Basis of Preparation (BOP)- AR RIN

2018/19 BOP Response in conjunction with the Annual RIN

Template - 2.11 Labour

Table 2.11.3 - LABOUR/NON-LABOUR EXPENDITURE SPLIT

Table 2.11.3.1 - Opex

Compliance with Requirements of the Notice

The information reported in Table 2.11.3 is consistent with the requirements of AER's Annual Regulatory Reporting RIN issue on 1 February 2016 and are derived from the audited statutory financial statements and in accordance with Ausgrid's Cost Allocation Methodology (CAM).

Source of Information

Actual data for 2018/19 has been based on an extraction of actual financial data directly or via TM1 from our SAP financial system (Ausgrid's financial accounting and reporting system). The TM1 system is used to report the line of business view of the financial information. Ausgrid also has in place finance policies and procedures, a centralised finance function and qualified employees who are able to manage the requirements.

The financial data provided in this submission is for the full year ended 30 June 2019.

Methodology & Assumptions

Table 2.11.3.1 Opex

Table 2.11.3.1 Opex has been prepared in accordance with Ausgrid's CAM.

Costs relating to operating expenditure listed in table 2.11.3.1 have been extracted from SAP via the TM1 cube for 2018/19 according to operating expenditure allocated to Standard Control Services.

In-house labour expenditure is equivalent to total labour expenditure less labour expenditure outsourced to related parties and labour expenditure outsourced to unrelated parties. This definition was provided to Ausgrid, by Kaye Johnston from the Australian Energy Regulatory on 15 February 2016.

Labour expenditure includes wages, salaries, overtime payments, bonuses, allowances, incentive payments, superannuation contributions, taxes (e.g. payroll and fringe benefits taxes), termination and redundancy payments, workers compensation, labour hire costs, training and study assistance, purchases made on behalf of employees (e.g. protective clothing). This is as per the labour expenditure definition set out in Appendix F of the Annual Regulatory Reporting RIN.

Uncontrollable non-labour expenditure as defined in Appendix F of the Annual Regulatory Reporting RIN issued on 3 February 2016 relates to all non-labour expenditure over which Ausgrid has no control. Uncontrollable non-labour expenditure is imposed by an independent government body (federal, state or local) where Ausgrid has no ability to influence any amount of the expenditure incurred by the manner in

which Ausgrid operates its business. Such costs include solar feed in tariff payments, jurisdictional levies/taxes and local government rates

Use of Estimated Information

N/A as financial data is actuals

Reliability of Information

N/A

Table 2.11.3 - LABOUR/NON-LABOUR EXPENDITURE SPLIT

Table 2.11.3.2 - CAPEX

Compliance with Requirements of the Notice

Actual data for 2018/19 has been based on an extraction of actual financial data directly or via TM1 from our SAP financial system (Ausgrid's financial accounting and reporting system). The TM1 system is used to report the line of business view of the financial information. Ausgrid also has in place finance policies, company policies and procedures, a centralised finance function and qualified employees who are able to manage the requirements.

The financial data provided in this submission is a full year view for the year ended 30 June 2019.

Source of Information

Actual data for 2018/19 has been based on an extraction of actual financial data directly or via TM1 from our SAP financial system (Ausgrid's financial accounting and reporting system). The TM1 system is used to report the line of business view of the financial information. Ausgrid also has in place finance policies and procedures, a centralised finance function and qualified employees who are able to manage the requirements.

The financial data provided in this submission is a full year view for year ended 30 June 2019.

Methodology & Assumptions

Table 2.11.3.2 Capex has been prepared in accordance with Ausgrid's CAM.

Costs relating to capital expenditure reported in table 2.11.3.2 are sourced from Ausgrid's Corporate Reporting System Business Intelligence (BI). This system reports information directly out of SAP.

In-house labour expenditure is equivalent to total labour expenditure less labour expenditure outsourced to related parties and labour expenditure outsourced to unrelated parties. This definition was provided to Ausgrid, by Kaye Johnston from the Australian Energy Regulatory on 15 February 2016.

