AER</i> for any part of the previous control period for which actual capital expenditure is not available, including any capital expenditure in relation to <i>contingent projects</i> where the <i>total revenue requirement</i> has been amended by the <i>AER</i> in accordance with clause 6.6A.2(h).</p>	<p>As above.</p>
	<p>(3) The previous value of the regulatory asset base must be adjusted for the difference between:</p> <ul style="list-style-type: none"> <li>(i) the estimated capital expenditure for any part of a previous <i>regulatory control period</i> where that estimated capital expenditure has been included in that value; and</li> <li>(ii) the actual capital expenditure for that part of the previous <i>regulatory control period</i>.</li> </ul> <p>This adjustment must also remove any benefit or penalty associated with any difference between the estimated and actual capital expenditure.</p>	<p>The previous value of the regulatory asset base has been adjusted for the difference between actual and forecast net capital expenditure in the final year of the previous regulatory period (2010). Refer to 'Input' sheet within AusNet Services' RRP RFM.</p> <p>The benefit associated with this difference is removed within AusNet Services' RRP RFM. Refer to 'Adjustment for previous period' sheet.</p>
	<p>(4) The previous value of the regulatory asset base must only be increased by actual or estimated capital expenditure to the extent that all such capital expenditure is properly allocated to the provision of <i>standard control services</i> in accordance with the <i>Cost Allocation Method</i> for the relevant <i>Distribution Network Service Provider</i>.</p>	<p>Actual expenditures rolled into the asset base as contained in AusNet Services' RFM reconcile with the regulatory accounts submitted to the AER for those years and represent expenditures relating to standard control services. Forecast expenditures including 2015 and 2016-20 (per AusNet Services' RRP Capital expenditure proposal for the forthcoming regulatory period) relate to standard control services.</p>

Clause	Requirement	Revised Regulatory Proposal cross-ref
S6.2.1(e)	(5) The previous value of the regulatory asset base must be reduced by the amount of depreciation of the regulatory asset base during the previous <i>regulatory control period</i> , calculated in accordance with the distribution determination for that period.	The previous value of the regulatory asset base has been reduced by the amount of depreciation as calculated in accordance with the previous distribution determination. AusNet Services' RRP RFM and 'year-by-year tracking depreciation model' each contain the depreciation schedules for the previous regulatory control period.
	(6) The previous value of the regulatory asset base must be reduced by the disposal value of any asset where that asset has been disposed of during the previous <i>regulatory control period</i> .	The previous value of the regulatory asset base has been reduced by the disposal value of assets disposed during the previous regulatory period. AusNet Services' RRP RFM contains the disposal values for the previous regulatory control period.  RRP Chapter 8, Section 8.4 sets out how this requirement is met.
	(7) The previous value of the regulatory asset base must be reduced by the value of an asset where the asset was previously used to provide <i>standard control services</i> (or their equivalent under the previous regulatory system) but, as a result of a change to the classification of a particular service under Part B, is not to be used for that purpose for the relevant <i>regulatory control period</i> .	Not applicable
	(8) The previous value of the regulatory asset base may be increased by the value of an asset to which this subparagraph applies to the extent that:  (i) the <i>AER</i> considers the asset to be reasonably required to achieve one or more of the <i>capital expenditure objectives</i> ; and  (ii) the value of the asset has not been otherwise recovered.  This subparagraph applies to an asset that:  (i) was not used to provide <i>standard control services</i> (or their equivalent under the previous regulatory system) in the previous <i>regulatory control period</i> but, as a result of a change to the classification of a particular service under Part B, is to be used for that purpose for the relevant <i>regulatory control period</i> ; or  (ii) was never previously used to provide <i>standard control services</i> (or their equivalent under the previous regulatory system) but is to be used for that purpose for the relevant <i>regulatory control period</i> .	Not applicable  The Preliminary Decision did not approve AusNet Services' IP to reclassify a portion of metering related assets from alternate control services to standard control services.  The opening RAB in AusNet Services' RRP reflects the AER's Preliminary Decision on this matter.

