AusNet Services Electricity Distribution Regulatory Information

Responses to Schedule 1 (non-template) requirements

Submitted	30 April 2016

About AusNet Services

AusNet Services is a major energy network business that owns and operates key regulated electricity transmission and electricity and gas distribution assets located in Victoria, Australia. These assets include:

- A gas distribution network delivering gas to approximately 660,000 customer supply points in an area of more than 60,000 square kilometres in central and western Victoria.
- A 6,709 kilometre electricity transmission network indirectly servicing all electricity consumers across Victoria;
- An electricity distribution network delivering electricity to approximately 691,000 customer connection points in an area of more than 80,000 square kilometres of eastern Victoria; and
- AusNet Services' vision is to provide customers with superior network and energy solutions.

AusNet Services was formerly known as SP AusNet up until 4 August 2014.

For more information visit: http://www.ausnetservices.com.au/

Contact

Narelle Whinfield
Regulatory Accounting Manager
AusNet Services
Level 31, 2 Southbank Boulevard
Melbourne Victoria 3006
Ph: (03) 9695 6332

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1 Compliance Checklist

AusNet Services' submission has addressed each of the requirements contained within the Regulatory Information Notice (RIN) received by AusNet Services on 7 August 2014. A summary of these requirements are set out in the sections below.

1.1 Schedule 1

Schedule 1 of the RIN contains the requirements that AusNet Services must meet in respect of the Regulatory Information to be provided to the AER. The requirements under each clause in Schedule 1 are summarised below, together with comments on how AusNet Services has complied with the requirements.

1.1.1 Summary of RIN Schedule 1 requirements

Clause	Summary of requirement	Comments
1.1(a)	Provide the Regulatory Accounting Statements	Refer to Financial Templates
1.1(b)	Provide the Non-Financial Information templates	Refer to Non-Financial Templates
1.1(c)	Provide a workbook reconciling and explaining all adjustments between statutory and regulatory accounts	Refer to Attachment A
1.1(d)	Provide a Basis of Preparation document	Refer to Attachment B
1.1(e)	Provide Regulatory Accounting Principles and Policies and the Capitalisation Policy	Refer to Attachment C
1.1(f)	Provide a statement of the policy for determining the allocation of overheads in accordance with the Cost Allocation Method (CAM)	Refer to section 2.1.1
1.2	Identify and explain any changes in the Regulatory Accounting Principles and Policies	Refer to section 2.1.2
1.3	Identify and explain the impact of changes in the Policy for allocating overheads in accordance with the CAM	Refer to section 2.1.3
1.4-1.5	Identify and explain differences of greater than, or equal to, 10 per cent between the Regulatory Accounting Statements and the 2011-15 Distribution Determination for revenue, operating expenditure, maintenance, capital expenditure, and energy sales respectively	Refer to section 2.1.4
1.6-1.7	Identify and explain differences of greater than, or equal to, 10 per cent between the target performance measure specified in the service target performance incentive scheme (STPIS) and actual performance	Refer to section 2.1.5
1.8	Where it is not possible to provide the Schedule 1 requirements, provide an estimate, the basis for this estimate, and explain why it is the most appropriate estimate If it is not possible to provide an estimate, explain why the information as required by this Notice has not been provided, and why an estimate is not able to be derived	Refer to the Basis of Preparation, as per Attachment B
2.1-2.2	Explain the procedures and processes used to ensure that the negotiated service criteria and distribution services have been classified as determined in the 2011–15 Distribution Determination	Refer to section 2.2.1
2.3	Describe the process in place to identify negative change events under clause 6.6.1(f) of the NER and the threshold of materiality applied to these events.	Refer to section 2.2.2
3.1(a)	Provide details on causal allocations to the regulated business	Refer to section 2.3.1

Responses to Schedule 1 (non-template) requirements

and 3.2		
3.1(b) and 3.3	Provide details on non-causal allocations to the regulated business	Refer to section 2.3.2
4.1(a) and 4.2	Provide details on causal allocations from the distribution business to service segments	Refer to section 2.3.1
4.1(b) and 4.3	Provide details on non-causal allocations from the distribution business to service segments	Refer to section 2.3.2
5.1	Identify each Related Party to which a transaction has been conducted	Refer to Financial Template 20
5.2-5.3	Provide certain information as required by templates	Refer to Financial Template 20
6.1	Identify changes in capitalisation policy (i.e. any items that were treated as opex but now as capex)	Refer to section 2.5.1
6.2	Provide specified information in respect of this change	Refer to section 2.5.1
7.1	Identify each demand management project/program that AusNet Services seeks approval of	Refer to section 2.6.1 and Attachment D
7.2	Provide certain information in support of the above projects/programs	Refer to section 2.6.1 and Attachment D
7.3	State the amount of the Demand Management Incentive Allowance (DMIA) spent and explain how it was calculated	Refer to section 2.6.1 and Attachment D
8.1	Provide a description and estimate of all efficiency improvements for AusNet Services arising from Advanced Metering Infrastructure (AMI) activities	Refer to section 2.7.1
8.2	For each improvement, explain how the benefits arise from AMI and if quantifiable, state the quantum of benefits	Refer to section 2.7.1
9.1-9.4	Provide information on Safety and Bushfire activities	Refer to Financial Template 22
10.1-10.2	Provide information on Sponsorship and Advertising activities	Refer to section 2.9.1
11.1(a)	Provide a corporate structure which AusNet Services is a part of	Refer to Attachment E
11.1(b)	Provide an organisational structure	Refer to Attachment F
12.1(a)	Provide the Special Purpose Financial Report	Refer to Attachment G
12.1(b)	Provide the non-financial Audit Report	Refer to Attachment H
12.2	Provide all reports from the Auditor to AusNet Services' management regarding the audit review and/or auditors' opinions or assessment.	Refer to Attachment I
13.1-13.2	If AusNet Services makes a claim over any information provided, AusNet Services must comply with the AER's Confidentiality Guideline and provide (in addition to a confidential version of any information) a version which may be published by the AER.	Refer to Attachment J

2 Compliance Responses

2.1 Regulatory accounting statements and non-financial information

2.1.1 Cost Allocation Method

AusNet Services' policy for determining the allocation of capitalised overheads is consistent with the approach outlined in section 5.7 of its approved Electricity Distribution Cost Allocation Method (CAM).

Similarly, the allocation of operating overheads was addressed and approved in section 5.6 of the CAM ("Shared or Allocated Costs").

2.1.2 Changes to Regulatory Accounting Principles and Policies

AusNet Services confirms there were no changes to its Regulatory Accounting Principles and Policies for the year ended 31 December 2015.

2.1.3 Identification and explanation of changes in the policy for allocating overheads

AusNet Services confirms there were no changes to its policy for allocating overheads for the year ended 31 December 2015.

2.1.4 Explanation of variances between Regulatory Accounts and 2011-15 EDPR

The following table presents the actual outcomes recorded in the 2015 regulatory accounts with amounts provided for in the 2011-15 EDPR, expressed in nominal (2015) dollars.

Table 2.1 – 2015 Actual versus 2011-15 EDPR

Item	Actual	EDPR	Variance	Variance (%)
Revenue[1] ($M)	608.0	605.1	2.9	0.5%
Operating expenditure[2] ($M)	127.3	119.2	8.1	6.8%
Maintenance expenditure ($M)	76.0	86.0	(10.0)	(11.6%)
Capital expenditure[3] ($M)	278.0	316.3	(38.3)	(12.1%)
Energy throughput (GWh)	7,644	8,043	(399)	(4.9%)

[1] Excluding revenue derived from pass through of grid fees.
[2] Excludes debt raising costs and opex associated with safety/bushfire related programs as part of the Victorian Bushfires Royal Commission recommendations (which are based on a pass through mechanism approved by the AER in 2012).
[3] Excludes direct capex associated with safety/bushfire related programs as part of the Victorian Bushfires Royal Commission recommendations (which are based on a pass through mechanism approved by the AER in 2012) and government funded programs.

Explanation of variances +/- 10% compared to EDPR

Maintenance expenditure

Maintenance expenditure was $76.0m compared to the benchmark amount of $86m. The 11.6% underspend was mainly due to a decrease in fault and emergency works and vegetation management.

Capital expenditure was $278.0m compared to the benchmark amount of $316.3m. The 12.1% underspend was mainly due to lower spend in Demand Related capital expenditure (Reinforcement and New Customer Connections), partially offset by higher spend in Non Demand Related and Non System capital expenditure.

2.1.5 Explanation of variances between actual performance and STPIS target performance measure

This section explains the material differences (>10%) between the target performance measure specified in the Service Target Performance Incentive Scheme (STPIS) and the actual performance achieved in 2015 as required by Section 1.6 of the Regulatory Information Notice.

Network USAIDI

Network USAIDI was 19.6% better than the STPIS Target (136.8 versus 170.2). The variance was driven by underlying improvement associated with an extensive investment program and operational changes undertaken by AusNet Services during the previous and current regulatory control periods. These include:

- A substantial investment in distribution feeder automation (DFA) – this increases the network's ability to self-heal during outage events.
- Key feeder reviews – This is where a feeder were patrolled for reliability risk and all works were undertaken to bring the feeder up to standard (This is in addition to normal patrols).

Targeted vegetation management – Extra money was spent on clearing trees along the first section of feeders to reduce the number of full feeder faults.

Network USAIFI

Network USAIFI was 22.9% better than the STPIS Target (1.73 versus 2.24). The drivers of USAIFI performance relative to the STPIS target are the same as described for USAIDI, above.

Network MAIFI

Network MAIFI was 3.0% above the STPIS Target (5.02 versus 4.89). As this result is within 10% of the target, no further commentary is provided.

2.2 Compliance

2.2.1 Classifications per 2011-15 Distribution Determination requirements

We have abided by AusNet Services' CAM to ensure distribution services and negotiated services criteria respectively have been classified as determined in the 2011-15 Distribution Determination. Further, AusNet Services has ensured appropriate due diligence procedures are in place, and the Regulatory Accounting Statements are subject to Audit.

2.2.2 Negative change events

AusNet Services confirms there were no negative change events which occurred during the 2015 Regulatory Year.

2.3 Cost allocation to the regulated distribution business and service segments

2.3.1 Causal allocations

NOTE: Service segment refers to standard control services, AMI, alternative control services, negotiated services and unregulated services.

Operating and Maintenance expenditure

AusNet Services employs an ABC approach to allocate costs that are not directly attributable. These 'shared' costs are initially pooled within the projects ledger against cost centre 'overhead / administration' project codes, and then capitalised or allocated between relevant categories of services, for regulatory reporting, on the basis of causal cost drivers as follows:

- Significant non-labour items, such as general insurance premiums, stores costs and audit fees, and other significant non-project non-labour costs are allocated to service categories by the Regulatory Accounting team using appropriate causal cost drivers, such as asset values; and
- Non-project costed labour (i.e. labour costs not directly charged to projects) and other general administrative and overhead costs, are subject to allocation via a formal, quarterly, business-wide, effort-based ABC survey conducted for every AusNet Services responsibility centre. From 4th of May the ABC survey was conducted monthly with the implementation of SAP.

In respect of the 2015 regulatory accounts, the below table summarises the amounts allocated under each of the above points.

Table 2.2 – Operating and Maintenance causal allocations ($'000)

Item	Non-labour items	AusNet Services ABC survey	SPIMS ABC survey	Total allocated
Standard control services	$23,988	$91,416	N/A	$115,404
AMI	$678	$21,600	N/A	$22,278

Alternative control services, negotiated services and unregulated services do not incur causal allocations in relation to Operating and Maintenance expenditure.

Capital expenditure

The majority of capital expenditure is directly attributed from work codes which capture the costs directly charged to capital projects. The exception is certain general or IT projects which need to be allocated between the AusNet Services' networks.

In the 2015 Regulatory Accounts, AusNet Services has allocated the following amounts:

Table 2.3 – Capital expenditure causal allocations ($'000)

Item	Amount allocated	Basis for allocation
Standard Control Services - General IT capital expenditure	$31,249	Allocated across the Gas and Electricity Distribution and Electricity Transmission networks based on analysis of each project by suitable subject matter experts. Allocation generally based on Business Case details of each project.
AMI – IT capital expenditure from AMI work codes which are shared across networks	$4,309	Certain IT applications are shared across AMI, Gas and Electricity Distribution and Electricity Transmission networks. For each application, the percentage of spend allocated to each network was determined by a suitable subject matter expert. There are IT applications which are used by the AMI network only – these are excluded from the 'Amount Allocated' value as they are directly attributed to AMI.
Standard Control Services – IT capital expenditure from AMI workcodes	$112	Certain IT applications are shared across AMI, Gas and Electricity Distribution and Electricity Transmission networks. For each application, the percentage of spend allocated to each network was determined by a suitable subject matter expert.

2.3.2 Non-causal allocations

AusNet Services confirms it does not allocate any costs on a non-causal basis.

2.4 Related party transactions

As reported in Template 20 of the audited financial information template.

2.5 Capitalisation policy

2.5.1 Changes to the capitalistation policy

AusNet Services confirms there were no changes to capitalisation policy for the year ended 31 December 2015.

2.6 Demand management incentive allowance

2.6.1 Demand management projects/programs for approval

AusNet Services has provided the required information in Attachment D.

2.7 Advanced metering information

2.7.1 Efficiency improvements derived from the AMI program

As at 31 December 2015, approximately 426,000 meters in AusNet Services' network were logically converted to type 5 meters in the National Electricity Market (NEM) and communicating remotely. Due to systems issues with AusNet Services' AMI solution, AusNet Services has not yet experienced operational cost savings arising from remote meter reading or remote connection or disconnection of supply.

AusNet Services is utilising AMI to improve its network operations management. AusNet Services is currently utilising aggregated AMI data to analyse loading on its network. This includes voltage profiling and load profiling of distribution transformers and corresponding areas of supply. AusNet Services is also using AMI data to identify the deterioration of low voltage service connection or loss of low voltage neutral. This can provide early warning of excessive loading on circuit elements which can enable prioritisation of replacement works. This will lead to a reduction to the costs associated with degradation or failure of network assets and avoid customer outages associated with failures.

2.8 Safety and bushfire related expenditure

As reported in Template 22 of the audited financial information template.

2.9 Advertising and marketing

2.9.1 Advertising and marketing details

Advertising and marketing details are recorded at the AusNet Services' corporate level. They are not directly attributable to any of AusNet Services' networks. Any amounts which are allocated to the Electricity Distribution Standard Control Services are performed via the ABC Survey process as detailed in section 2.3 above.

Responses to Schedule 1 (non-template) requirements

As no invoices are directly allocated to the Electricity Distribution business, details regarding specific transactions cannot be made. In addition, the amounts allocated include internal labour costs in relation to the provision of these services.

3 Attachment A: Reconciliation Workbook

4 Attachment B: Basis of Preparation

5 Attachment C: Regulatory Accounting Policies and Principles

6 Attachment D: Demand management incentive allowance information

7 Attachment E: AusNet Services corporate structure

8 Attachment F: AusNet Services organisational structure

9 Attachment G: Special purpose financial report

10 Attachment H: Non-financial audit report

11 Attachment I: Financial audit report

12 Attachment J: Confidentiality Submission

AusNet Electricity Services Pty Ltd

AER Regulatory Accounting Statements – Financial and Non-Financial Templates

2015 Regulatory Year Basis of Preparation

Basis of Preparation
2015 Regulatory Year

Overview

This Basis of Preparation document supports the preparation and reporting of the 2015 Regulatory Year data presented in AusNet Electricity Services Pty Ltd's ("AusNet Electricity Services") reports entitled 'Regulatory Accounting Statements – Financial information templates', 'Regulatory Accounting Statements – Non-financial information templates – audited,' and 'Regulatory Accounting Statements – Non-financial information templates - unaudited' ("the Reports" or "Regulatory Accounts").

The ultimate Australian parent entity of the Company was formerly AusNet Services (Distribution) Ltd, a company incorporated in Australia, which was part of a listed stapled group trading as AusNet Services. On 18 June 2015, AusNet Services completed a corporate restructure under which the existing stapled entities became wholly owned by a new listed company (AusNet Services Ltd). As a result of the restructure, the ultimate parent of the Company is AusNet Services Ltd.

The Reports have been prepared in accordance with the 'Regulatory Information Notice issued under section Division 4 of Part 3 of Chapter 2 of the *National Electricity Law*' ("RIN") issued by the AER on 6 August 2014.

AusNet Electricity Services' 2015 Regulatory Year is the period 1 January 2015 to 31 December 2015 ("Regulatory Year"). Data included in the Reports has been provided for the 2015 Regulatory Year. All financial data included in the Reports is presented in thousands of Australian dollars, unless otherwise stated in the Template. Non-financial data is stated as per the measures specified in the Reports.

The AusNet Services' Group owns and operates 3 regulated networks – an electricity distribution network, a gas distribution network, and an electricity transmission network. Employees of the AusNet Services Group work across the 3 regulated networks and there are shared costs and overhead and other corporate costs that cannot be directly allocated to a particular network. These costs are proportioned amongst AusNet Services' 3 regulated networks, as well as unregulated businesses, based on an Activity Based Costing ("ABC") survey process completed by all cost centre managers and in accordance with AusNet Services' Cost Allocation Methodology ("CAM"). For the first 4 months of the 2015 regulatory year, this was completed quarterly and for the remaining 8 months it was completed monthly on a reviewed and streamlined cost centre structure.

Materiality has been applied throughout the Reports and Basis of Preparation. Materiality is defined as information that if omitted, misstated or not disclosed has the potential, individually or collectively to influence the economic decisions of users.