Labour expenditure includes wages, salaries, overtime payments, bonuses, allowances, incentive payments, superannuation contributions, taxes (e.g. payroll and fringe benefits taxes), termination and redundancy payments, workers compensation, labour hire costs, training and study assistance, purchases made on behalf of employees (e.g. protective clothing). This is as per the labour expenditure definition set out in Appendix [F] of the Annual Regulatory Reporting RIN.

Ausgrid's uncontrollable non-labour expenditure includes land tax expense which is capitalised.

The capex reported on table 2.11.3.2 does not agree to the capex reported in table 8.2.1 Capex by purpose because table 8.2.1 Capex by purpose includes capital contributions. Ausgrid does not record

capital contributions as capital expenditure in the BI system as capital contributions are gifted assets (please refer to the BOP for table 8.2.5 Capital Contribution by purpose for more information) and therefore are directly added to the Fixed Asset register from customers and developers.

Use of Estimated Information

N/A

Reliability of Information

N/A

Template - 3.6 Quality of Service

Table 3.6.6.1 - TECHNICAL QUALITY OF SUPPLY

Compliance with Requirements of the Notice

Section 3.6.6 of the annual RIN reporting template requires information on complaints - technical quality of supply.

Source of Information

Quality of Supply complaints data is sourced from the SAP system via a Business Objects report (Network Complaints Performance Report)

Methodology & Assumptions

Quality of Supply complaints data is sourced from the SAP system via the Business Objects reporting tool (Network Complaints Performance Report).

The report is downloaded from Business Objects into Excel, and volume of complaints directly transposed to RIN template.

Use of Estimated Information

No instances of information that cannot be provided.

Reliability of Information

N/A

Table 3.6.7.1 - TIMELY PROVISIONS OF SERVICES

Compliance with Requirements of the Notice

Section 3.6.7.1 of the annual RIN reporting template requires information on number of connections made and the number of connections not provided on or before the agreed date.

Data supplied is true and correct to the best of my ability.

Source of Information

Timely provision of services

In previous periods, information relating to number of new and existing connections provided by the license holder was sourced from SAP, and analysed as per Ausgrid's - "IDO Procedure Compliance Report N3.9 (C1)" procedure instruction. And information relating to the number of connections not provided on or before the agreed date was sourced from the Network Customer Investigations Group annual "GSL Report".

The Australian Energy Regulator (AER) published its Ring-fencing Guideline on 30 November 2016, with compliance to be met by 1 January 2018. The purpose of the Ring-fencing Guideline is to support the development of competition across energy services markets and to provide customers with more cost efficient services. Following the introduction of the guideline, Ausgrid no longer competes in the minor connections contestable service work market, and therefore has undertaken zero (0) connections on new and existing connections during the 2018/19 period.

Methodology & Assumptions

Use of Estimated Information

No estimations were made.

Reliability of Information

N/A

Table 3.6.7.2 - TIMELY REPAIR OF FAULTY STREET LIGHTS

Compliance with Requirements of the Notice

Using the required reporting applications, data supplied is true. Faults provided are from our Online Street Lighting Reporting Portal and have not excluded any major event days

Source of Information

Street lights - average monthly number "out"

The Source of data is initially entered into the SAP PM (Plant Maintenance) database and then placed into the Business Objects Universe on a nightly basis. Using the Business Objects Universe, a report is then executed on a monthly basis to extract all customer raised street lighting jobs. These jobs have a notification of type "ML". All jobs will be displayed within the count.

Street lights - not repaired by "fix by" date

The Source of data is initially entered into the SAP PM (Plant Maintenance) database and then placed into the Business Objects Universe on a nightly basis. Using the Business Objects Universe, a report is then executed on a monthly basis to extract all customer raised street lighting jobs. These jobs have a notification of type "ML".

Street lights - average number of days to repair

The Source of data is initially entered into the SAP PM (Plant Maintenance) database and then placed into the Business Objects Universe on a nightly basis. Using the Business Objects Universe, a report is then executed on a monthly basis to extract all customer raised street lighting jobs. These jobs have a notification of type "ML".

