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RIN 03: Material assumptions

Ausgrid's 2024-29 Regulatory Proposal

Empowering communities for a resilient,
affordable and net-zero future.

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1. Introduction

1.1 This document's purpose

This document sets out the material assumptions that underlie Ausgrid's forecasts of capital and operating expenditure for standard control services in response to requirement 4.2 of the Reset Regulatory Information Notice (**Reset RIN**).

| 4.2.2 | For each material assumption identified above provide: |
|----------|---|
| 4.2.2(a) | its source or basis; |
| 4.2.2(b) | if applicable, its quantum; |
| 4.2.2(c) | whether and how the assumption has been applied and was taken into account; and |
| 4.2.2(d) | the effect or impact of the assumption on the capital and operating expenditure forecasts in the forthcoming regulatory control period taking into account: (i) the actual expenditure incurred during the current regulatory control period; and (ii) the sensitivity of the forecast expenditure to the assumption. |

2. Material assumptions

Material assumptions relied upon for the purposes of preparing the Regulatory Proposal.

Refer to **Attachment 2.1 – Key assumptions and director certification of key assumptions** for our Regulatory Proposal's key assumptions.

| # | Assumption | Source and application (including quantum if applicable) | Impact of the assumption on the capital and operating expenditure forecasts in the forthcoming regulatory control period |
|---|---|---|--|
| 1 | Apart from the Service Target Performance Incentive Scheme (STPIS) adjustment for FY24, we have assumed no annual revenue adjustments will occur when presenting revenue, prices and customer bill outcomes in the Regulatory Proposal. | <p>Each year Ausgrid actual network charges are adjusted for factors including DUOS and TUOS unders and overs and incentive scheme performance.</p> <p>When presenting revenue, pricing and customer bill outcomes, our Regulatory Proposal makes a simplifying assumption that these adjustments (apart from STPIS for FY24) are “zero” for each year from FY24 to FY29.</p> | This assumption does not impact the capital and operating expenditure forecasts. |
| 2 | The AER's standard methodology for trending opex is reasonable | <p>We have trended opex forward using the standard methodology used by the AER in previous decisions, and as outlined in the Better Resets Handbook. Trend includes output growth, real price change and a productivity factor.</p> <p>The sources and application are explained in Attachment 6.1 – Proposed operating expenditure.</p> | We explain the impact of trend on our operating expenditure in Attachment 6.1 – Proposed operating expenditure . |