The Reports require inputs to be allocated between Standard Control Services, Advanced Metering Infrastructure (AMI), Alternative Control Services, Negotiated Distribution Services and Unregulated Distribution Services. These are all defined in the 2011-15 Distribution Determination, with AMI having the meaning of activities undertaken by AusNet Services to provide 'regulated services' as defined in the Order in Council made on 28 August 2007 under sections 15A and 46D of the Electricity Industry Act 2000 (Vic) and as amended on 12 November 2007, 25 November 2008, 21 October 2010 and December 2011.

In conformity with AER requirements, the preparation of the Reports requires the use of certain critical management estimates. For the purpose of preparing the Reports, 'estimated information' is defined as information presented in the Reports whose presentation is not materially dependent on information recorded in accounting records or other records used in the normal course of business, and whose

presentation for the purpose of the RIN is contingent on judgments and assumptions for which there are valid alternatives, which could lead to a materially different presentation in the Reports.

Where estimated information has been presented, the circumstances and the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is AusNet Electricity Services' best estimate has also been set out below. Estimates are considered to be managements' best estimate based on the data available. Estimates will often not equal the related actual results and estimates have only been made for the purpose of disclosing the information required under the RIN. Considerations of the cost and efficiency of preparation as well as the reliability and accuracy of data available have been taken into account in determining the best methodology to determine the estimates.

'Actual Information' is defined as information materially dependent on information recorded in historical accounting records or other records used in the normal course of business, and whose presentation is not contingent on judgments and assumptions for which there are valid alternatives, which could lead to a materially different presentation. Any information or allocation which has been calculated via the ABC survey process is considered actual information, as this is in accordance with the AER-approved CAM.

AusNet Services implemented a new Enterprise Resource Planning system ('ERP') effective 4 May 2015. Therefore, in many circumstances, the data presented in the Templates has been sourced (for the January to April months period) from the same systems as used for the 2014 Annual Regulatory Accounts submission; and the May to December months period data has been sourced from the new system. The new ERP system consolidates a number of systems and was designed to provide more actual data in a manner to support the preparation of the Regulatory Accounts, this has had no impact on the CAM. When referring to Financial Systems, the first 4 months refers to Oracle and the remaining 8 months refers to SAP. These circumstances have been explained in the basis of preparation where applicable.

The preparation methodologies and information sources adopted in the preparation of the Reports are set out below.

Contents

REGULATORY ACCOUNTING STATEMENT TEMPLATES

For templates within the 2015 Regulatory Accounts:

The forecasted values are the forecast expenditure as per the 2011-2015 Electricity Distribution determination. The adjusted forecast is the forecast adjusted to be in equivalent dollar terms to the actual expenditure for the 2015 Regulatory Year, based on the CPI calculation as specified in the 'Contents' page of the Regulatory Accounts. In certain cases, expenditure in the determination was only forecast at the total level and not prescribed by the various categories required to be disclosed in the Regulatory Accounts. In these circumstances only the total forecast expenditure is shown.

Audited statutory accounts are the audited Special Purpose Financial Report ("SPFR") which have been prepared for distribution to the members for purposes of reporting to the Australian Energy Regulator ("AER:"). Audited Statutory Accounts amounts within the AusNet Electricity Services' 2015 Regulatory Accounts are derived from the supporting workings to the 'AusNet Services Holdings Pty Ltd' audited SPFR for the financial year ended 31 December 2015. In certain cases, the SPFR workings do not contain sufficient information to enable separation into the various categories prescribed in the Regulatory Accounts. In these circumstances no amounts have been shown in the Audited Statutory Accounts column.

1a Income statement

The accounting terms used in this template have the same meaning as is used for the preparation of the financial statements. The service classifications have the same meaning as those used in the 2011-15 Distribution determination.

Preparation Methodology:

The column 'Adjustments' is the difference between the Audited SPFR amounts and Distribution Business amounts. These differences arise largely due to the following:

- The AusNet Services Holdings Pty Ltd SPFR is a consolidated set of financial statements, encompassing both of AusNet Services' electricity and gas distribution businesses. This set of financial statements also captures some amounts generated by the Select Solutions business, which is unregulated. The revenues and costs recorded in the AusNet Services' Financial Systems relating to the gas distribution and Select Solutions businesses are captured in the Adjustments column;
- For the first 4 months of the regulatory year shared and overhead costs were allocated to AusNet Services' networks based on a quarterly "ABC survey process completed by all cost centre managers in accordance with AusNet Services' CAM. These costs were allocated between the three networks in the cost allocation model. Overheads which are not allocated to the electricity distribution business but are within the amounts reported in the SPFR are included in the adjustment column. For the remaining 8 months the ABC survey process was completed monthly, with all shared and overhead costs collected in a central entity and allocated to the correct network and regulatory category within the system in accordance with the CAM;.
- Certain accounts, such as tax balances, capitalised finance charges, customer contributions revenue, intercompany amounts and impairment, being outside the scope of the Regulatory Accounts per Regulatory Guidelines; and
- Differences between accounting depreciation (i.e. calculated on a straight-line basis) and Regulatory depreciation (i.e. approved 'return of capital' allowance for the period).

All amounts are derived directly from General Ledger accounts or from another Template within the 2015 Regulatory Accounts, except as detailed below:

Distribution Revenue: For the first 4 months AMI revenue is based on an analysis of transactions within two different General Ledger revenue accounts, where information is sourced directly from the General Ledger. For the remaining 8 months AMI revenue is directly from the General Ledger account. Public lighting and fee based amounts are extracted directly from Template 14 'Alternative control services and other services'. The categorisation between Efficient and Non-Efficient public lighting revenue is based on further analysing the descriptions of the amounts billed.

Other revenue: Negotiated Services Revenues are determined based on an analysis of revenues earned from certain contracts in place.

Depreciation expenses: For regulatory reporting, depreciation charges reflect the approved 'return of capital' allowance for the period, as contained in the Distribution Determination). These figures have been adjusted for CPI.

Finance Charges: obtained via weighting the actual debt raising costs from the General Ledger across networks based on the Regulated Asset Based ("RAB") value of each network.

Estimated Information:

For the revenue from use of RAB assets for non-Standard Control Services ("SCS") purposes, the SPFR column is extracted directly from Template 23 'Shared Assets'. Please refer to this section for an explanation regarding estimates required.

For maintenance costs, the allocation into the required Regulatory Categories (e.g. SCS, alternative control) is considered estimated information as it is based upon an analysis performed by subject matter experts ("SME's"). Refer to section 6a 'Maintenance' for further details regarding this allocation process.

The finance charges weighting process means this information is estimated, as these are not separately captured in the General Ledger.

This is managements' best estimate based on available data.

All other amounts stated are actual information. No estimates were required.

2 Total revenue and demand

Table 1: Standard control services revenue - current year
Table 2: Standard control revenue - prior year

No inputs required per template instructions.

Table 3: AMI - current year

Note: 'Number of Meters\NMIs refers to 31 December 2015 figures.

Volumes are cumulative.

Preparation Methodology:

Metering revenue for the template is generated by deducting the previous year's December accrual from the current year's December accrual and adding all the monthly billed revenue data, which is sourced from the Billing system.

Volumes are derived by dividing the reported revenue by the annual (fixed) charge for the meter/light/service.

Estimated Information:

It is assumed Revenue/Price is a valid manner in which to report volumes. This methodology is used to report customer numbers in AusNet Electricity Services' annual tariff submissions.

No estimates were required.

Table 4: AMI - prior year

Preparation Methodology:

Amounts are extracted directly from the 2014 Regulatory Accounts.

Estimated Information:

Consistent with the current year data, the 2014 Regulatory Accounts for the AMI table assumed Revenue/ Price was a valid manner in which to report volumes.

No estimates were required.

Table 5: Public lighting- current year
Table 6: Public lighting - prior year

No inputs required per template instructions.

Table 7: Total annual retailer charges

Total annual retailer charges ("TARC") is defined as the total annual amount of network charges billed by AusNet Services to all retailers as most recently reported by AusNet Services to the AER, or total annual amount of network charges billed by AusNet Services to all retailers.

Preparation Methodology:

This comprises revenue derived from Distribution Use of System charges, Transmission Use of System Charges and Jurisdictional Charges. This is sourced from the billing system.

Estimated Information:

No estimates were required.

3a Capex total

Capital Expenditure ("capex") includes all costs that are directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

For the purposes of preparing all capex templates in the Regulatory Accounts for the first 4 months, capex data from all relevant work codes is extracted from the Financial System and populated into a capex allocation model. The data is broken down by project and is also segregated into direct costs, overheads, capitalised finance charges, and customer contributions. For the remaining 8 months the data is captured in the relevant work codes within the system, categorised into direct costs, overheads, capitalised finance charges and customer contributions, reported by project and validated by subject matter experts. Capex data work codes were compared between the two systems for all migrated projects and where inconsistent work codes were identified, these were assessed by subject matter experts. Unless noted below, the capex values included in the Regulatory Accounts are reported on an as-incurred basis and only include direct costs and overheads.

Work codes are used within the Financial Systems to capture types of capex projects by their nature. Each work code includes multiple projects and work codes are used as the main source of regulatory financial information for capex included in the Regulatory Accounts. With the implementation of SAP work codes were updated to align with regulatory reporting requirements enabling direct reporting with minimal exceptions.

Table 1: Standard control service

Preparation Methodology:

To determine actual values, work codes are categorised and only those work codes that include Standard Control Services capex for the Electricity Distribution business are included. Details of capex spend for each of these work codes by project is obtained. The following allocation is performed:

- Each project is assigned Regulatory Categories and voltages by a subject matter expert (SME) based on the types of works undertaken by the project. Each project can be split across various categories and voltages based on the assessment. Each work code is then weighted into the categories based on the profile (i.e. the designated Regulatory Category and voltages) and capex spend of projects within each.
- For this assessment, an average of the prior 4 years was used to disaggregate the total 2015 capital expenditure across the relevant template categories.
- IT and General projects are separately analysed and allocated to each of AusNet Services' networks and the unregulated business based on an analysis by appropriate SMEs (generally source of allocation is based on Business Case information). Only capex attributable to Electricity Distribution's Standard Control Services is included in the table.
- Similarly, all AMI projects are reviewed by a SME and allocated to AMI as well as across AusNet Services' networks, based on the nature of the application and its use across AusNet Services. The portion of capex that relates to AMI is excluded from Table 1.

Estimated Information:

The total of the 'actual' column is actual data as it agrees to the Financial Systems.

The allocation into the Regulatory Categories for the first 4 months is estimated data as the Oracle Financial System did not capture this level of detail. An assessment of each project is performed by a SME to determine the allocation, and this allocation is used to apportion the actual expenditure into the prescribed Regulatory Categories. This is considered to be management's best estimate based on the data available. For the remaining 8 months actual data was used, validated by a SME.

The assignment of the actual values across the prescribed voltages is estimated information, as the current Financial System does not capture this level of detail. This is considered to be management's best estimate based on the data available, as it's based on the weighted averages calculated from information extracted from the Financial System for the past 4 years.

Table 3: Capex by asset class

Preparation Methodology:

The actual capex for Subtransmission, Distribution System Assets, SCADA/Network control, Non-network IT and Non-network Other all are obtained directly from Table 1. Distribution System Assets are the sum of HV and LV capex.

AMI capex is determined by review of the AMI capex projects performed for Table 1 (refer above). Some projects in the AMI work codes are allocated across other networks as they also support these networks (e.g. IT projects).

Public Lighting and Alternative Control – Other are extracted from specific work codes in the Financial Systems and agree to Template 14 'Alternative Control Services and Other Services'.

In relation to provisions, a provision movement schedule is prepared for each type of provision based on information extracted from the Financial Systems. Each provision is then allocated between capex and Operating Expenditure ("opex") based on results of the 31 December 2015 capitalised overheads model. This model uses results from the ABC surveys which provide the percentage split of management effort between all of AusNet Services' regulated and unregulated networks as well as between opex and capex. This information is also used to populate Table 3.

The movement in capex provisions is allocated between Standard Control Services, AMI and Alternative Control based on headcount per the ABC surveys. The total Standard Control Services amount is then weighted across the Subtransmission, Distribution System Assets, SCADA/Network Control, Non-network IT and Non-network Other categories based on the capex expenditure weighting disclosed in the 'Actual' column of Table 3.

Estimated Information:

For the first 4 months, with the exception of Public Lighting and Alternative Control, all other actual capex by category is estimated information due to the allocation of projects performed by SMEs. This is considered to be management's best estimate based on the data available. For the remaining 8 months actuals are used based on work codes aligned to regulatory categories, no estimates were required.

The movements in provisions allocated to as-incurred capex is estimated information as the Financial System does not capture movements in provisions on an opex/capex basis, and not in the required categories of Table 3. The allocation process applied to the template is considered to be management's best estimate based on the data available.

Table 4: Other capex

Preparation Methodology:

Other capex includes all Distribution business capex except for Standard Control Services. All information in this table is sourced from other templates, namely:

- AMI data is extracted from Template 21 'Advanced Metering Infrastructure'.
- Public Lighting and Other Alternative Control data is sourced from Table 3.

Estimated Information:

The total AMI 'Actual' amount is estimated as some shared projects were required to be allocated across networks. This is considered managements' best estimate based on available data.

Table 5: Customer contributions by asset class

Preparation Methodology:

To determine actual values:

- A transaction history of the customer contributions per project for the 2015 Regulatory Year is downloaded from the Financial Systems.
- Customer Contribution amounts are allocated into Subtransmission, Distribution System Assets and Alternative Control – Other based on the project allocations identified in Table 1.
- Public Lighting is directly from the public lighting work codes.

For the last 8 months work codes were reviewed by a SME to support the allocation.

The customer contributions amount per the SPFR column matches 'Note 2 Revenue' of the SPFR. The adjustments column includes customer contributions for the gas business as well as the difference between the accounting treatment of customer contributions (revenue recognised over the period of service) compared to the Regulatory treatment (recognised when received).

Estimated Information:

Total customer contributions are actual information from the Financial Systems. The categorisation into Subtransmission, Distribution System Assets and Alternative Control – Other is estimated information by virtue of the allocation process as per Table 1. This is considered managements' best estimate based on available data.

Public Lighting customer contributions are actual information. No estimates were required.

Table 6: Disposals by asset class

Disposals mean the written down value (WDV) of assets disposed. The WDV represents the accounting value as contained in the Fixed Asset Register.

Preparation Methodology:

To determine actual values, a transaction listing of the General Ledger account for asset disposals is reviewed.

The 'Adjustments' column represents the gas business disposals and accounting write-downs.

Estimated Information:

No estimates were required.

3b Capex total margins

Related parties are defined within the RIN instructions. Based on this definition SGSP (Australia) Assets Pty Ltd ("SGSPAA"), which includes both Jemena and Zinfra, is identified as the only related party which provides capex services to AusNet Services.

Table 1: Standard control service

Preparation Methodology:

A listing of all 2015 purchase orders with SGSPAA is downloaded from the Financial Systems. Work code information is mapped to each purchase order. The related party margin is contracted and this margin is applied to determine the dollar value to report.

Using the process to complete Table 1 of Template 3a 'Capex total', each project is assigned to a Regulatory Category, and the margin expenditure is applied across the same Regulatory Categories and voltages as per Table 1.

Estimated Information:

As per Table 1 of Template 3a, the total of the 'actual' column is actual data as it agrees to the Financial Systems. The allocation into the Regulatory Categories is estimated data as Oracle did not capture this level of detail for the first 4 months. An assessment of each project is performed by a SME to determine the allocation, and this allocation is used to apportion the actual expenditure into the Regulatory Categories. This is considered to be management's best estimate based on the data available.

The assignment of the actual values across the prescribed voltages is also estimated information, as the current Financial System does not capture this level of detail. As per Table 1 of Template 3a, the assignment is considered to be management's best estimate based on the data available, as it's based on using weighted averages calculated from information extracted from the Financial System.

Table 3: Capex by asset class

Preparation Methodology:

The 'actual' column is derived as follows:

- Subtransmission and Non-network Other is obtained directly from Table 1
- Distribution System Assets is the sum of HV and LV capex from Table 1
- Public Lighting is extracted from the public lighting work codes

Estimated Information:

Public Lighting amount is actual information as it is extracted directly from work codes. No estimates were required.

All other amounts are estimated information as per Table 1's explanation, work codes were weighted across the required categories based on SME analysis. This is considered to be management's best estimate based on the data available.

5 Additions by tax

Table 1: Tax standard lives and capex additions - standard control services

Preparation Methodology:

Tax standard lives are sourced from AusNet Services' internal tax records. The categories which are not completed are not relevant to the current EDPR period.

Capex additions are inclusive of customer contributions but exclude capitalised finance charges. They are sourced directly from Template 3a 'Capex total' Table 3 (Capex by asset class) and Table 5 (Customer Contributions by asset class).

No capex has been reported against Public Lighting and Metering in Table 1 as they are not Standard Control Services.

Estimated Information:

The capex additions are estimated information in line with the process of Template 3a Table 1 where work codes were weighted into the required Regulatory Categories.

This is considered managements' best estimate based on available data.

Table 2: Standard control services - excluding metering

Preparation Methodology:

For 'Additions per Taxation Category Inclusive of Related Party Margin', all categories are extracted directly by summing the 'Actual' information in Tables 1 (capex additions) and 5 (customer contributions) of Template 3a 'Capex total' with the following exception:

- Replacement expenditure is extracted directly from Table 1 of Template 3a 'Capex total' (the actual capex additions for the 'reliability & quality maintained' and 'reliability & quality improvements' categories) and then allocated into Groups 1, 2 and 3. This allocation process is performed by a SME who reviews each replacement expenditure project. Group 1 is Feeders/Sub-transmission, Group 2 is Switchgear and Group 3 is Transformers and Other.

'Additions per Taxation Category Exclusive of Related Party Margin', are calculated by subtracting the amounts disclosed in Template 3b 'Capex total margins' from the totals inclusive of related party margins.