Total number of street lights

The Source of data is initially entered into the SAP PM (Plant Maintenance) database. SAP transaction ZSD0014 is then used to extract the street lighting inventory for each month. The street lighting inventory that was extracted at the end of June 2018 was used to determine the total number of street lights.

Additionally refer to linked to SAP Data Extraction Guideline, under Quality of Supply.

Methodology & Assumptions

Street lighting

Street lighting data has been extracted from SAP through Business Objective Reports. Refer to linked to SAP Data Extraction Guideline, under Quality of Supply

Use of Estimated Information

No estimations were made.

Reliability of Information

N/A

Table 3.6.7.2 - TIMELY REPAIR OF FAULTY STREET LIGHTS 1

Compliance with Requirements of the Notice

Using the required reporting applications, data supplied is true. Faults provided are from our Online Street Lighting Reporting Portal and have not excluded any major event days

Source of Information

Street lights - average monthly number "out"

The Source of data is initially entered into the SAP PM (Plant Maintenance) database and then automatically placed into the Business Objects Universe on a nightly basis.

Street lights - not repaired by "fix by" date

The Source of data is initially entered into the SAP PM (Plant Maintenance) database and then automatically placed into the Business Objects Universe on a nightly basis.

Street lights - average number of days to repair

The Source of data is initially entered into the SAP PM (Plant Maintenance) database and then automatically placed into the Business Objects Universe on a nightly basis.

Total number of street lights

The Source of data is initially entered into the SAP PM (Plant Maintenance) database. SAP transaction ZSD0014 is then used to extract the street lighting inventory for each customer as at the end of June 2019.

Methodology & Assumptions

Street lights - average monthly number "out"

Using the Business Objects Universe, a report was executed to extract all customer raised street lighting jobs that occurred during the 2018/19 financial year. A customer raised street lighting job can be identified by having the notification type of "ML". The total number of jobs returned which included both "Held" and "Not Held" jobs was then divided by 12 to determine the average monthly number "out" amount.

Street lights - not repaired by "fix by" date

Using the Business Objects Universe, a report was executed to extract all customer raised street lighting jobs that occurred during the 2018/19 financial year. A customer raised street lighting job can be identified by having the notification type of "ML". The total number of jobs for both "Held" and "Not Held" was returned. By looking at the start date and end date of each job (taking into consideration weekends

and holidays) the number of days to complete each job was then calculated. If a "Held" job exceeded 40 days, it would be added to the tally. If a "Not Held" job exceeded 8 days, it would be added to the tally. The 8 days and 40 days are Ausgrid internal maintenance targets.

Street lights - average number of days to repair

Using the Business Objects Universe, a report was executed to an extract all customer raised street lighting jobs that occurred during the 2018/19 financial year. A customer raised street lighting job can be identified by having the notification type of "ML". Since we are only calculating the average repair time for "Not Held" jobs only, the total number for only "Not Held" jobs was returned. By looking at the start date and end date of each job (taking into consideration weekend and holidays) the number of days to complete each job was then calculated. An average of the number of days to complete each job was then calculated.

Total number of street lights

By using the inventory data that was extracted as at the end of June 2019, we counted the number of Rate 1,2,4 and 5 street lights. Rate 3 street lights were excluded from the count as they are recognised as privately owned street lights which are not maintained by Ausgrid.

Use of Estimated Information

Reliability of Information

N/A

Table 3.6.7.3 - CALL CENTRE PERFORMANCE

Compliance with Requirements of the Notice

Using the required reporting applications, data supplied is true and correct. Extracted data is attached.

Call volumes provided are from our Emergency/Hazards lines and include any major event days.

Source of Information

The Ausgrid Contact Centre reporting is captured in a number of Genesys tables from 6.30am - 10.00pm and in an Alcatel Application (CCSupervision) from 10.00pm - 6.30am.

Interactive Insights is the reporting application that combines both the Genesys and Alcatel data and provides a combined result across all queues and call types.