Clause	Requirement	Revised Regulatory Proposal cross-ref
	(f) An increase or reduction in the value of the regulatory asset base under subparagraph (7) or (8) of paragraph (e) is to be based on the portion of the value of the asset properly allocated, or formerly properly allocated, to <i>standard control services</i> in accordance with the principles and policies set out in the <i>Cost Allocation Method</i> for the relevant <i>Distribution Network Service Provider</i> . The value of the relevant asset is taken to be its value as shown in independently audited and published accounts.	As above
	(g) The previous value of the regulatory asset base must be reduced by any amount determined by the <i>AER</i> in accordance with clause S6.2.2A(f), (i) or (j).	Not applicable.
<b>S6.2.2</b>	<b>Prudency and efficiency of capital expenditure</b>	Not required to be addressed.
<b>S6.2.2A</b>	<b>Reduction for inefficient past capital expenditure</b>  (a) Prior to making a decision on the regulatory asset base for a <i>distribution system</i> as required by clause 6.12.1(6), the <i>AER</i> may determine under this clause S6.2.2A that the amount of capital expenditure as a result of which the previous value of the regulatory asset base would otherwise be increased in accordance with clause S6.2.1(e) should be reduced.	Not applicable- see below.
	(a1) for the purposes of this clause S6.2.2A, " <b>review period</b> " means:  (1) the previous control period (excluding the last two <i>regulatory years</i> of that previous control period); and  (2) the last two <i>regulatory years</i> of the <i>regulatory control period</i> preceding the previous control period.	Not applicable, pursuant to clause 11.60.5(a).
<b>S6.2.3</b>	<b>Roll forward of regulatory asset base within the same regulatory control period</b>  <b>(a) Application of this clause</b>  This clause applies to the establishment of the value of the regulatory asset base for a <i>distribution system</i> as at the beginning of one <i>regulatory year</i> in a <i>regulatory control period</i> on the roll forward of the regulatory asset base to that <i>regulatory year</i> from the immediately preceding <i>regulatory year</i> (if any) in that <i>regulatory control period</i> .  <b>(b) Roll forward model to comply with this clause</b>  The <i>roll forward model</i> referred to in clause 6.5.1 must provide for that value to be established in accordance with the requirements of this clause.	The AER provides the models to allow for the roll forward of the RAB on a yearly basis, e.g., RFM and PTRM. AusNet Services' has established its own depreciation schedules within the 'year-by-year tracking depreciation model' which is to be maintained going forward.  As above.  AusNet Services' application of the AER's RFM is described in RRP Chapter 8 – Opening Regulatory Asset Base.



Clause	Requirement	Revised Regulatory Proposal cross-ref
S6.2.3	<p><b>(c) Method of adjustment of value of regulatory asset base</b></p> <p>The value of the regulatory asset base for a <i>distribution system</i> as at the beginning of the second or a subsequent year (<b>the later year</b>) in a <i>regulatory control period</i> must be calculated by adjusting the value (<b>the previous value</b>) of the regulatory asset base for that <i>distribution system</i> as at the beginning of the immediately preceding <i>regulatory year</i> (<b>the previous year</b>) in that <i>regulatory control period</i> as follows:</p>	As above.
	<p>(1) The previous value of the regulatory asset base must be increased by the amount of forecast capital expenditure accepted or substituted by the <i>AER</i> for the previous year in accordance with clause 6.5.7(c) or clause 6.12.1(3) (as the case may be).</p>	<p>As above.</p> <p>RRP Chapter 8 (Opening Regulatory Asset Base) provides an overview of AusNet Services' calculation of the regulatory asset base, which accords with these requirements.</p>
	<p>(2) The previous value of the regulatory asset base must be reduced by the amount of depreciation included in the <i>Distribution Network Service Provider's annual revenue requirement</i> for the previous year.</p> <p>(3) The previous value of the regulatory asset base must be reduced by the disposal value of any asset included in that value where the asset is forecast to be disposed of during the previous year.</p> <p>(4) The previous value of the regulatory asset base must be increased by an amount necessary to maintain the real value of the regulatory asset base as at the beginning of the later year by adjusting that value for inflation.</p>	<p>As above.</p> <p>RRP Chapter 8 (Opening Regulatory Asset Base) provides an overview of AusNet Services' calculation of the regulatory asset base, which accords with these requirements.</p>
	<p><b>(d) Allowance for working capital</b></p> <p>If the <i>AER</i> determines that it is appropriate to do so, it may include an allowance for working capital in the regulatory asset base for a <i>distribution system</i> which is rolled forward in accordance with this clause.</p>	As above.