Estimated Information:

The capex additions are estimated information in line with the process of Template 3a Table 1 where work codes were weighted into the required Regulatory Categories.

This is considered managements' best estimate based on available data.

Table 3: Metering

Preparation Methodology:

For 'Additions per Taxation Category Inclusive of Related Party Margin' all categories are extracted directly from Table 4 of Template 3a 'Capex total'.

As there were no metering additions made with a related party, the column 'Additions per Taxation Category Exclusive of Related Party Margin' is the same as 'Additions per Taxation Category Inclusive of Related Party Margin'.

Estimated Information:

The total AMI 'Actual' amount is estimated as some shared projects were required to be allocated across networks.

This is considered managements' best estimate based on available data.

6a Maintenance costs total

Table 1: Maintenance expenditure

Preparation Methodology:

Maintenance expenditure is derived from the Financial Systems based on a combination of work code and General Ledger account information, which is then analysed by a SME in order to report against the relevant categories in the template. Maintenance expenditure is collated separately for Standard Control Services, AMI, Public Lighting and Other Alternative Control Services. The total expenditure for these categories is then reconciled to the AusNet Services Holdings Pty Ltd audited SPFR.

For the first 4 months a Cost Model was utilised to extract and allocate opex and maintenance. The Cost Model is based on the AER-approved CAM. Allocations are made via the following methods:

- Direct cost allocation for expenditure which is directly attributable to a regulated or non-regulated activity;
- Using information based on work codes from the financial system. Work codes are used to allocate costs to a category based on the type of project the costs relate to; and
- Using the results of ABC surveys. Any costs which cannot be allocated using the previous two methods are allocated based on the ABC results.

For the remaining 8 months costs are extracted based on work codes. Results are reviewed by a SME. This is based on the AER-approved CAM. Allocations are made via the following methods:

- Direct cost allocation for expenditure based on work codes from the financial system. Work codes are aligned to the regulatory categories; and
- Using the results of ABC surveys. Any costs which cannot be allocated using the work code are allocated based on the ABC results.

Standard Control Services:

Specific work codes have been established to capture actual costs for Standard Control maintenance activities. A report is run from the Financial System to show the costs of each work code by General Ledger Account type. General Ledger accounts that are non-maintenance in nature are excluded from the maintenance costs, for the last 8 months the report incorporates the General Ledger account groupings. The costs per work code are allocated into the prescribed Regulatory Categories (i.e. Routine, Condition Based, etc.) based on an analysis (performed by a SME) of the type of transactions undertaken within each work code. For the remaining 8 months' work codes are aligned to the regulatory categories, a project listing is validated by a SME. Where analysis of the General Ledger and cost centres identifies non allocated costs, these are allocated as advised by a SME.

AMI:

For the first 4 months details of the cost centre where AMI maintenance expenditures are recorded are extracted from the Financial System. This cost centre also includes non-AMI maintenance expenditures. An analysis of the costs by General Ledger account recorded in this cost centre is then performed by a SME, and non-maintenance expenditure is subtracted (e.g. depreciation).

This value is then multiplied by the relevant weighting as confirmed through the ABC Survey process in order to determine the AMI portion of maintenance expenditure.

Additionally, a SME analyses a listing of AMI opex projects to determine projects which are maintenance in nature. These are added to the total identified above.

For the remaining 8 month's work codes are used to identify the costs, this is reviewed by a SME.

Public Lighting:

Costs recorded in the Public Lighting work code are extracted from the Financial Systems. Further breakdown into Efficient and Non-Efficient is determined based on the proportion of Efficient vs Non-Efficient public lighting revenues, as reported in Template 1 'Income Statement'. These maintenance expenses are also reported in Template 14 'Alternative Controls and Other Services'.

Other Alternative Control Services:

To determine the Fee Based Service amount, details of a certain work code is extracted from the Financial Systems. 2.5% of the total expenditure is allocated to Fee Based Services based on an analysis of the work code by a SME.

There were no Quoted Services maintenance costs during the 2015 Regulatory Year.

Estimated Information:

Standard Control Services actual values for the first 4 months split into the required Regulatory Categories is considered estimated information as Oracle did not capture maintenance expenditure at this level of detail. An analysis of costs incurred per work code is completed by a SME to populate the prescribed Categories, this is considered to be management's best estimate of the required based on the data available, given the SME's expertise and knowledge of the works undertaken. The 8 months is actual data. No estimates were required.

Total Maintenance expenditure for Public Lighting is actual information; however the split between Efficient Public Lighting and Non-Efficient Public Lighting is estimated data. The Financial System does not capture Efficient and Non-Efficient public lighting separately, however using the weighting of revenues generated is considered to be management's best estimate based on the data available. These maintenance expenses are also reported in Template 14 'Alternative Control and other.

Other Alternative Control Services – Fee Based Services amount is estimated data, due to the use of allocating an estimated percentage against a particular work code to obtain the value. The current Financial System does not capture the required level of detail, so an estimate is required. This is considered to be management's best estimate based on the data available, as a SME has determined the proportion to allocate.

6b Maintenance costs - margins

Table 1: Maintenance expenditure

Preparation Methodology:

From the process to identify Related Party margins in Template 3b, the maintenance work codes were also extracted and the margin disclosed in Table 1.

Estimated Information:

No estimates were required.

8a Operating activities - total

Table 1: Operating expenditure

Preparation Methodology:

Operating expenditure is derived from the Financial Systems based on a combination of work code and General Ledger account information, which is then analysed by a SME in order to report against the relevant categories in the template. The total expenditure for these categories is then reconciled to the AusNet Services Holdings Pty Ltd audited SPFR.

For the first 4 months a Cost Model is utilised to extract and allocate opex and maintenance. The Cost Model is based on the AER-approved CAM. For the remaining 8 months costs are collected centrally and allocated to regulatory reporting categories, using work codes and projects, on a monthly basis via the ABC survey process based on the AER-approved CAM.

Allocations from the Cost Model are made via the following methods:

- Direct cost allocation for expenditure which is directly attributable to a regulated or non-regulated activity;
- Using information based on work codes from the financial system. Work codes are used to allocate costs to a category based on the type of project the costs relate to; and
- Using the results of ABC surveys. Any costs which cannot be allocated using the previous two methods are allocated based on the ABC results.

For the remaining 8 months costs are extracted based on work codes and projects. Results are reviewed by a SME. Allocations are made via the following methods:

- Direct cost allocation for expenditure based on work codes and projects from the financial system; and
- Using the results of the monthly ABC surveys. Any costs which cannot be allocated using the work code are allocated based on the ABC results.

The following ‘Distribution Business’ amounts were derived using direct allocation from General Ledger accounts:

- Transmission Connection Fee
- AEMO Shared TUOS Charges
- Net Cross Boundary Network Charges
- GSL Payments
- Non-network Alternative Costs

The following ‘Distribution Business’ amounts were derived using ABC survey results for the first 4 months:

- Billing & Revenue Collection
- Advertising/Marketing
- Customer Service
- RegulatoryIT (including split between Standard Control and AMI)

- Other – Standard Control Services
- AMI

For the remaining 8 months the ABC process within the system allocated these costs to specific work codes and projects to enable direct derivation, these were reviewed by a SME.

Other methods:

- Avoided TUoS Charges/Transmission Costs is extracted directly from Template 13 ‘Avoided Cost Payments’;
- Jurisdictional Scheme Amounts are extracted directly from Template 29 ‘Jurisdictional Amount Cost Audit Template’;
- Network Operating Costs Distribution Services amount is based on information extracted directly from General Ledger accounts, and based on ABC Survey results. These costs are further allocated as follows:
    - Fee Based Services is derived from an analysis of certain projects; and
    - Quoted Services are directly from Template 14 ‘Alternative Control Services and Other Services’:
- Negotiated Services are based on an analysis of contracts;
- Regulatory reset is based on information extracted from the General Ledger and Purchase Orders; and
- Debt raising costs based on information extracted from the General Ledger and allocated between networks based on the RAB values.

Estimated Information:

All amounts are actual as they are derived using the AusNet Electricity Services AER-approved CAM, with the exception of Avoided TUoS Charges/Transmission Costs – refer to sections 13 and 27 for details of estimations required.

No estimates were required.

Table 3: Other network operating costs

Preparation Methodology:

For General Ledger accounts which are directly allocated to ‘Other - Standard Control Services’, a review was undertaken to determine any balances above the 5% threshold of total standard control operating costs.

Estimated Information:

No estimates were required.

Table 4: Operating expenditure - non-recurrent network operating costs

Preparation Methodology:

There are no non-recurrent cost items included in "Network Operating Costs" that are more than 5 per cent of the total standard control services operating costs.

Estimated Information:

No estimates were required.

8b Operating activities - margin

Table 1: Operating expenditure

Preparation Methodology:

There were no opex amounts incurred from related parties during the 2015 Regulatory Year.

Estimated Information:

No estimates were required.

13 Avoided cost payments

Avoided cost payments are the payments made by AusNet Services to represent costs that AusNet Services would have incurred in the provision of distribution services, but for the actions of another party, which may include a Related Party, embedded generator, third party or customer.

Preparation Methodology:

The values to populate both avoided cost payments and number of projects are extracted directly from Template 27 'TUoS cost audit template (t-2)'.

Estimated Information:

Refer to section 27 for details.

14 Alternative control services and other services

Alternative control services are as defined in the 2011-15 Distribution Determination.

Preparation Methodology:

The following amounts were derived using direct allocation from General Ledger accounts:

- Meter Investigation, Special Meter Reading, Meter Equipment Testing, Meter Conversion, Service Truck Visits, Embedded Generator Connection Charges, Routine connections - customers below 100 amps, Security Lighting operation, repair, replacement and maintenance and Public Lighting Revenues –
    - a transaction listing from one Revenue General Ledger account was extracted, and amounts were categorised based on the tariff billed.
- Supply Installation Services Revenue.
- Recoverable Works (various) Revenue.

The following amounts were derived using information directly from work code data:

- Special Meter Reading Direct O&M costs.
- Meter Equipment Testing Direct Capex (further allocation of the work code between Alternative Control and AMI based on descriptions of transactions).
- Routine connections - customers below 100 amps Direct Capex (further allocation of the work code between Alternative Control and Standard Control based on descriptions of transactions).
- Total Public Lighting Direct O&M costs. Further breakdown into Efficient and Non-Efficient is based on the proportion of Efficient v Non-Efficient Revenues.
- Non-energy efficient public lighting Direct Capex (there is no Efficient public lighting Direct Capex as this was all derived from customer contributions during the 2015 Regulatory Year).

Other methods:

- Unregulated Revenues are from Template 23 ‘Shared Assets’, plus a small portion from General Ledger data.
- Unregulated Direct O&M are extracted from the General Ledger. These are the costs incurred to generate the Shared Assets revenues as per Template 23. For any revenues which require apportioning in Template 23, the corresponding costs are apportioned utilising the same apportionment methodology.
- For the following remaining categories, the current Financial System does not separately capture the Direct O&M costs. Based on analysis performed by AusNet Services, it has been determined that no margins are incurred on these services. As a result, the costs that are reported in the template equate to the revenues earned for those services. The categories are:
    - Meter Investigation
    - Meter Conversion
    - Service Truck Visits
    - Embedded Generator Connection Charges
    - Supply Installation Services
    - Recoverable Works (various)

Estimated Information:

Estimated information was obtained for the Direct O&M Costs split between Efficient Public Lighting and Non-Efficient Public Lighting (however the Total Direct O&M costs for Public Lighting is actual information). The Financial System does not capture Efficient and Non-Efficient public lighting separately, however using the weighting of costs based on the split of revenues is considered to be management's best estimate based on the data available.

The Unregulated Revenues and Direct O&M Costs consist of some apportionment in line with the methodology per Template 23 'Shared Assets'. This is considered to be managements' best estimate based on the data available.

The remaining Direct O&M costs derived using the 'other methods' as described above is considered estimated information as the Financial System does not hold this level of detail. The assumption by SMEs that no margin is earned on these services is considered the best estimate approach. This is considered to be managements' best estimate based on the data available.

15 Efficiency benefits sharing schemes

Efficiency benefits sharing schemes ("EBSS') exclusions have the meaning used in the 2011-15 Distribution Determination.

Table 1: Opex for EBSS Purposes

Preparation Methodology:

- Total Actual Opex and Debt raising costs are extracted directly from Template 1a 'Income Statement';
- Self-insurance is extracted directly from Template 18 'Self Insurance';
- DMIA costs is extracted directly from Template 17 'Demand Management Incentive Scheme';
- Pass through event costs relate to incremental spend which are allowed to be passed onto customers, e.g. increased asset inspection and incremental spend associated with Total Fire Ban days. This is extracted directly from Template 22 'Safety and Bushfire'; and
- GSL payments are extracted directly from the General Ledger and are also reported in Template 8a 'Operating Activities – total'.

Estimated Information:

DMIA costs are considered estimated as based on the assumptions outlined in Template 17.

Pass through costs are estimated based on the Template 22 Table 17 assumptions.

All other amounts are considered actual information.

Table 2: Explanation of Capitalisation Policy Changes

Preparation Methodology:

There were no items previously considered as opex but now considered to be capex.

Estimated Information:

No estimates were required.

16 Jurisdictional scheme payments

Jurisdictional scheme has the meaning given in clause 6.18.7A (d) of the NER.

Jurisdictional Scheme Payment is, in respect of a Jurisdictional Scheme, the amount AusNet Services is required under the Jurisdictional Scheme obligations to:

(a) pay to a person
(b) pay into a fund established under an Act of a participating jurisdiction
(c) credit against charges payable by a person
(d) reimburse a person

less any amounts recovered by AusNet Services from any person in respect of those amounts other than under the NER.

Preparation Methodology:

Data is extracted from Template 29 ‘Jurisdictional amount cost audit template’, which is ultimately sourced from the billing system.

Estimated Information:

No estimates were required.

17 Demand management incentive scheme

Table 1: DMIA expenditure in the regulatory reporting year

Preparation Methodology:

Relevant projects are identified by SMEs. The expenditures are identified as follows:

- **Residential battery storage trial:** Opex amounts comprising 72% of the total project claim are derived directly from supplier invoices and sales receipts. Opex amounts comprising 28% of the total project claim are estimated to capture team labour costs incurred in the operation and reporting of the trial. No capex was incurred on this project during 2015.

- **Grid Energy Storage System (GESS) Trial:** Opex and capex amounts are derived directly from internal expenditure reports, where the information source is the Financial Systems, and no estimation is required.

Estimated Information:

Residential battery storage trial: External expenditure associated with the operational phase of the project was logged by the Project Manager based on supplier invoices, but internal labour required for trial strategy, design, analysis and reporting is estimated. Labour for these items is not separately captured within the Financial Systems and does not appear in any expenditure reports. The estimate for these costs is based on analysis undertaken by the Project Manager and is calculated via a bottom up build of estimated labour hours and typical engineering labour unit cost rates. This process is considered commensurate with the value of the costs being claimed.

This is considered managements' best estimate based on available data.

Grid Energy Storage System: The operational phase of the GESS in its trial location is fully funded by DMIA.

Table 2: DMIA expenditure in the previous reporting year

Preparation Methodology:

This was sourced directly from the 2014 Regulatory Accounts.

Relevant projects are identified by SMEs. The expenditures are identified as follows:

- **Residential battery storage trial:** Opex and capex amounts comprising 94% of the total project claim are derived directly from an internal project expenditure report. This report's source information is taken from the Financial Systems. The split of expenditure between opex and capex is based on an analysis of the nature of expenditure incurred – no estimation is required. A portion of additional opex is estimated to capture wider team costs incurred in designing the operation of the trial.

- **Grid Energy Storage System (GESS) Trial:** Opex amounts are derived directly from an internal expenditure report, where the information source is the Financial Systems, and no estimation is required. 91% of the total of the capex amount is sourced directly from internal project expenditure reports for the relevant capex projects. A portion of two additional capex projects is

added – total expenditure is based on the internal expenditure report, and the amounts to allocate to DMIA are based on an SME analysis.

- **Mallacoota Sustainable Energy Study:** Opex amounts based on invoice information received from consultants. No capex amounts have been incurred. No costs were incurred in 2015.

Estimated Information:

- **Residential battery storage trial:** The project set up within AusNet Services' Financial Systems capture the direct costs associated with procurement, commissioning and operation of the battery storage systems themselves, but its scope does not extend to the internal labour required for trial strategy, design, analysis and reporting. Labour for these costs is therefore not separately captured within the Financial Systems and does not appear in any expenditure reports. The estimate for these costs is based on analysis undertaken by the project manager and is calculated via a bottom up build of estimated labour hours and typical engineering labour unit cost rates. This process is considered commensurate with the value of the costs being claimed. This is considered managements' best estimate based on available data.

- **Grid Energy Storage System (GESS) trial:** The GESS is partly funded by DMIA and partly funded internally, according to the split between innovation value and network value. This split is judged to be 50-50. To administer these two funding sources, the overall capex project is structured internally as 2 separate projects, and major costs are allocated to each project by the project manager. In practice it was not feasible to separate all minor costs or book timesheet labour hours between each project, as many tasks had overlapping objectives. Therefore an estimation has been undertaken to apportion such costs at a 50% rate to the DMIA component. For example, the labour expenditure on both the DMIA project and the internally funded project was summated and then 50% of the total amount was allocated to the DMIA claim. This is considered managements' best estimated based on available data.

Table 3: Foregone revenue in the regulatory reporting year

Preparation Methodology:

None identified.

18 Self insurance

Self Insurance has the meaning the same as used in the 2011-15 Distribution Determination.