Methodology & Assumptions

Data for this report is extracted from Interactive Insights, which combines both the Genesys and Alcatel reporting data. The input dates are from 01/07/2018 to 30/06/2019.

Once the report has been run, a filter is applied to exclude all calls except Emergency/Hazard calls.

Calls abandoned within 30 seconds have not been deducted from the Calls to Call Centre Fault Line report.

Use of Estimated Information

Reliability of Information

N/A

Template - 3.6.8 Network Feeders

Table 3.6.8 - NETWORK FEEDER RELIABILITY

Compliance with Requirements of the Notice

The information provided is consistent with the requirements of this Notice unless specified in the methodology and assumptions.

Source of Information

The data is taken from outage event records located in Ausgrid's Outage Management System (OMS) and its related reporting environment NORD. Fields within each OMS record are entered both automatically and manually and are subject to quality assurance checks. Information for interruptions affecting single premises is sourced from Ausgrid's Customer Aided Service System (CASS). For other network events, supply restoration and other information is recorded by System Operators in the Sydney control room on Interruption Report Forms (blue forms), or by System Operators in the Newcastle control room on Line Impedance Data (LID) system reports, and on switching sheets. This information is reconciled into OMS post event. Following an outage, an Ausgrid officer validates the existing OMS record against the blue form or LID system report and customer call data. If the existing outage event record can be made to accurately reflect interruption details it is completed. Otherwise, the event is recreated in OMS based on switching details such that the record accurately reflects the restoration switching.

OMS outage event records include the following fields:

- Date of event
- Time of interruption
- Time of restoration
- Event trigger
- Number of Customers Interrupted (CI)
- Number of Customer Minutes Interrupted (CMI)
- Feeder ID
- Event Hierarchy
- Exclusion Flag
- Exclusion Reason

OMS automatically calculates CI and CMI by combining the following information:

- Electrical connectivity details from Ausgrid's Graphical Information System (GIS)
- Interruption and restoration steps as recorded by System Operators
- National Metering Identifier (NMI) information from SAP, Customer Care Solution (CCS) and Business to Business (B2B).

The automatic calculation of CI and CMI is based on NMIs and therefore excludes all unmetered supplies. CI and CMI calculations are automatic based on manually entered interruption and switching steps. SAP, CCS and B2B are used to exclude inactive and permanently disconnected customers from the calculation of CI and CMI. The reporting environment contains data extracted from OMS that has been cleansed to remove redundant data. Relevant calculations such as SAIDI, SAIFI and Unserved Energy are later calculated based on the extracted data.

The length of feeders is extracted from the GIS system.

The feeder maximum demand data is supplied by Distribution Planning group.

Methodology & Assumptions

The data is extracted from OMS reporting environment for the 2018/19 regulatory period containing outage events and a list of NMI affected by each event. The average consumption of the customers interrupted estimated using their billing history. For any outage event a set of NMIs will be affected. The Daily Average Load (DAL) for every set of NMIs associated with an event is calculated from DAL of individual NMIs. For each set of planned or unplanned data the unserved energy is consolidated by summing estimated unserved energy of each outage event.

The extracted data set contains all outage events with the following information (Events are classified as "excluded" in accordance with Clause 3.3 of the STPIS which aligns with the definitions in Appendix F).

- Event Id
- A feeder number associated with an event
- A number of customers supplied by a feeder
- The CI and CMI of an event
- The calculated total DAL of customers interrupted by an event
- A type of an event: planned, unplanned, excluded
- A zone substation name and
- A feeder classification

The extracted data is aggregated to a feeder level into table 3.6.8 as per the table below:

Outage event attribute	Table 3.6.8
Feeder number	Feeder ID / name
Zone	Description of the service area for the feeder
Feeder category	Feeder classification
Customers Fed	Number of distribution customers (average)
Unplanned	Total number of unplanned outages
Planned	Total number of planned outages

The table below details the calculation of some of the variables in Table 3.6.8 Network feeders