Table 1: Self insurance events with an incurred cost of greater than $100,000 per event

Preparation Methodology:

Self insurance costs are not separately captured in the Financial Systems. However, expenditure has been calculated by a SME reviewing data in the relevant work codes and supporting information from contractor invoices.

In the 'Note' section of the template, further details of the disasters are provided, which are extracted from relevant websites.

Estimated Information:

No estimates were required.

Table 2: Self insurance events with an incurred cost of less than $100,000 per event

Preparation Methodology:

None identified.

Table 3: Total self insurance that relate to regulated assets

Preparation Methodology:

No preparation required – formula links to Tables 1 and 2.

19 Change of accounting policy

Table 1: The aggregate effect of the change in accounting policy on the balance sheet and income statements

Table 2: Description and reason for the change in accounting policy

Preparation Methodology:

There has not been a change in accounting policy for AusNet Electricity Services during the 2015 Regulatory Year; therefore no information is disclosed in this template.

Estimated Information:

N/A

20 Related party transactions

Table 1: Payments made by AusNet Services to related party under CONTROL or INFLUENCING ownership

Preparation Methodology:

Details regarding how the Related Party transaction amounts were determined are explained in the Table.

Estimated Information:

No estimates were required.

Table 2: Composition of margins in relation to table 1

Provide, if separately identifiable the proportion of margins related to overhead costs and the proportion if any, that is related to assets used but not in the Distribution Businesses regulatory asset base.

Preparation Methodology:

Not separately identifiable therefore table left blank.

21 Advanced metering infrastructure

Data reported relates to non-contestable, regulated metering services only. This includes work performed by third parties on behalf of AusNet Services. Data in relation to contestable metering services has not been provided.

Table 1: Standard control asset base – metering

Preparation Methodology:

Opening values match the 2015 AMI Charges application.

Meter Capex

In relation to Meter Capex, the total expenditure was determined based on review of projects within the AMI work codes (extracted from the Financial Systems) and the relevant metering work codes.

The dollar spend between 'Manually read interval meters' and 'Remotely read interval meters and transformers' was derived by apportioning the total meter expenditure based on the volumes of new meter installations by category.

IT Infrastructure Capex

IT Infrastructure Capex relates to costs associated with the AMI mesh rollout. Costs based on review of projects within the AMI work codes (extracted from the Financial Systems).

Communications Infrastructure Capex

Communications Infrastructure Capex relates to costs associated with the AMI rollout. Costs based on review of projects within the AMI work codes (extracted from the Financial Systems).

There were no asset disposals or customer contributions relating to metering in the 2015 Regulatory Year.

Estimated Information:

Information provided in relation to 'Remotely read interval meters and transformers' is considered estimated information as this could not be extracted directly from the Financial Systems. Apportioning the costs based on the volumes of installations is considered to be management's best estimate based on the data available.

Table 2a: Number of meters installed;

Table 2b: Cumulative number of meters;

Table 3: AMI meter reconciliation; and

Table 4: Number of meter read quantity - end of year

Preparation Methodology:

For the above listed tables the 2015 column was populated using information directly from the Meter Asset Management System. It is noted the accumulation meters in Table 4 are higher than Table 2a. This is because AMI meters which were not logically converted were read as accumulation meters.

The 2014 column matches the 2014 Regulatory Accounts submission. An adjustment has been made to the opening balance of 2015 in table 3.

Estimated Information:

No estimates were required.

22 Safety and bushfire related expenditure

Safety and bushfire related expenditure is the activities undertaken by AusNet Services to meet revised standards under the *Electricity Safety Act 1998*, arising from the recommendations of the Victorian Bushfire Royal Commission ('VBRC').

Table 1: Asset groups: definitions, cost-allocation basis and methodology

Preparation Methodology:

This table has remained unchanged compared to the 2014 Regulatory Accounts.

Table 2: Bushfire related expenditure (volumes)

Preparation Methodology:

The volumes for bushfire related expenditure are embedded in Table 3; hence no data is reported in Table 2.

Table 3: Safety related other - ESL, non ESL and ESMS (volumes)

Preparation Methodology:

Volumes are sourced from the AusNet Services' Asset Management System. These sources are used to report volumes internally and externally to ESV and the AER.

'Augment spans - habitat trees – HBRA' includes 148 spans which were not augmented, but the trees were cut instead. This means these are opex volumes instead of capex volumes.

For the following asset groups:

- 'Safe Climbing'
- 'Environmental Works'
- 'Protection & Controls'
- 'Zone Substation Augmentation - Various safety programs'

Units have been left blank. This is because generic units are not applicable as activities undertaken are project rather than unit based, and each project can differ in terms of nature and scope.

Estimated Information:

No estimates were required.

Table 4: Bushfire related expenditure ($ nominal - excluding margins and overheads)

Preparation Methodology:

The bushfire related expenditures are embedded in Table 5.

Table 5: Safety related other - ESL, non ESL and ESMS ($ nominal - excluding margins and overheads)

Table 7: Safety related other - ESL, non ESL and ESMS ($ nominal - margins and overheads)

Preparation Methodology:

For Tables 5 and 7, each project is allocated a Regulatory Category by a SME, during the same process for Table 1 of Template 3a 'Capex total'. All designated Environmental, Safety and Legal ("ESL") projects are then further allocated into the required asset groups, and also split into amounts which are a pass-through, not a pass-through, and government funded respectively. Any non-ESL projects which are safety and bushfire related as identified by a SME are also included in Tables 5 and 7.

Expenditure for each project is sourced from the Financial Systems.

Only non pass-through capex amounts are disclosed in Tables 5 and 7.

The amounts reported in Table 5 are exclusive of margins and overheads. The margins and overheads are separately reported in Table 7.

Estimated Information:

Once non pass-through projects have been identified, the subsequent allocation into the prescribed Asset groups requires some estimations to be made by the SME.

This is considered managements' best estimated based on available data.

Table 6: Bushfire related expenditure ($ nominal - margins and overheads)

Preparation Methodology:

Bushfire related Capex expenditures are embedded in Table 7; hence no data is reported in Table 6.

Table 8: Bushfire related expenditure ($ unit cost)

Preparation Methodology:

The bushfires related expenditure unit costs are embedded in Table 9; hence no data is reported in Table 8.

Table 9: Safety related other - ESL, non ESL and ESMS ($ unit cost)

Preparation Methodology:

Unit cost is derived by summing the Table 5 direct cost + Table 7 overhead cost, then dividing by number of units as reported in Table 3.

Where volumes reported in Table 3 are opex related ('Augment spans - habitat trees – HBRA'), these volumes are adjusted prior to deriving the actual unit costs for 2015.

Estimated Information:

No estimates were required.

Table 10: Safety improvement outcomes reported to ESV (volumes)

Preparation Methodology:

Volumes are sourced from the AusNet Services' Asset Management System and project information. These sources are used to report volumes internally and externally to ESV and the AER.

Estimated Information:

No estimates were required.

Table 11: Reconciliation of safety improvement outcomes reported to ESV and AER (volumes)

Preparation Methodology:

Outcomes reported to ESV and AER are identical, therefore no variances are identified.

Table 12: Bushfire-related expenditure - approved under pass-through applications (volumes)

Preparation Methodology:

Volumes are sourced from the AusNet Services' Asset Management System. These sources are used to report volumes internally and externally to ESV and the AER.

Estimated Information:

No estimates were required.

Table 13: Bushfire-related expenditure pass-through applications ($ nominal - excluding margins and overheads)

Table 14: Bushfire-related expenditure pass-through applications ($ nominal - margins and overheads)

Preparation Methodology:

For Tables 13 and 14, the process is the same as Tables 5 and 7 respectively however only the pass through amounts are reported in Tables 13 and 14.

Estimated Information:

No estimates were required.

Table 15: Bushfire-related expenditure - government funded ($ nominal - excluding margins and overheads) CAPEX

Table 16: Bushfire-related expenditure - government funded ($ nominal - margins and overheads) CAPEX

Preparation Methodology:

For Tables 15 and 16, Powerline Replacement Extreme Fire Area capex amounts are sourced from the Financial Systems.

Estimated Information:

No estimates were required.

Table 17: Bushfire-related expenditure pass-through applications ($ nominal) OPEX

Preparation Methodology:

'Spacers survey' opex and 'EDO fuse tube replacements' amounts were extracted directly from the Financial Systems.

The 'changes to inspection cycle opex' amount is not tracked separately in the Financial Systems, therefore an estimate is required.

Operational costs on TFB days' opex amount is based on actual external contracts costs plus internal employees' time and cost as charged to the relevant project numbers.

Estimated Information:

The 'changes to inspection cycle' opex amount is estimated data. This represents managements' best estimate based on available data assuming the actual expenditure is equal to the approved expenditure.

23 Shared assets

Shared assets are those assets that are used to provide both standard control services and unregulated services. In some circumstances this may reflect revenue apportionment in line with the AER's Shared Asset Guideline.

A division of AusNet Services is Select Solutions, who provide metering, data and asset management solutions, including integrated mobile and spatial technologies. They perform unregulated services, and are part of the 'AusNet Services Holdings Pty Ltd' consolidated group.

Table 1: Total unregulated revenue earned with shared assets

Table 2: Shared asset unregulated services and apportioned revenue

Preparation Methodology:

All Shared Asset Unregulated Services except Site Leasing

For the above listed tables, based on information included in the AER Guidelines, an appropriate SME identified assets which are considered Shared Assets. A review of all external revenue sources was conducted to identify the assets used to provide the service and whether those assets were acquired using Regulated Capex. This information was validated and reviewed by an appropriate SME.

Once the shared assets and associated revenue streams were identified, information from the Financial Systems was used to determine the revenue on a calendar year basis for those unregulated services. The revenue reported includes the full amount of unregulated revenue from providing the shared asset service, not just the component attributable to the use of shared assets.

The following adjustments are made to certain categories of unregulated revenue from the use of shared assets:

- Contestable metering contains an element of revenue that is not derived from providing a contestable service but acts as a cost pass through arrangement for the use of consultants. A mechanism exists whereby if the use of a consultant results in winning new work, the charge for that consultant is passed onto the customer through AusNet Services. The consultant will charge AusNet Services and AusNet Services will charge the customer the same amount creating a cost pass through arrangement. This revenue stream is excluded for the purposes of this submission. Invoice information was used to determine the amount to be excluded from Shared Asset Revenue.
- Utility materials management and fibre optic cable leasing revenues require apportionment across AusNet Services' networks. The utility materials management is provided using the corporate IT systems funded by the networks, and the percentage to apportion to the Electricity Distribution network is based on the business cases of the IT systems. The fibre optic cable leasing revenues is allocated to the Electricity Distribution business based on information contained in the lease agreement.

Site Leasing

In relation to Shared Asset Revenue generated from 'Site Leasing – Zone Substation', using reports generated from the Property Asset Management System, it was determined that there was one Lease

Revenue stream in place on Zone Substation land.

The information reported in the 2015 calendar year was sourced from the lease contract in place with the current tenant. The revenue reported is based on actual amounts invoiced to the tenant (which includes an annual escalation percentage applied from July 2015, in accordance with the terms of the lease agreement).

Estimated Information:

All information is actual information with the exception of utility materials management and fibre optic cable leasing revenues which require apportioning to the Electricity Distribution network as the assets are used across AusNet Services' networks. The percentages used to apportion are considered to be management's best estimate based on the data available.

24 Unmetered supply tariff quantity data template (actual t-2)

Preparation Methodology:

Information is directly extracted from Table 3 of Template 2 'Demand and Revenue'.

Estimated Information:

The same assumptions as applied in Table 3 of Template 2 - It is assumed Revenue/Price is a valid manner in which to report volumes. This methodology is used to report customer numbers in AusNet Services' annual tariff submissions.

25 Tariff quantity data template (actual t-2) distribution tariff revenue

Preparation Methodology:

Quantities are sourced from the billing system.

Distribution tariffs are sourced from the 2015 calendar year's approved tariff submission.

The reported volume workbook has the required breakdowns (e.g. peak, off-peak, by tariff, etc.), although some tariffs in the reported volume workbook roll up into a 'parent'-style tariff in the Regulatory Accounts template. For example, NEE11 in the regulatory accounts is comprised of NEE11, NEE13, NEE14 and NEE15 in the source information.

To populate the volumes, the relevant sheets from the reported volume workbook are imported into a working file that also contains the tariff templates. The tariff templates are then linked to the supporting information such that, for example, the volumes reported against tariff code NEN21 in the tariff template are the same as that reported in the reported volume workbook.

Revenue is derived by multiplying price x volume.

Customer numbers are derived by dividing standing charge revenue by standing charge price.

Estimated Information:

It is assumed that Revenue/Price is a valid manner in which to report customer numbers.

26 Tariff quantity data template (actual t-2) transmission tariff revenue

Preparation Methodology:

Quantities are sourced from the billing system.

Transmission tariffs are sourced from the 2015 calendar year's approved tariff submission.

Link customer numbers and volumes to *Template 25 – Actual t-2 Distr Tariff.*

Revenue is derived by multiplying price x volume.

Estimated Information:

No estimates were required.

27 TUoS cost audit template (t-2)

HV Crossings are payments/receipts for energy transferred utilising AusNet Services' HV and LV line assets.

Sub-transmission Crossings are payments/receipts for the sub-transmission assets in shared loops that support each distributor's Zone Substation capacity to ensure N-1 reliability is maintained.

TUoS Adjustment is payments/receipts for the adjustment of TUoS paid by a distributor for energy delivered to another distribution business through a shared loop.

Preparation Methodology:

The source of the information to populate the 'TUOS charges (AEMO)' table is from AEMO monthly invoices.

To populate the table 'Transmission connection fees (AusNet Transmission Group)', the listing of connection fees and t-2 actual values were sourced from AusNet Services monthly invoices. No adjustments were required to be made to the fees.

'Cross boundary network charges (internetwork charges)' is sourced from invoices and supporting files. The amounts (payable)/receivable from United Energy (Vic) are estimates based on and equal to 2013/14 completed payments. The (payable) and receivable amount for Jemena is based on metered data for each crossing. Essential Energy have not been billed since May 2014 and access to meter data is not available, therefore the payable amounts is based on the average amounts billed for 3 months during 2014 and are all related to metered HV crossings.

Payments to embedded generators – avoided transmission costs are sourced from invoices for the Network Support contract; 50% of 2014/15 invoices and 50% estimated for 2015/16.

For the table 'Payments to embedded generators - avoided TUoS usage charges', the listing of projects is sourced from records of generators connected to the network. The charges for all projects (except Bald Hills) are all based on Financial Year 1 July 2014 – 31 June 2015 actual charges for each projects as per the billing system. The charges for Bald Hills (wind farm) are an estimate assuming it achieves a similar output performance as Toora Wind Farm.

Estimated Information:

Estimated information was required for 'Cross boundary network charges (internetwork charges)' – United Energy and Essential Energy amounts because actual information could not be obtained as these amounts are not yet billed and data to estimate precisely is not available in AusNet Services systems. The method to calculate the total (payable)/receivable and allocation into HV crossing, sub-station and TUoS adjustment was based on actual prior payments, this is considered managements best estimate based on available data.

'Payments to embedded generators' – all charges amounts are estimated because final charges for the 2015 calendar year are not resolved until the completion of the 2015/16 summer period. The best estimate of Regulatory Year 2015's charges is based on the most recent financial year's actual charges. As Bald Hills has only been in operation during the 2014 Regulatory Year, it does not have matching

financial year equivalents. This is considered managements' best estimate based on available data, based on a similar project, Toora Wind Farm.

All other information is considered actual information.

28 Tariff quantity data template (actual t-2) jurisdictional scheme tariff revenue

Preparation Methodology:

Quantities are sourced from the billing system.

Jurisdictional scheme tariffs are sourced from the 2015 calendar year's approved tariff submission.

Link customer numbers and volumes to *Template 25 – Actual t-2 Distr Tariff.*

Revenue is derived by multiplying price x volume.

Estimated Information:

No estimates were required.

29 Jurisdictional amount cost audit template

Preparation Methodology:

Data is sourced from the billing system.

Solar tariff codes are segregated between the two feed-in schemes for which AusNet Services is responsible for providing rebates – PFIT and TFIT. To populate this template, the billed volumes in the respective PFIT and TFIT tariff codes are added together and multiplied by the relevant cents per kilowatt hour rate.

Estimated Information:

No estimates were required.

NON-FINANCIAL INFORMATION TEMPLATES

Supporting data used for Sheets 1a, 1c, 1e

Reliability Information is reported for unplanned interruptions which is an interruption due to an unplanned event. An unplanned event is considered an event that causes an interruption where the customer has not been given the required notice for the interruption or where the customer has not requested the outage.

A sustained interruption is any loss of electricity supply to a customer associated with an outage of any part of the electricity supply network, including generation facilities and transmission networks, of more than 60 seconds, including outages affecting a single premise. Momentary interruptions last for 60 seconds or less.

The customer interruption starts when recorded by equipment or, where such equipment does not exist, at the time of the first customer call relating to the network outage. An interruption may be planned or unplanned, momentary or sustained. Subsequent interruptions caused by network switching during fault finding are not included. An interruption ends when supply is again generally available to the customer.

To prepare sheets 1a (STPIS data reporting – reliability), 1c (STPIS data reporting – daily reporting data) and 1e (STPIS data reporting –exclusions), three supporting reports are first prepared. The basis of preparation for those sheets should be read in conjunction with this section.

The process undertaken to produce these supporting reports is described below.

Feeder Classification

- Obtain Feeder Maximum Demand (MVA) from Network Strategy and Planning (Region Planners).
- Obtain the year-end feeder level summary for overhead and underground line length SDME Support Team via IT Helpdesk.
- Feeders were classified to either Urban, Short Rural or Long Rural:
    - Urban Feeder: $\frac{Maximum\ Demand\ (MVA)}{Overhead+Undergraound\ Length\ (km)}$ > 0.3 MVA/km
    - Short Rural Feeder is not an urban feeder with total Overhead and Underground line length less than 200 km.
    - Long Rural Feeder is not an urban feeder with total Overhead and Underground line length greater than 200 km.

Customer Count Estimation Process

- Obtain Customer Count by Feeder report Poweron Fusion. This report is automatically generated every first day of each month.
- The CY2015 average customers count is estimated by :

$$\frac{Customer\ Count\ on\ 1\ Jan\ 2015 + Customer\ Count\ on\ 1\ Jan\ 2016}{2}$$

Network Outage Summary

- Extract the 2015 Network Outage Summary Report from Poweron Fusion. Ensure that all incident status is equal to “Completed”. This status is attained once all data clean-up and validation have been carried out by CEOT Data Analysts.
- Transmission and Sub-transmission related incidents in Poweron Fusion reports currently require CEOT Data Analysts to obtain the breakdown of the affected feeders. The breakdown list contains information on the customer interruptions and customer minutes off supply (CMOS) on each affected feeder.
- To distinguish between Unplanned and Planned outages in the Network Outage Summary Report, apply the following filters to field name “Classification” as follow:
- Planned Outages = Planned HV Incident ; Planned LV Incident
- Unplanned Outages <> Planned HV Incident ; Planned LV Incident
- If no cause has been recorded in an incident, cause group of “Other” is applied.
- All Incidents related to the below feeders (Bombala feeders) were excluded in RIN report. BM8B31, BM8B32, BM8B33BM8B32. The Bombala feeders are excluded as AusNet Services only took control of these assets during the 2011-15 regulatory period after the STPIS targets were set for the 2011-15 period. Therefore, to include the reliability performance of these assets would result in a disconnect between actual performance and targets.
- The MED threshold for 2015 was calculated from supply interruption data between years 2010 to 2014. If the USAIDI on one particular day exceeds the MED threshold value, it will be classified as a Major Event Day (MED).
- Below incidents were reported in the STPIS exclusions list:
    - Transmission-related incidents. During the course of the year transmission events that affected the distribution network are monitored and recorded.
    - Selected supply interruptions that occurred during the Total Fire Ban (TFB) day as a result of the mandatory suppression of reclose functions on protective devices in areas covered by a TFB declaration.

1a STPIS data reporting - reliability

System Average Interruption Duration Index (SAIDI) is, as per the STPIS: the sum of the duration of each sustained interruption (in minutes) divided by the total number of distribution customers as defined in the service target performance incentive scheme.

System Average Interruption Frequency Index (SAIFI) is, as per the STPIS: the total number of sustained interruptions divided by the total number of distribution customers as defined in the service target performance incentive scheme.

Momentary Average Interruption Frequency Index (MAIFI) is, as per the ESCV's Information specification (Service performance) for Victorian Electricity Distributors, 1 January 2009, p. 30: 'The total number of momentary interruptions divided by the total number of distribution customers.'

A Distribution Customer is a distribution customer (with active accounts) with an active National Metering Identifier (NMI).

Preparation Methodology:

From the Network Outage Summary report obtained from the Poweron Fusion application, create a summary table of unplanned outages for Customer Interruptions (sustained and momentary) and CMOS by feeder classification (i.e. Urban, Short Rural, Long Rural). A similar table less all exclusions is also created. The SAIDI, SAIFI and MAIFI values are calculated using the average customer count by feeder classification.

Estimated Information:

No estimation required.

1b STPIS data reporting - customer service

Total number of calls is the total number of calls to the fault line to be reported, including any answered by an automated response service and terminated without being answered by an operator. It excludes missed calls where the fault line is overloaded.

A call to the fault line answered in 30 seconds is measured from when the call enters the telephone system of the call centre (including that time when it may be ringing unanswered by any response) and the caller speaks with a human operator, but excluding the time that the caller is connected to an automated interactive service that provides substantive information. This measure does not apply to:

(a) calls to payment lines and automated interactive services

(b) calls abandoned by the customer within 30 seconds of the call being queued for response by a human operator (where the time in which a telephone call is abandoned is not measured, then an estimate of the number of calls abandoned within 30 seconds will be determined by taking 20 per cent of all calls abandoned).

Being placed in an automated queuing system (automated or otherwise) does not constitute a response.

Table 1 Telephone answering

Preparation Methodology:

This data is derived from sheet 1c – Daily Performance data. Number of phone calls received exclude calls to payment lines/automated interactive services and calls abandoned within 30 seconds, per the STPIS Guidelines. These calls are removed by separately identifying them in the data extract from Avaya (see basis of preparation for Sheet 1c). MED days are deducted using a formula linking to the daily performance data.

AusNet Services' telephone answering process cannot, in any practicable way, link individual phone calls to individual incidents. Hence, the only exclusions applied to the telephone answering parameters in the STPIS data are any phone calls received on MEDs. Due to the relatively small number of non-MED excluded events, this is likely to have an immaterial impact on AusNet Services' telephone answering performance.

Estimated Information:

No estimation required.

Table 2 New connections

Preparation Methodology:

New connections data is sourced from AusNet Services' SAP software. New connections are defined as those connections comprising a brand new meter and connection of supply. This does not include re-energisations. There are two standard reports which form the basis of the reporting:

- a Service Order Report, which is generated for a selected Order Status ('completed') and period (calendar year 2015)

- a Running Operations Report, which is generated to identify service orders that have not been completed by the appointment date.

The output of these reports is entered directly in Table 2.

AusNet Services procedure document 'New Connections Reporting'(Work Instruction ID 8.1.4.01) contains detailed instructions for these operations.

Estimated Information:

No estimation required.

Table 3 : Streetlight repair

Preparation Methodology:

Total number of streetlights

System data for this figure is collected from SDME asset data system. At the end of each month summary files of the number of public lights are placed into the Engineering Strategy\Public Lighting – Network drive folder as three .txt files. One of these files is named PL_20151226_SUMMARY.txt. At the end of this file is a cell containing the latest total number of streetlights.

Total number of streetlight faults

Each month the Fusion DOMs system produces a report on the total number of faults reported during that month. As well, The DOMS system allows for selection of any commencement date and end date.

The total number of streetlight faults is determined by filtering the lighting report for all streetlight-specific faults reported using the "Trouble Symptom" column using all categories except "Found by patrol" and "Watchman lights" for the entire year.

Total number of streetlight faults reported by a person who is the occupier of a neighboring residence etc.

Using the same Fusion DOMs as the above report, the NMI (National Metering Identifier) column is filtered to include only calls from known customer. Then the "Trouble Symptom" column is filtered on the 3 location categories "Area lights Out:, "Single outside" and "Failure adjacent". This figure includes all faults under these 3 categories from January to December 2015.

Faulty Streetlights not repaired within 5 business days of a fault report or agreed date

From the same Fusion DOMs report, this figure is determined by filtering under the "Trouble Symptom" column the streetlight-specific categories to remove "Found by patrol" and "Watchman lights" faults. The Network ie Business days column is then filtered to remove all faults repaired in 5 days or less.

AusNet Services rarely contacts customers to obtain an agreed date for streetlight repair, but this process may be developed in the future. The agreed date plan would allow for improved co-ordination with traffic management, work flow and repairing non-standard lanterns.

Estimated Information:

No estimation required

1c STPIS data reporting - daily performance data

Daily performance data contains AusNet Services' daily performance on MAIFI and customer service metrics for each day between the period 1 January 2015 and 31 December 2015.

Table 1: Daily performance data

Preparation Methodology:

MAIFI data

From the Network Outage Summary report obtained from the Poweron Fusion application, a daily summary of customer interruptions caused by momentary outages by feeder classification (i.e. Urban, Short Rural, Long Rural) is generated. A momentary outage has an outage duration = 0. The daily MAIFI from each feeder classification was calculated using the average customer count by feeder classification.

Estimated Information:

No estimation required.

Customer service data

System data for this report is extracted from Avaya CMS Supervisor Reporting tool (Avaya is the current telephony system provider) and the IPScape Reporting Interface (IPScape are the current IVR Platform Provider).

The following reports are run for each of the columns:

- **Number of calls received:** As per the STPIS Guidelines, this excludes calls to payment lines/automated interactive services and calls abandoned within 30 seconds. These are identified as follows:
    - **Calls received excluding calls to payment lines/automated services:** This is calculated by running the 'NM – CFE Summary Daily Multi Skills V3 report' (Avaya CMS) by day from Jan 1, 2015 – Dec 31, 2015 on the following electricity fault call queues; Wire Down, Streetlights, Life Threatening, Electricity Faults
    - **Calls abandoned within 30 seconds:** 'NM – CFE Summary Daily Multi Skills V3' report (Avaya CMS) ran per day from Jan 1, 2015 – Dec 31, 2015 on the following electricity fault call queues; Wire Down, Streetlights, Life Threatening, Electricity Faults
- **Number of calls answered in 30 seconds:** 'NM – CFE Summary Daily Multi Skills V3' report (Avaya CMS) ran per day from Jan 1, 2015 – Dec 31, 2015 on the following electricity fault call queues; Wire Down, Streetlights, Life Threatening, Electricity Faults.

Estimated Information:

No estimation required.

1e STPIS data reporting - exclusions

Exclusions refer to those outages that AusNet Services has applied to the AER to be excluded from the calculation of its network reliability performance, under the terms of the STPIS.

Table 1: Exclusions

Preparation Methodology:

From the Network Outage Summary report obtained from the Poweron Fusion application, all Transmission and selected TFB related events are identified. A summary of these events is then created by event date and sequence of occurrence. For each feeder affected, the number of customer interruptions (CI) and CMOS is summated. The average interruption duration is calculated by dividing CMOS with CI for each event.

Estimated Information:

No estimation required.

1f STPIS data reporting – guaranteed service levels

The applicable GSL scheme for AusNet Services is the one included within the Victorian Electricity Distribution Code. This GSL scheme is referred to as the 'jurisdictional GSL scheme' in the reporting template. The AER GSL scheme does not apply to AusNet Services.

Table 1 Guaranteed Service Levels – jurisdictional GSL scheme

Preparation Methodology:

Appointments and Connections

Appointments and new connections data is recorded in AusNet Services' SAP software. Within SAP, the 'Review GSL Products' module holds the relevant data for this section.

Once this data is has been entered into SAP, it is reviewed on a daily basis by the New Connections team and should a GSL entry be accepted by the team, it is manually transferred to a monthly GSL spreadsheet. Each GSL entry is assessed against the applicable criteria for awarding a GSL and can be rejected in the event that there are defects on the customer's site, no supply at the premises, or the customer has cancelled the appointment.

At the end of each month, the GSL report is finalised by generating a new connection and truck appointment report in SAP, which returns the total number of connections and truck appointments for that month. Based on this, the percentage of service orders completed on time can be calculated.

To populate the RIN template, the monthly GSL reports are summed to return the annual figure.

AusNet Services procedure document 'GSL Reporting'(Work Instruction ID 8.1.2.02) contains detailed instructions for these operations.

Reliability of Supply

Reliability of supply data is sourced from AusNet Services' Distribution and Outage Management System (DOMS). The information is extracted using a standard report entitled 'LR Payments All Detailed'. The output of this standard report includes the number of GSL events for each category (e.g. low reliability payments – 20 hours).

The number of events in each category is then multiplied by the applicable GSL payment (e.g. $100) to determine the amount paid under each GSL category.

Streetlights

Streetlights

This is the total number of streetlights on the network at the end of December 2015 and is same as worksheet 1b STPIS Customer Service.

Streetlights "out" during period

"Street lights" and "street lights out" are linked to worksheet 1b STPIS Customer Service.

Streetlights not repaired by "fix-by" date

The “fix-by” date is assumed to be the agreed date for repair of a faulty light between AusNet Services and the person that reported the fault. The Fusion DOMs report does not specifically detail this information, therefore a value cannot be determined under this item.

AusNet Services may implement a mechanism to determine an agreed date of repair and report measures against this item in 2016.

Streetlights not repaired in 2 business days:

Using the same Fusion DOMs as the above report, the NMI (National Metering Identifier) column is filtered to include only calls from known customers. Then the “Trouble Symptom” column is filtered on the 3 location categories “Area lights Out:, “Single outside” and “Failure adjacent”. This figure includes all faults under these 3 categories from January to December 2015.

The Network ie Business days column is then filtered to remove all faults repaired in 2 days or less.

Streetlights average number of business days to repair:

This figure is assumed to be the average business days to repair faulty street lights that were reported during 2015. This is determined by filtering the “Trouble Symptom” column in the Fusion DOMs report to remove faults under “Found by patrol” and “Watchman lights” for each quarterly report. Then, the average “Network Days” ie Business days are calculated for the total number of faults divided by the total time taken to repair these faults..

Number and dollar value of GSL payments:

The number of payments to public residents who qualify for a missed GSL is determined by the reviewing the data provided by AusNet Services’ public lighting contractor. Each outage not rectified within 2 business days is reviewed and if the information provided aligns with the criteria in the Public Lighting Code, the GSL is considered payable.

The number of GSLs paid is multiplied by the mandated $10.00 GSL payment to calculate the total amount paid in GSLs.

Estimated Information:

No estimate is required.

2 Customer service

Table 1 Quality of supply

Customers receiving over-voltage – due to high voltage injection

The data is sourced from AusNet Services' Issues Management System (IMS). Equivalent data is reported to Energy Safe Victoria, as described in Standard Operating Procedure 30-2010 Electrical Incident Investigation and Reporting for Electricity Distribution Network. SOP 30-2010 defines high voltage injection as "Any damage to customer's property caused by HV injection even if only one item of equipment is damaged. Monetary value is not relevant. Includes damage to AusNet Services metering equipment."

Incidents of this nature are therefore flagged as high voltage injection incidents in IMS and to populate the template, the monthly totals generated via an electrical incident report are summed together to result in an annual figure.

Voltage variations

This data is sourced from ION and EDMI Smart Meter Recorded Data. To populate the template the following process is followed:

- Download EDMI Smart Meter Recorded Data – by the DMS Group
    - Maintain separate data file for each EDMI meter installed at the zone substations and feeder extremities at the DMS group Drive "Quality of Supply on rchnas002\BCN_networks network drive". These data files are identified by the unique meter number and with extension of ".ssl" or ".pqt". Example "200002950.ssl" or "9917147.pqt".
    - If the meter or location of the meter is changed then a new file will be started in the server with the new meter number and inform the details of the new meter to the Asset Analytics Engineer.
    - Download the recorded voltage variation data from EDMI smart meters installed at zone substations and feeder extremities and add this data to the existing data files in the DMS Drive.

- Preparation of Smart Meter Data for RIN Power Quality Report

    - AusNet Services monitors both Zone Substation and Feeder Extremity meters at the secondary side of station power and customers substation, respectively. For this reason, all voltage variation events are to be calculated based on the <1kV voltage criteria in Standard Nominal Voltage Variations table above.

        - Number of voltage variations from the steady state – Voltage variations with duration ≥1 minute and 106%<Voltage amplitude<94%.
        - Number of voltage variations with 10Seconds≤durations<1minute and 110%<Voltage amplitude<90%.
        - Number of voltage variations with 0.5cycles≤duration<10 Seconds and 120%<Voltage amplitude<0%.

- Preparation of ION PQ Data to Prepare AER Annual Report
    - ION meter data is to be stored in a database, which can be interrogated using ION Enterprise software.

Estimated Information:

No estimation required.

No estimation required.

Table 2 Complaints - technical quality of supply

Preparation Methodology:

Complaints data is stored within AusNet Services' Issues Management System (IMS). When a complaint is lodged, one of the mandatory fields is 'complaint category' which includes 'technical quality of supply'.

Complaints relating to technical quality of supply are exported to a spreadsheet and filtered by 'complaint type' – another field which provides further details of the nature of the complaint. Complaints related to TV and radio interference are specifically captured and are able to be transferred to the template. Other complaint categories and the likely causes of complaints are estimated by the Customer Resolutions Manager, based on further analysis of the data.

Estimated information:

Complaints by likely cause, and the complaint categories excluding TV and radio interference, are estimated. This estimation is based on a combination of forensic analysis of individual complaints on a case-by-case basis and the Customer Resolutions Manager uses his best judgment to assign complaints to the categories required.

Table 3 Customer Service

Parts of this table are sourced directly from audited data. Refer to the basis of preparation of audited data. The preparation methodology for unaudited information is described below.

Preparation Methodology:

Timely repair of faulty streetlights

Streetlights - average monthly number of streetlights "out"

This number is calculated by dividing the total number of streetlight faults (Table 3 in the audited 1b. STPIS Customer Service sheet) by 12.

Streetlights – not repaired by "fix by" date

AusNet Services rarely contacts customers to obtain an agreed date for streetlight repair, but this process may be developed in the future. The agreed date plan would allow for improved co-ordination with traffic management, work flow and repairing non-standard lanterns.

Streetlights - average number of days to repair

This is determined by filtering the "Trouble Symptom" column in the Fusion DOMs report (refer audited basis of preparation) for all faults except "Found by Light patrol" and "Watchman lights". for each quarterly

report. Then, the total of the number all days to fix these faults is divided by the total number of the same faults.

Total streetlights

This is the same number provided in Worksheets 1B Customer Service and 1f GSL.

Estimated Information:

No estimation required.

Call centre performance

Average waiting time before calls are answered is calculated by running the 'Historical Split/Skill Summary Monthly' report from the Avaya call centre system. This report contains average speed of answer and number of calls queued for each month, by call queue (Electricity Faults, Wire Down, Life Threatening and Streetlights). The weighted average of all queues/months is reported in the template.

Calls abandoned – percentage is obtained from the same report, using the Total Abandoned and Total Offered fields. Total Abandoned divided by Total Offered = the percentage abandoned.