Variable	Calculation
Unplanned Customer minutes off Supply - Including excluded events and MEDs	For the regulatory year: 1. Calculate the sum of the unplanned CMI MED for each feeder (a); 2. Calculate the sum of the excluded events CMI for each feeder (b); 3. Calculate the sum of the unplanned CMI exclusive of both MED and excluded events for each feeder (c); 4. Sum (a) + (b) + (c) for each feeder.
Unplanned Customer minutes off Supply -after removing excluded events and MED	For the Regulatory year: Calculate the sum of the unplanned CMI exclusive of MED and excluded events for each feeder (c);
Unplanned interruptions SAIFI - Including excluded events and MEDs	For the regulatory year: 1. Calculate the sum of the unplanned SAIFI MED for each feeder (d); 2. Calculate the sum of the excluded SAIFI for each feeder (e);

	3. Calculate the sum of the unplanned SAIFI exclusive of both MED and excluded events for each feeder (f); 4. Sum (d) + (e) + (f) for each feeder.
Unplanned interruptions SAIFI - after removing excluded events and MED	For the Regulatory year: Calculate the sum of the unplanned SAIFI exclusive of both MED and excluded events for each feeder (f);
Planned Customer minutes off Supply - Including MEDs	For the regulatory year: Calculate the sum of the planned CMI inclusive of MED for each feeder (g);
Planned Customer minutes off Supply - after removing MED	For the regulatory year: Calculate the sum of the planned CMI exclusive of MED for each feeder (h);
Planned interruptions SAIFI - Including MEDs	For the regulatory year: Calculate the sum of the planned SAIFI inclusive of MED for each feeder (i) ;
Planned interruptions SAIFI - after removing MED	For the regulatory year: Calculate the sum of the planned SAIFI exclusive of MED for each feeder (j);

Use of Estimated Information

Energy not supplied is estimated by multiplying the average consumption of interrupted customers based on their billing history by the number of customers interrupted and the duration of the interruption.

Reliability of Information

N/A

Template - 3.6.9 Network Reliability

Table 3.6.9 - NETWORK FEEDER RELIABILITY - PLANNED OUTAGES

Compliance with Requirements of the Notice

The information provided is consistent with the requirements of this Notice unless specified in the methodology and assumptions.

Source of Information

The data is taken from outage event records located in Ausgrid's Outage Management System (OMS) and its related reporting environment NORD. Fields within each OMS record are entered both automatically and manually and are subject to quality assurance checks. Information for interruptions affecting single premises is sourced from Ausgrid's Customer Aided Service System (CASS). For other network events, supply restoration and other information is recorded by System Operators in the Sydney control room on Interruption Report Forms (blue forms), or by System Operators in the Newcastle control room on Line Impedance Data (LID) system reports, and on switching sheets. This information is reconciled into OMS post event. Following an outage, an Ausgrid officer validates the existing OMS record against the blue form or LID system report and customer call data. If the existing outage event record can be made to accurately reflect interruption details it is completed. Otherwise, the event is recreated in OMS based on switching details such that the record accurately reflects the restoration switching.

OMS outage event records include the following fields:

- Date of event
- Time of interruption
- Time of restoration
- Event trigger
- Number of Customers Interrupted (CI)
- Number of Customer Minutes Interrupted (CMI)
- Feeder ID
- Event Hierarchy
- Exclusion Flag
- Exclusion Reason

OMS automatically calculates CI and CMI by combining the following information:

- Electrical connectivity details from Ausgrid's Graphical Information System (GIS)
- Interruption and restoration steps as recorded by System Operators
- National Metering Identifier (NMI) information from SAP, Customer Care Solution (CCS) and Business to Business (B2B).

The automatic calculation of CI and CMI is based on NMIs and therefore excludes all unmetered supplies. CI and CMI calculations are automatic based on manually entered interruption and switching steps. SAP, CCS and B2B are used to exclude inactive and permanently disconnected customers from the calculation of CI and CMI. The reporting environment contains data extracted from OMS that has been cleansed to remove redundant data. Relevant calculations such as SAIDI and SAIFI are also added to records within the reporting environment. The reporting environment facilitates the extraction of information using Business Objects reports.