Number of overload events is calculated as those instances where there is a variance of greater than 150 calls between the Telstra Analyser 'Call Activity By Product & Service' Report (total calls to fault line per day) and the IPScape 'Total Calls Per Day' Report (total calls received by the IVR per day).

Customer complaints (number)

Complaints data is stored within AusNet Services' Issues Management System (IMS). When a complaint is lodged, the mandatory field 'complaint category' is recorded. To report against the categories in Table 3, complaints are exported to a spreadsheet and filtered by the 'complaint category' field which is directly transferred to the spreadsheet.

Estimated Information:

No estimation required.

Supporting data used for Sheets 4a and 4c

Reliability Information is reported for unplanned interruptions which is an interruption due to an unplanned event. An unplanned event is considered an event that causes an interruption where the customer has not been given the required notice for the interruption or where the customer has not requested the outage.

A sustained interruption is any loss of electricity supply to a customer associated with an outage of any part of the electricity supply network, including generation facilities and transmission networks, of more than 60 seconds, including outages affecting a single premise. Momentary interruptions last for 60 seconds or less.

The customer interruption starts when recorded by equipment or, where such equipment does not exist, at the time of the first customer call relating to the network outage. An interruption may be planned or unplanned, momentary or sustained. Subsequent interruptions caused by network switching during fault finding are not included. An interruption ends when supply is again generally available to the customer.

To prepare sheets 1a (STPIS data reporting – reliability), 1c (STPIS data reporting – daily reporting data) and 1e (STPIS data reporting –exclusions), three supporting reports are first prepared. The basis of preparation for those sheets should be read in conjunction with this section.

The process undertaken to produce these supporting reports is described below.

Feeder Classification

- Obtain Feeder Maximum Demand (MVA) from Network Strategy and Planning (Region Planners).
- Obtain the year-end feeder level summary for overhead and underground line length SDME Support Team via IT Helpdesk.
- Feeders were classified to either Urban, Short Rural or Long Rural:
    - Urban Feeder: $\frac{Maximum\ Demand\ (MVA)}{Overhead+Undergraound\ Length\ (km)}$ > 0.3 MVA/km
    - Short Rural Feeder is not an urban feeder with total Overhead and Underground line length less than 200 km.
    - Long Rural Feeder is not an urban feeder with total Overhead and Underground line length greater than 200 km.

Customer Count Estimation Process

- Obtain Customer Count by Feeder report Poweron Fusion. This report is automatically generated every first day of each month.
- The CY2015 average customers count is estimated by :

$$\frac{Customer\ Count\ on\ 1\ Jan\ 2015 + Customer\ Count\ on\ 1\ Jan\ 2016}{2}$$

Network Outage Summary

- Extract the 2015 Network Outage Summary Report from Poweron Fusion. Ensure that all incident status is equal to “Completed”. This status is attained once all data clean-up and validation have been carried out by CEOT Data Analysts.
- Transmission and Sub-transmission related incidents in Poweron Fusion reports currently require CEOT Data Analysts to obtain the breakdown of the affected feeders. The breakdown list contains information on the customer interruptions and customer minutes off supply (CMOS) on each affected feeder.
- To distinguish between Unplanned and Planned outages in the Network Outage Summary Report, apply the following filters to field name “Classification” as follow:
- Planned Outages = Planned HV Incident ; Planned LV Incident
- Unplanned Outages <> Planned HV Incident ; Planned LV Incident
- If no cause has been recorded in an incident, cause group of “Other” is applied.
- All Incidents related to the below feeders were excluded in RIN report. BM8B31, BM8B32, BM8B33BM8B32
- The MED threshold for 2015 was calculated from supply interruption data between year 2010 to 2014. If the USAIDI on one particular day exceeds the MED threshold value, it will be classified as a Major Event Day (MED).
- Below incidents were reported in the STPIS exclusions list:
    - Transmission-related incidents. During the course of the year transmission events that affected the distribution network are monitored and recorded.
    - Selected supply interruptions that occurred during the Total Fire Ban (TFB) day as a result of the mandatory suppression of reclose functions on protective devices in areas covered by a TFB declaration.

4a Network performance - annual feeder reliability

From the Network Outage Summary report, create a summary table for each feeder that was affected by planned, unplanned and momentary interruption. Events to be excluded were identified in Section 1e STPIS Exclusion. For each feeder affected, summate the number of CMOS and SAIFI. Count of outages per feeder is calculated by the count of incidents associate with each feeder.

The Low Reliability Feeder (SAIDI) is estimated as follows:

- Feeder SAIDI = $\frac{Unplanned\ CMOS\ (All\ Events) + Planned\ CMOS\ (All\ Events)}{Count\ of\ Customers\ per\ Feeder}$
- Feeder MAIFI = $\frac{Sum\ of\ Customer\ Interruptions\ (All\ Events)}{Count\ of\ Customer\ per\ Feeder}$
- If the calculated Feeder SAIDI and/or Feeder MAIFI is > than the Low Reliability Thresholds, feeder will be considered as a low reliability feeder.

4c Network performance – reliability – planned outages

From the Network Outage Summary report, create a summary of planned outages per feeder classification (i.e. Urban, Short Rural, Long Rural). The SAIDI value per network categorisation is calculated by dividing the Sum of CMOS with the end of year count of customers per feeder classification. The SAIFI value per network categorisation is calculated by dividing the Sum of Customer Interruptions with the end of year count of customers per feeder classification.

AusNet Services Holdings Pty Ltd
2015 Regulatory Accounting Information (Electricity Distribution)

Regulatory Accounting Principles and Policies

1. Basis of Preparation

(a) The 2015 Regulatory Accounts ("the Accounts") have been derived from the audited Base Accounts of AusNet Services Holdings Pty Ltd, and prepared in accordance with the Regulatory Information Notice issued on 6 August 2014 under Division 4 of Part 3 of the National Electricity (Victoria) Law by the Australian Energy Regulator.

The following legal entities controlled by AusNet Services Holdings Pty Ltd contain the entirety of the activities undertaken to fulfil the obligations set out in the Electricity Distribution Licence (these activities are collectively allocated as "Regulated Business"):

- AusNet Electricity Services Pty Ltd – Distribution of electricity
- AusNet Asset Services Pty Ltd – Management and operation of energy distribution networks up to 4 May 2015. From 4 May 2015 the provision of resources and services to all entities within the AusNet Services Group.

The remaining entities controlled by AusNet Services Holdings Pty Ltd have been allocated to "Non Regulated Business" or "Not Allocated" in accordance with the Guideline. They are listed below:

- AusNet Gas Services Pty Ltd – Distribution of gas
- AusNet (No. 8) Pty Ltd
- AusNet (No. 9) Pty Ltd – Holding company
- Select Solutions Group Pty Ltd

(b) The audited Base Accounts, from which the Accounts have been derived, have been prepared in accordance with the recognition and measurement requirements of all applicable Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board.

(c) The audited Base Accounts and the Accounts have been prepared on a calendar year basis, which is different from the statutory financial reports of the AusNet Services Group, which are prepared for the financial year ending 31 March 2016.

(d) The Accounts have been prepared by analysing and disaggregating the audited Base Accounts. The working papers that form part of the submission reflect the abovementioned entity structure and the activities undertaken to fulfil the licence obligations of the Electricity Distribution Business.

(e) The Accounts are presented in Australian Dollars.

2. Variations between Statutory and Regulatory Accounting Principles and Policies

(a) Contributions from Customers for Capital Works

For statutory reporting, contributions received from customers to assist in the financing of construction of assets are recognised as revenue when the project is complete. The resulting assets are taken up at gross value as stipulated in Interpretation 18 *Transfers of Assets from Customers*.

For regulatory reporting, contributions revenue is not allocated to the Distribution Business and the constructed assets are taken up net of the customer contribution, in accordance with the Guideline.

(b) Capitalisation of Finance Charges

For statutory reporting, borrowing costs directly attributable to a qualifying asset are capitalised to the cost of that asset. The capitalisation rate used to determine the amount of borrowing costs to be included in the cost of qualifying assets is the average interest rate of 5.8% (2014: 5.7%) applicable to the Group's outstanding borrowings during the period.

For regulatory reporting, all finance charges capitalised during the period are adjusted out from the reported fixed asset additions taken up in the Regulatory Asset Base.

(c) Depreciation

For statutory reporting, depreciation is provided for on property, plant and equipment, including freehold buildings but excluding land and easements. Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over its estimated useful life to its estimated residual value. The estimated useful lives, residual values and depreciation methods are reviewed annually.

For regulatory reporting, depreciation charges reflect the approved 'return of capital' allowance for the period, as contained in the relevant regulatory price determination (ie. 2011-15 Electricity Distribution Price Review). The annual depreciation allowance is apportioned against each of the regulatory asset categories as contained in the Guideline and regulatory accounting statements.

(d) Impairment or Revaluations of Non Current Assets

For statutory reporting, at each reporting date the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Licenses and other intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired.
If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately.

For regulatory reporting, impairment adjustments and revaluations are eliminated as a regulatory adjustment in accordance with the Guideline.

(e) Advanced Metering Infrastructure (AMI) Project Management Costs

For statutory reporting, items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes all expenditure that is directly attributable to the acquisition of the item, that is, all costs incurred to bring the asset to its intended service state. AMI project management costs are costs incurred to bring the interval meters to their intended in-service state, hence, are capitalised as property, plant and equipment.

For regulatory reporting, AMI project management costs are treated as operating expenditure.

(f) Debt and equity raising costs

For statutory reporting, debt raising costs are reported as Finance Expenses in the Income Statement while equity raising costs are shown in equity as a deduction, net of tax, from proceeds.

For regulatory reporting, debt and equity raising costs attributed to AMI and standard control are calculated on the basis of relative Regulated Asset Bases and treated as operating expenditure.

3. Other Items

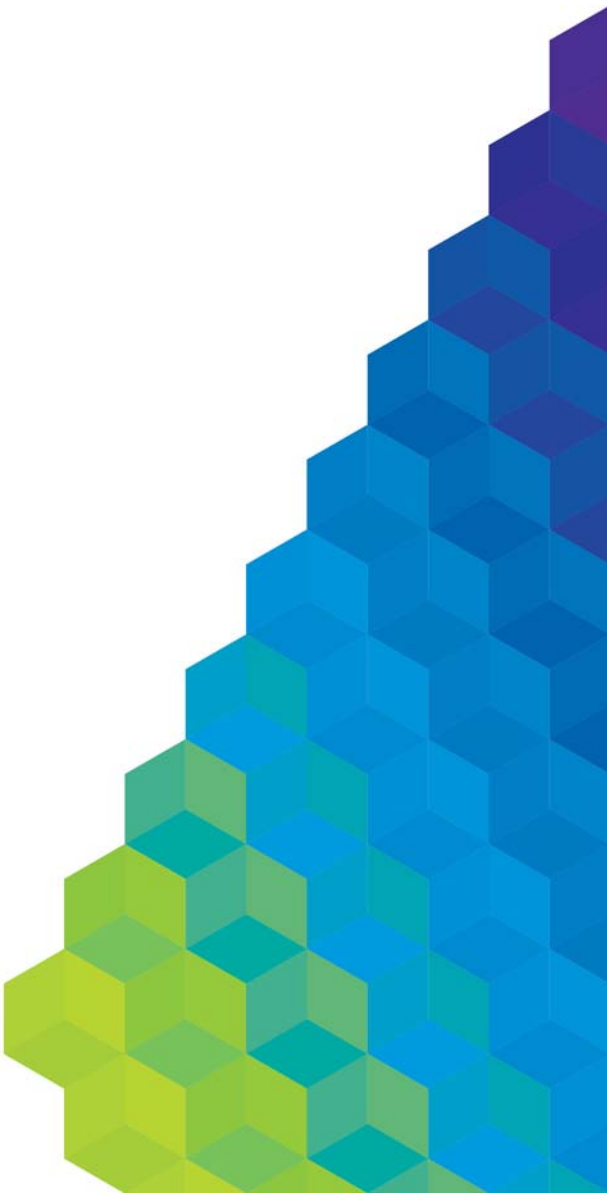
(a) Significant accounting policies

A summary of the significant accounting policies adopted in the preparation of the audited base accounts is contained in Note 1 of the AusNet Services Holdings Pty Ltd Special Purpose Financial Report for the Financial Year ended 31 December 2015, enclosed as Appendix G to this submission.

AusNet Electricity Services Pty Ltd

Demand Management Innovation Allowance Annual Report 2015

Submitted: April 2016



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1 Introduction

This annual report has been prepared pursuant to the Demand Management Incentive Scheme (DMIS) scheme applied to AusNet Services by the AER in the 2011-15 Victorian Electricity Distribution Price Determination (the 2011-15 Price Determination). The Demand Management Incentive Scheme provides revenue designed to encourage innovation in demand side participation.

The DMIS requires AusNet Services to submit a report on expenditure attributed to the Demand Management Innovation Allowance (DMIA) for each regulatory year. This expenditure must fulfil the DMIA criteria set out in the DMIS.

This report details the DMIA projects undertaken by AusNet Services in the 2015 calendar year which satisfy the DMIA criteria.

DMIA expenditure claims to date (in nominal dollars) are summarised in the following table.

YEAR	2011	2012	2013	2014	2015
STATUS	Approved	Approved	Approved	Claimed	Claimed
Mallacoota hot water time clock adjustment	$10,715				
Residential battery storage trial		$148,760	$51,643	$174,416	$48,652
Grid Energy Storage System (GESS)		$40,000	$246,095	$2,437,495	$485,130
Mallacoota sustainable energy study			$29,100	$22,010	
Solar forecast uptake study			$33,000		
Annual total	**$10,715**	**$188,760**	**$359,838**	**$2,633,921**	**$533,782**

2 Background to the DMIA

In the 2011-15 Price Determination the AER approved a DMIA of $3 million for AusNet Services. The DMIA is provided as an ex-ante allowance in the form of $600,000 (real 2010) of expenditure at the commencement of each year of the 2011-15 regulatory period. While it is provided on an annual basis, AusNet Services has the flexibility to select an expenditure profile over the period which suits its needs. The total amount of expenditure recoverable under the DMIA cannot exceed $3 million (real 2010) in total.

The expenditure recoverable under the DMIA must satisfy the following DMIA criteria:

1. Demand management projects or programs are measures undertaken by a DNSP to meet customer demand by shifting or reducing demand for standard control services through non-network alternatives, or the management of demand in some other way, rather than increasing supply through network augmentation.
2. Demand management projects or programs may be:
    a. broad-based demand management projects or programs—which aim to reduce demand for standard control services across a DNSP's network, rather than at a specific point on the network. These may be projects targeted at particular network users, such as residential or commercial customers, and may include energy efficiency programs and/or
    b. peak demand management projects or programs—which aim to address specific network constraints by reducing demand on the network at the location and time of the constraint.
3. Demand management projects or programs may be innovative, designed to build demand management capability and capacity and explore potentially efficient demand management mechanisms, including but not limited to new or original concepts.
4. Recoverable projects and programs may be tariff or non-tariff based.
5. Costs recovered under the DMIS:
    a. must not be recoverable under any other jurisdictional incentive scheme
    b. must not be recoverable under any other Commonwealth or State/Territory Government scheme and
    c. must not be included in forecast capital or operating expenditure approved in the distribution determination for the regulatory control period under which the DMIS applies, or under any other incentive scheme in that determination.

Expenditure under the DMIA can be in the nature of capital or operating expenditure. Capex made under the DMIA has been excluded from the regulated capex reported in the Regulatory Accounts and has not been rolled into the Regulatory Asset Base.

3 DMIA Reporting Requirements

Under Section 3.1.4.1 of the, AusNet Services' DMIA annual report must include:

1. The total amount of the DMIA spent in the previous regulatory year, and how this amount has been calculated.
2. An explanation of each demand management project or program for which approval is sought, demonstrating compliance with the DMIA criteria detailed at section 3.1.3 with reference to:
    a. the nature and scope of each demand management project or program,
    b. the aims and expectations of each demand management project or program,
    c. the process by which each project or program was selected, including the business case for the project and consideration of any alternatives,
    d. how each project or program was/is to be implemented,
    e. the implementation costs of the project or program, and
    f. any identifiable benefits that have arisen from the project or program, including any off peak or peak demand reductions.
3. A statement signed by a director of the DNSP certifying that the costs of the demand management program:
    a. are not recoverable under any other jurisdictional incentive scheme,
    b. are not recoverable under any other state or Commonwealth government scheme, and
    c. are not included in the forecast capex or opex approved in the AER's distribution determination for the next regulatory control period, or under any other incentive scheme in that determination.
4. An overview of developments in relation to projects or programs completed in previous years of the regulatory control period, and any results to date.

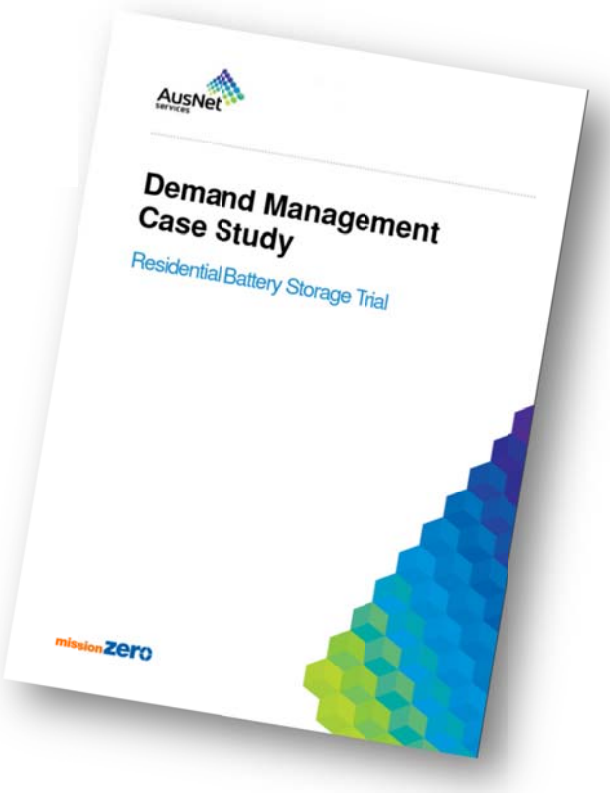
4 Residential Battery Storage Trial

4.1 Project Overview

AusNet Services' Residential Battery Storage Trial investigates the capability of battery and inverter systems connected to consumer homes to reduce residential peak demand. The systems are fully programmable and can be remotely controlled by AusNet Services.

The battery systems are capable of shifting customer demand from peak to off-peak times by discharging whenever the customer's instantaneous demand is high, and by re-charging overnight when the customer's demand is low, or recharging using excess solar generation. The flexibility provided by the programmable inverter makes this type of system capable of both addressing specific network constraints and providing broad-based demand management across the network if rolled-out in sufficiently large numbers.

The initial phase of testing was completed in early 2015, and eight out of the ten units were removed from service. Two units were kept in service to allow additional functionality to be developed and tested. Data analysis and reporting based on the completed trial phase was also undertaken across 2015, culminating in the public release of a case study report on the trial results. This case study is available on the AusNet Services web site.



DMIA expenditure was approved for this project from 2012 to 2014 and AusNet Services is claiming an additional $48,652 under DMIA for this project in 2015. Further DMIA costs are expected to be incurred in 2016 for the implementation of additional functions, broadband data costs and system maintenance for two remaining trialists.

4.2 Nature and scope

This trial delivered an integrated residential storage solution to ten customers, with a combination of batteries, solar PV, inverters, metering and energy management systems. The storage systems have internet connectivity enabling remote changes to system settings, retrieval of data and manual control of system operation. Data from the trial has been collected for a period approaching 3 years.

4.3 Aims and expectations

This trial explores how battery storage at the residential level can be used for management of customer peak demand. The main aims of the trial were to:

- Ascertain whether local storage can be used to flatten the network demand profile;
- Ascertain whether Solar PV / Storage combinations can be used to manage peak customer demand;
- Investigate the behaviour of solar PV systems, their impact on network voltage management and the benefit that residential batteries can bring to this challenge;
- Inform the economic viability view of distributed storage as a means to manage peak demand and defer network asset investment; and
- Inform the potential effect of controlled/uncontrolled charging of electric vehicles.

4.4 Process of project selection

An important issue for the electricity supply industry is the management of network peak demand, given that this is a key driver of augmentation capital expenditure. One method of managing network peak demand is to reduce or smooth individual customers' own demand profiles. Methods to achieve this include offering time of use tariffs, implementing Demand Response Enabled Devices (DREDs) in relevant household appliances and the use of battery storage technology. Battery storage was identified as an emerging technology with a strong but untested potential to generate both network and customer benefits.

Another issue that is predicted to emerge is the impact to the network caused by a growing uptake of electric vehicles. In order to effectively manage the network, utilities need to better understand this technology and the changes to customer demand patterns it may drive.

The Residential Battery Storage Trial has been selected as it has the potential to address both of the above issues. The Residential Battery Storage Trial will assess the ability of residential batteries to effectively shift peak demand to off peak periods and to simulate the impact of electric vehicles on the network by operating the residential battery in a similar manner to an electric vehicle.

4.5 Project implementation

By the end of 2013, the project transitioned from the installation phase to the operational phase. During 2013, nine out of ten systems were installed and undergoing site acceptance testing to validate functionality and data collection.

Figure 4.1 An installed Residential Battery Storage System (batteries in lower compartment of cabinet, inverter/charger and control system in upper compartment), and wall-mounted solar inverter.

In early 2014, all ten systems were installed and operational. Data gathered during the summer of 2013/2014 was analysed and led to the identification of several potential operational improvements to the systems. These improvements have since been implemented and have been trialled during the summer of 2014/2015. The data gathered during this period has been analysed and collated into a report that analyses the technology from technical and economic perspectives. The report titled 'Demand Management Case Study – Residential Battery Storage Trial' has been released to the public and is available on the AusNet Services web site.

4.6 Implementation costs

The approximate total cost of this project to date is $423,471. The expected cost has increased since last year due to completing the development of new operational functions, operating all units over the summer of 2014/2015, collating data and producing a trial report. Following this was the removal costs associated with decommissioning and storing eight of the residential battery storage units. Expenditure in 2015 amounts to $48,652 and only involves opex costs. These costs are made up of:

- Development and implementation of additional operational functions;
- Labour costs for operating all 10 units to a testing regime in order to gather required data for summer 2014/2015;
- Labour costs for producing and publishing internal and external trial reports;
- Contractor services for electrical works to decommission and remove eight systems; and
- Costs associated with downloading 3G data from the trialists.

The eight trialists that were a part of the decommissioning process were offered to purchase the solar PV system based on the estimated residual cost of the equipment. This amount was credited into the overall project expenditure.

4.7 Next Steps

Two trialists will continue on the extended Residential Battery Storage Trial in 2016. An additional function is being developed to cater for potential new residential network tariff structures that include a demand based component. In conjunction with this additional function, an enhanced control platform is also being developed to enable further flexibility in deploying new functions and algorithms.

4.8 Benefits

The expected benefits of the project are to enable AusNet Services to:

1. Assess the potential for deferred network augmentation through managing transformer and feeder peak demand. This can be measured by observing whether a battery is able to supply sufficient charge to limit the household peak demand.
2. Support the transition to smarter networks by studying how energy management solutions such as batteries and EVs can be integrated into the network for demand management. This can be measured by observing the installation of the system at a household level. This benefit will be realised through future planning for storage and EVs in the network.
3. Understand and test the use of domestic storage coupled to local renewable resources to extend the demand management potential of solar PV into the domestic peak demand period and mitigate the voltage rise issues that can occur from high concentrations of solar PV.
4. Investigate how residential storage can be utilised to provide financial benefits to both the end customer and the distribution network.

5 Grid Energy Storage System (GESS) Trial

5.1 Project Overview

In 2012 AusNet Services initiated a Grid-scale Energy Storage System (GESS) project to trial the use of a large battery storage system to manage peak demand on the distribution network explore other benefits to network management such as power quality improvement and providing supply to an islanded group of customers as a minigrid.

The GESS is able to shift demand on a particular feeder from peak to off-peak times by discharging during feeder peaks and re-charging overnight when the feeder demand is low. In practice, the GESS is suited to addressing a specific network constraint, and is containerised to allow relocation to areas of network need.

Whilst not yet cost competitive, this innovative technology is being trialled in anticipation of lower battery prices in future. Large battery systems offer demand levelling and voltage support services which can not only defer asset investment but also improve the quality of supply to customers.

The GESS was commissioned by the end of 2014 and a trial was conducted during 2014-15 summer using batteries only for peak lopping along with voltage support/power factor improvement. A power quality recorder was also installed to monitor harmonics, negative sequence voltage and flicker under varying operating conditions.

The GESS initially had only a local peak lopping set point capability, i.e. it was programmed to provide demand management of downstream loads only. Soon after, a feeder peak lopping set point functionality was added in order to also support upstream loads. An upgrade was also performed to the neutral earth switch to enable 'bumpless' transition between grid connected mode to island mode. This along with several other outstanding items was resolved before achieving practical completion in May 2015.

In order to address noise emissions from the diesel generator and achieve EPA compliance, a fan attenuator box was installed and a temporary noise barrier was deployed in the form of a mobile bill board. These measures have allowed use of the generator in conjunction with the batteries across the 2015-16 summer trial period.

The annual comprehensive maintenance was carried out on all GESS equipment in December 2015 as planned. Many outstanding items including safety related test & bond points were also completed during the shutdown arranged for annual maintenance. A few minor outstanding items remain to be completed.

With the two summer trial periods complete, the project is now moving into the analysis and reporting phase.

DMIA expenditure during 2012, 2013 and 2014 has been approved for this project and AusNet Services is claiming an additional $485,130 of costs as compliant with the DMIA criteria for 2015. Further DMIA costs are expected to be incurred for this project during the analysis and reporting phase in 2016.

Benefits of undertaking the trial include quantifying the system performance potential and gaining experience in the practical considerations of deployment and grid-integration of large-scale battery systems, such as protection settings and supporting infrastructure requirements. Significant experience has already been gained in this area through the process of implementing the system within the AusNet Services network operations environment.

5.2 Nature and scope

The project involves installing a large (1 MW / 1 MWh) battery system including four-quadrant inverter to support the peak load on a 22kV distribution feeder that exhibits a mix of residential and commercial customers. The trial is providing operational data to verify performance of the battery,

inverter and control system to support the grid for peak demand, voltage and power factor. The system has been designed to provide a full 1 MWh of storage capacity after 10 years of service therefore the initial installed capacity is in excess of the nominal 1 MWh rating.

The system includes a 1 MW diesel generator set to extend the MWh rating of the battery system to provide full coverage of the peak demand period. This has been done in order to keep the costs of the entire system down while fully simulating a larger capacity battery system. Battery prices are expected to decline in the medium term offering good potential for an efficient low emission solution for grid support. The system is capable of working in both grid parallel and island mode as required.

Only the battery, inverter, controller and associated costs are claimed under the DMIA.

5.3 Aims and expectations

AusNet Services is exploring grid connected storage as a means of managing network demand and deferring augmentation in areas of forecast capacity constraint. The benefits of additional functions such as voltage support, power factor correction and phase imbalance are also being explored.

Ongoing development of batteries and smart controllers has made battery storage an attractive technical option. AusNet Services intends to gain knowledge and experience in this technology by conducting this trial project. It is expected that if the trial is successful, the grid storage solution will have potential for wider deployment subject to sufficient reduction in battery prices in the medium term.

5.4 Process of project selection

In 2012 AusNet Services conducted a feasibility study into a trial of large scale energy storage in terms of the costs and the availability of the technology and suppliers. It was found that the technology was available and that there were adequate numbers of experienced suppliers in the market to implement such a trial.

Six potential locations for the trial were considered: Euroa (BN1), Clyde North (CLN21), Ringwood North (RWN26), Thomastown (both TT7 and WT12) and Watsonia (WT13). These locations were evaluated based upon the peak demand levels, voltage support requirements, islanding potential and demand growth forecasts.

Thomastown WT12 was chosen as a preferred location to conduct the trial based upon the evaluation results and because it offered flexibility to conduct experimentation, which is an important part of the trial. After the initial trial, it is expected that the system will be relocated to a more critical location. All units are containerised so that they can be moved to alternative locations once the trial period is complete.

5.5 Project implementation

In March 2013 a Request for Proposal was issued which closed on 21st June 2013. Twelve tender submissions were received. The submissions indicated that there were sufficient reputable and experienced suppliers with proven equipment at comparable prices to ensure that the probability of a successful trial was high.

After a formal and competitive tendering and assessment process, a contract was awarded to ABB Australia Pty. Ltd. (consortium of ABB Australia as lead party, and Samsung Korea) for the design and construction of the GESS.

By the end of 2014, the GESS hardware had been delivered and installed, and commissioning tests were underway to allow the trial phase to begin during the summer of 2015/16. Delays were experienced during project design, delivery and testing as a result of the complexity and uniqueness of the system, with new approaches required to be developed to implement the system within the AusNet Services network operations environment.

The site layout and a view inside one of the battery containers are shown in the figures below.

Figure 5.1 The GESS, installed and operational. Battery containers are in the background, with the inverter, transformer and switchgear containers in the foreground.

Figure 5.2 Battery container view from inside.

A two year trial plan was developed for the summer peak periods of 2014/15 and 2015/16. The trial plan comprised a comprehensive range of tests including: peak demand lopping, power factor (pf) correction, voltage support, voltage waveform harmonics, current waveform harmonics, negative sequence voltages, phase load balance, flicker and islanded operation including transitions to and from islanded supply.

An example of the performance of the system under peak demand lopping is shown in the following figure.

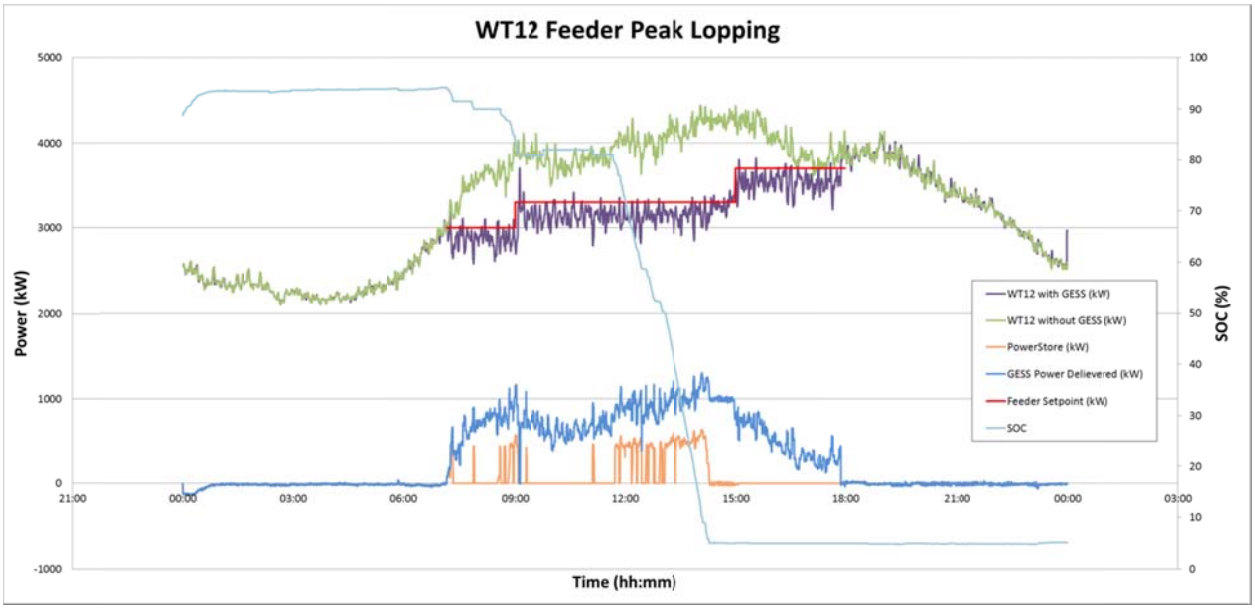


Figure 5.3 Example performance under a feeder peak lopping test on 15/12/2015. GESS output power (blue line) utilises both the battery (orange line) and generator to bring the feeder demand (green line) down to a setpoint (red line).

During 2015, the following key activities were completed:

1. Replacement of the neutral earth switch
2. Addition of feeder peak lopping functionality
3. Installation of test & bond points (safety requirement)
4. Installation of fan attenuator and a barrier (Genset noise related issue)
5. Resolution of several outstanding items
6. Comprehensive annual maintenance
7. Testing as per the trial plan

The supplier will continue to support AusNet Services with an ongoing service and maintenance contract for a 2 year period after final commissioning during the trial period.

5.6 Implementation costs

The total costs for the GESS including the two year trial are estimated to be around $6.6 million, comprising both capex and opex. This is made up of both company initiated expenditure and the expenditure funded by the Demand Management Innovation Allowance.

In 2015 the $485,130 of DMIA costs were mainly opex and related to:

- Resolution of outstanding items for satisfactory performance
- System enhancements required to achieve the aims
- Costs to run the trial tests
- GESS site annual lease
- Project management and engineering costs including appropriate labour charges.

5.7 Benefits

The expected benefits of using large-scale storage connected at grid-level include the ability to defer asset augmentation, reduce the risk of asset overloads, improve power quality and mitigate the risk of customer outages. A key output of the GESS project will be an ability to quantify these benefits.

Specifically, the trial will provide AusNet Services practical experience to better understand and assess the level of network value that grid-scale energy storage offers in:

- managing peak demand;
- reducing levels of network energy-at-risk;
- deferring asset augmentation;
- offsetting operational costs such as hire of temporary generators;
- improving power factor, voltage and other power quality parameters; and
- supplying customers in islanded mode.

Benefits of undertaking the trial also include gaining experience in the practical considerations of deployment and grid-integration of large-scale battery systems such as protection settings and supporting infrastructure requirements. A lot of experience has already been gained in this area through the process of implementing the system within the AusNet Services network operations environment.

The trial will inform future innovation and applications of the grid-scale energy storage in other areas of the distribution network. This trial will help to establish whether battery storage is a credible non-network solution to manage demand and set the parameters around when it can be economically deployed for the benefit of energy consumers.

5.8 Next steps

In order to complete the trial of the GESS, the following tasks will be undertaken

- Analysis of performance data from summer trial across 2015/16
- Preparation of final report with cost-benefit analysis for internal distribution
- Generation of public version report for external distribution
- Completion of remaining minor punch-list items
- Identification of any additional functionality required for system reliability and effectiveness.

After the experience of the GESS trial to date, confidence has been gained within the business regarding system operability and reliability. The GESS concept and use of its functions can be redeployed to a constrained or unreliable section of the network in order to maximise benefits to AusNet Services and customers. A separate piece of work will be undertaken around planning and evaluating a future relocation of the GESS.

The GESS project team will continue to collaborate with relevant teams within AusNet Services to further refine the technology with the aim of transferring it to ‘Business As Usual’ and to create standards and procedures to enable easier deployment of energy storage technology on the network in the future.

6 Certification of costs

Appendix-1 of this report contains a statement signed by a director of AusNet Services confirming that the costs of the above demand management projects:

a. are not recoverable under any other jurisdictional incentive scheme,

b. are not recoverable under any other state or Commonwealth government scheme, and

c. are not included in the forecast capex or opex approved in the AER's distribution determination for the regulatory control period under which the DMIS applies, or under any other incentive scheme in that determination.

7 Developments in previous DMIS projects

The project to manage peak demand at Mallacoota (manage hot water peak) claimed against the DMIA in 2011 was completed in the same year and resulted in the net peak reduction of 0.5MW as reported. There are no further developments from this project to report.

The project to improve solar uptake forecasting claimed against the DMIA in 2013 was completed in the same year and resulted in updates to the forecasting model used by AusNet Services. There are no further developments from this project to report.

The Mallacoota Sustainable Energy Study claimed against the DMIA in 2013 and 2014, and was completed in 2014. This study has put AusNet Services on a better footing to capture the benefits that mini-grids offer in improving customer reliability, both for Mallacoota and other locations, through:

- Increased technical and commercial knowledge of options to locally supply remote communities through embedded generation and islanded mini-grids.
- Increased corporate awareness of the potential reliability benefits of non-network alternatives to remote power supplies.

The project and the feasibility study have served as a point of engagement with several stakeholders including non-network providers. Options to improve supply at Mallacoota are still being investigated and the Feasibility Study is being leveraged in these investigations.

Locked Bag 14051
Melbourne City Mail Centre
Victoria 8001 Australia
T: 1300 360 795
www.ausnetservices.com.au

30 April 2016

Paula Conboy
Chair
Australian Energy Regulator
GPO Box 520
Melbourne Vic 3001

Dear Ms Conboy,

Demand Management Innovation Allowance (DMIA) Annual Report 2014

AusNet Service has prepared the DMIA Annual Report 2015 to be submitted to the AER as part of the 2015 Regulatory Accounts.

As a Director of AusNet Services I certify that the costs of the demand management projects claimed in the DMIA Annual Report 2015:

a. are not recoverable under any other jurisdictional incentive scheme,

b. are not recoverable under any other state or Commonwealth government scheme, and

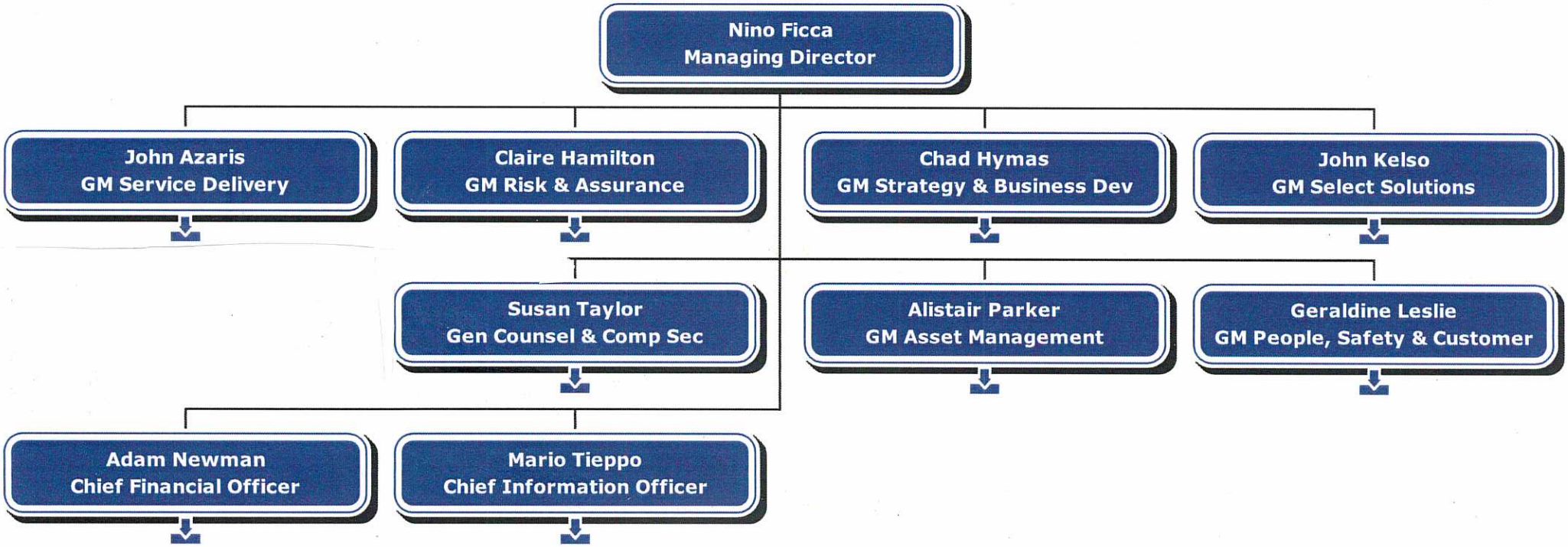
c. are not included in the forecast capital or operating expenditure approved in the AER's distribution determination for the regulatory control period under which the Demand Management Incentive Scheme applies, or under any other incentive scheme in that determination.

If you would like to discuss the report, please feel free to contact Narelle Whinfield, Regulatory Accounting Manager on 03 9695 6332.

Yours Sincerely

Nino Ficca
Managing Director

AusNet Services



AusNet Services Regulatory Information 2015

The AER may publicly disclose all information as provided in accordance with the Regulatory Information Notice (RIN) received by AusNet Services on 7 August 2014, except the confidential version of the information subject to a confidentiality claim as indicated in the below table:

Cost category	Confidential (Y/N)	Reasons
Non-financial templates		
1a – STPIS Data Reporting – Reliability	N	
1b – STPIS Data Reporting – AER Definitions – Customer Service	N	
1c – STPIS Data Reporting – Daily Performance	N	
1e – STPIS Data Reporting – STPIS Exclusions	N	
1e – STPIS Data Reporting – STPIS Exclusions: Supporting Attachments (Exclusion Reports)	Y	These documents are not publicly available to securityholders. The detriment to AusNet Services is not quantifiable as • the release of this information could place AusNet Services in breach of our ASX obligations both in Australia and Singapore; • it has information on system faults which may result in liability implications; and • the release does not provide consumers any benefit.
2 – Customer Service	N	
4a – Annual Feeder Reliability	N	

Cost category	Confidential (Y/N)	Reasons
4c – Reliability – planned outages	N	
Response to Schedule 1 (non-template)		
Response to Schedule 1 (non-template)	N	
Schedule 1 – Attachment A: Reconciliation Workbook	Y	The base amounts are from the audited special purpose financial statements of AusNet Services Holdings Pty Ltd which are not publicly available. Publishing this template will cause confusion amongst consumers as they will not understand the nature of the adjustments made in order to derive the electricity distribution business base amount, or what each of the columns represent. The detriment to AusNet Services is not quantifiable as • the release of this information could place AusNet Services in breach of our ASX obligations both in Australia and Singapore; • the release of this information could also provide would be competitors and/or corporate raiders details of our corporate financing and structure for various segments of our business; and • the release does not provide consumers any benefit.
Schedule 1 – Attachment B: Basis of Preparation	N	

Cost category	Confidential (Y/N)	Reasons
Schedule 1 – Attachment C: Regulatory Accounting Principles and Policies	N, except for the Capitalisation Policy	The Capitalisation Policy Manual is a commercial document as it represents AusNet Services' internal accounting policy and is subject to AusNet Services' interpretation of the accounting standard. The detriment to AusNet Services is not quantifiable as • the release of the information may cause confusion amongst consumers as they may not understand the context in which the document has been written.
Schedule 1 – Attachment D: Demand Management Incentive Allowance Information (including DMIA Annual Report, and Director's Certification)	N	
Schedule 1 – Attachment E: AusNet Services' Corporate Structure	Y	AusNet Services' corporate structure is not publicly available to securityholders. The detriment to AusNet Services is not quantifiable as • the release of this information could place AusNet Services in breach of our ASX obligations both in Australia and Singapore; • the release of this information could also provide would be competitors and/or corporate raiders details of our corporate structure; and • the release does not provide consumers any benefit.
Schedule 1 – Attachment F: AusNet Services' organisational structure	N	

Cost category	Confidential (Y/N)	Reasons
Schedule 1 – Attachment G: Special Purpose Financial Report	Y	The Special Purpose Financial Report has been prepared for the sole purpose of reporting to the AER. Therefore, this report cannot be made publicly available as it cannot be relied upon for any other purpose or be used by any other party. Disclosing the information contained in the Electricity Regulatory Accounting Statements would prejudice AusNet Services' securityholders who do not receive such information. The detriment to AusNet Services is not quantifiable as • the release of this information could place AusNet Services in breach of our ASX obligations both in Australia and Singapore; • the release of this information could also provide would be competitors and/or corporate raiders details of our corporate financing and structure for various segments of our business; and • the release does not provide consumers any benefit.
Statutory declaration	N	
Audit opinion – financial templates	Y	The Audit opinion on financial templates has been prepared to assist AusNet Electricity Services Pty Ltd in meeting its reporting obligations to the AER. Therefore, this report may not be suitable for any other purpose or can be relied upon by other parties.
Audit opinion – non-financial templates	Y	The Audit opinion on non-financial templates has been prepared to assist AusNet Electricity Services Pty Ltd in meeting its reporting obligations to the AER. Therefore, this report may not be suitable for any other purpose or can be relied upon by other parties.
Financial templates		

Cost category	Confidential (Y/N)	Reasons
1 - Income statement	N (provided the attached marked-up statements are published)	The base amounts are from the audited special purpose financial statements of AusNet Services Holdings Pty Ltd which are not publicly available. Publishing this template will cause confusion amongst consumers as they will not understand the nature of the adjustments made in order to derive the electricity distribution business base amount, or what each of the columns represent. The detriment to AusNet Services is not quantifiable as • the release of this information could place AusNet Services in breach of our ASX obligations both in Australia and Singapore; • the release of this information could also provide would be competitors and/or corporate raiders details of our corporate financing and structure for various segments of our business; and • the release does not provide consumers any benefit. AusNet Services has attached a copy of the 2015 regulatory accounting information marked up with details that can be published.
2 – Total Revenue and Demand	N (provided the attached marked-up statements are published)	Due to the limited number of customers in the same tariff category, publishing the data will enable customers in those tariff categories to be easily identifiable. The detriment to AusNet Services is not quantifiable as • An unauthorised release of the information would be particularly damaging, commercially to the business. AusNet Services has attached a copy of the 2015 regulatory accounting information marked up with details that can be published.
3a – Capex total	N	
3b – Capex total margins	N	
5 – Additions by Tax	N	

Cost category	Confidential (Y/N)	Reasons
6a – Maintenance Costs Total	N (provided the attached marked-up statements are published)	The base amounts are from the audited special purpose financial statements of AusNet Services Holdings Pty Ltd which are not publicly available. Publishing this template will cause confusion amongst consumers as they will not understand the nature of the adjustments made in order to derive the electricity distribution business base amount, or what each of the columns represent. The detriment to AusNet Services is not quantifiable as • the release of this information could place AusNet Services in breach of our ASX obligations both in Australia and Singapore; • the release of this information could also provide would be competitors and/or corporate raiders details of our corporate financing and structure for various segments of our business; and • the release does not provide consumers any benefit. AusNet Services has attached a copy of the 2015 regulatory accounting information marked up with details that can be published.
6b – Maintenance Costs Inclusive of Margin	N (provided the attached marked-up statements are published)	The base amounts are from the audited special purpose financial statements of AusNet Services Holdings Pty Ltd which are not publicly available. Publishing this template will cause confusion amongst consumers as they will not understand the nature of the adjustments made in order to derive the electricity distribution business base amount, or what each of the columns represent. The detriment to AusNet Services is not quantifiable as • the release of this information could place AusNet Services in breach of our ASX obligations both in Australia and Singapore; • the release of this information could also provide would be competitors and/or corporate raiders details of our corporate financing and structure for various segments of our business; and • the release does not provide consumers any benefit. AusNet Services has attached a copy of the 2015 regulatory accounting information marked up with details that can be published.

Cost category	Confidential (Y/N)	Reasons
8a – Operating Activities - total	N (provided the attached marked-up statements are published)	The base amounts are from the audited special purpose financial statements of AusNet Services Holdings Pty Ltd which are not publicly available. Publishing this template will cause confusion amongst consumers as they will not understand the nature of the adjustments made in order to derive the electricity distribution business base amount, or what each of the columns represent. The detriment to AusNet Services is not quantifiable as • the release of this information could place AusNet Services in breach of our ASX obligations both in Australia and Singapore; • the release of this information could also provide would be competitors and/or corporate raiders details of our corporate financing and structure for various segments of our business; and • the release does not provide consumers any benefit. AusNet Services has attached a copy of the 2015 regulatory accounting information marked up with details that can be published.
8b – Operating Activities - margin	N (provided the attached marked-up statements are published)	The base amounts are from the audited special purpose financial statements of AusNet Services Holdings Pty Ltd which are not publicly available. Publishing this template will cause confusion amongst consumers as they will not understand the nature of the adjustments made in order to derive the electricity distribution business base amount, or what each of the columns represent. The detriment to AusNet Services is not quantifiable as • the release of this information could place AusNet Services in breach of our ASX obligations both in Australia and Singapore; • the release of this information could also provide would be competitors and/or corporate raiders details of our corporate financing and structure for various segments of our business; and • the release does not provide consumers any benefit. AusNet Services has attached a copy of the 2015 regulatory accounting information marked up with details that can be published.

Cost category	Confidential (Y/N)	Reasons
13 – Avoided Cost Payments	N (provided the attached marked-up statements are published)	As there is only 1 project being undertaken, disclosing information on the Deferral of Augmentation to Distribution Networks - embedded generators would result in the embedded generator being easily identifiable. AusNet Services has attached a copy of the 2015 regulatory accounting information marked up with details that can be published.
14 – Alternative Control Services and Other Services	N	
15 - Efficiency Benefits Sharing Schemes	N	
16 – Jurisdictional Scheme Payments	N	
17 – Demand management incentive scheme	N	
18 – Self Insurance	N	
19 – Change of Accounting Policy	N	

Cost category	Confidential (Y/N)	Reasons
20 - Related party transactions	Y	Related party transactions are disclosed in the AusNet Services annual financial statements which are prepared on a March financial year end (as opposed to a calendar year for the Electricity Regulatory Accounting Statements). These transactions are disclosed in an aggregate level and not by the respective related party. Furthermore, they are not disclosed in detailed cost categories as per the Electricity Regulatory Accounting Statements. Disclosing the information contained in the Electricity Regulatory Accounting Statements would prejudice AusNet Services' securityholders who do not receive such information.
21 - Advanced Metering Infrastructure	N	
22 – Safety and Bushfire Related Expenditure	N	
23 – Shared Assets	N	
24 – Unmetered Supply Tariff Quantity Data Template (Actual t-2)	N	

Cost category	Confidential (Y/N)	Reasons
25 – Tariff Quantity Data Template (Actual t-2) Distribution Tariff Revenue	N (provided the attached marked-up statements are published)	Due to the limited number of customers in the same tariff category, publishing the data will enable customers in those tariff categories to be easily identifiable. In some cases, AusNet Services has agreements with the customer to not publish the tariff applicable to the customer. The detriment to AusNet Services is not quantifiable as • Any release of this information would be in breach of the terms of the agreements • An unauthorised release of the information would be particularly damaging, commercially to the business. AusNet Services has attached a copy of the 2015 regulatory accounting information marked up with details that can be published.
26 – Tariff Quantity Data Template (Actual t-2) Transmission Tariff Revenue	N (provided the attached marked-up statements are published)	Due to the limited number of customers in the same tariff category, publishing the data will enable customers in those tariff categories to be easily identifiable. In some cases, AusNet Services has agreements with the customer to not publish the tariff applicable to the customer. The detriment to AusNet Services is not quantifiable as • An unauthorised release of the information would be particularly damaging, commercially to the business. AusNet Services has attached a copy of the 2015 regulatory accounting information marked up with details that can be published.

Cost category	Confidential (Y/N)	Reasons
27 – TuoS cost audit template (t-2)	N (provided the attached marked-up statements are published)	In terms of the tables detailing TUOS charges (AEMO) and Transmission connection fees (AusNet Transmission Group), disclosing the disaggregated information would be particularly damaging, commercially to the business as competitors would use this information to their advantage. In terms of the table detailing Payments to embedded generators, disclosing the disaggregated information would be particularly damaging as the respective embedded generators are competitors in the market. AusNet Services has attached a copy of the 2015 regulatory accounting information marked up with details that can be published.
28 – Tariff Quantity Data Template (Actual t-2) Jurisdictional Scheme Tariff Revenue	N (provided the attached marked-up statements are published)	Due to the limited number of customers in the same tariff category, publishing the data will enable customers in those tariff categories to be easily identifiable. In some cases, AusNet Services has agreements with the customer to not publish the tariff applicable to the customer. The detriment to AusNet Services is not quantifiable as • An unauthorised release of the information would be particularly damaging, commercially to the business. AusNet Services has attached a copy of the 2015 regulatory accounting information marked up with details that can be published.
29 – Jurisdictional amount cost audit template	N	

Cost category	Confidential (Y/N)	Reasons
Workpaper supporting Income Statement	N (provided the attached marked-up statements are published)	The base amounts are from the audited special purpose financial statements of AusNet Services Holdings Pty Ltd which are not publicly available. Publishing this template will cause confusion amongst consumers as they will not understand the nature of the adjustments made in order to derive the electricity distribution business base amount, or what each of the columns represent. The detriment to AusNet Services is not quantifiable as • the release of this information could place AusNet Services in breach of our ASX obligations both in Australia and Singapore; • the release of this information could also provide would be competitors and/or corporate raiders details of our corporate financing and structure for various segments of our business; and • the release does not provide consumers any benefit. AusNet Services has attached a copy of the 2015 regulatory accounting information marked up with details that can be published.