The *Monthly and Daily Reporting - GLOBAL Ver 15.4* report generated on 29/08/2019 for the 2018/19 regulatory year is used as a data source to complete table 3.6.9. The report contains summary tables with Planned SAIDI and SAIFI values per feeder category.

Methodology & Assumptions

Key elements of the methodology:

1. A Business Objects report (*AER RIN DAILY ACTIVE NMIS & DAILY ACTIVE NMIS FED Ver 2 ANNUAL AER.xls*) was extracted from the reporting environment on (31/08/2018) for the 2018 regulatory year. The report provides the summarised results for events as required for the templates and tables described. All the information is copied into the relevant RIN tables, with only minor modification to suit the RIN's formatting and consolidation requirements see below:

Outage event attribute	**Table 3.6.9 Planned Minutes off Supply (SAIDI)**
Planned outages SAIDI by feeder category	Planned minutes off supply (SAIDI) by feeder category

Outage event attribute	**T able 3.6.9 Planned Interruptions to Supply (SAIFI)**
Planned outages SAIFI by feeder category	Planned interruptions to supply (SAIDI) by feeder category

2. It is recognised that the feeder category and number of customers may change throughout the year and therefore that data is as at the end of the 2017/18 year.

Key assumptions used in methodology:

1. All outage event attributes are correctly entered in OMS.

2. Feeder category reference tables are accurate.

3. The NMI connectivity details in GIS are correct at the time of outages, or that any errors are managed through manual processes to determine the actual customers affected by an event, or by holding out outage event records in the OUTAGES_NOT_IN_OMS table until GIS updates are received.

4. All SAIDI and SAIFI calculations are performed using daily customer counts. Ausgrid has consistently adopted this approach for the calculation of all reliability metrics because average customer counts do not result in stable metrics suitable for trend analysis due to the constant adding, removing and reconfiguring of feeders.

5. All unmetered customers are excluded from calculations.

6. All active customers are included in the calculation of reliability metrics. All inactive customers are excluded in the calculation of reliability metrics. The following assumptions regarding customer counting have been made:

Active = Energised + De-energised

Inactive = Extinct = Deactivated

De-energised (AER) = Temporary disconnection (AUSGRID)

Inactive (AER) = Permanent disconnection (AUSGRID)

(Compliant)

7. All customers connected to a three-phase low voltage supply are interrupted for the entire duration of an event. This approach is adopted because the accurate determination of customers connected to each phase of a low voltage supply is currently not possible.

8. The 2017 TMED has been applied to 2018 regulatory year in 3.6.9 Network Feeder reliability - planned outages as per the requirements of this notice.

Use of Estimated Information

Explain circumstances where Ausgrid cannot provide input for a variable using actual information, and therefore must provide estimated information:

(i) why an estimate was required, including why it was not possible for Ausgrid to provide actual information;

Some planned outages are restored at a time different to that originally expected. A laborious manual process is required to track and record these differences compared to the planned restoration time,

therefore only the estimated restoration time is recorded in the system. Significant additional labour resources or IT system upgrades would be required to efficiently capture actual restoration times for planned events.

(ii) the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is Ausgrid's best estimate, given the information sought in the Notice.

The planned interruption durations are based on the original estimated restoration time which is recorded in the OMS. This is the best available consolidated information on planned outage durations. It is a conservative estimate and is estimated to increase the reported planned duration SAIDI by 10-15%.

(iii) if an estimate has been provided, the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is Ausgrid's best estimate, given the information sought in this Notice.

As above.

Reliability of Information

N/A

Template - 6.2 STPIS Reliability

Table 6.2.1 - UNPLANNED MINUTES OFF SUPPLY (SAIDI)

Table 6.2.2 - UNPLANNED INTERRUPTIONS TO SUPPLY (SAIFI)

Table 6.2.4 - DISTRIBUTION CUSTOMER NUMBERS

Compliance with Requirements of the Notice

The information provided is consistent with the requirements of this Notice unless specified in the methodology and assumptions.

Source of Information

The data is taken from the outage event records located in Ausgrid's Outage Management System (OMS) and its related reporting environment NORD. Fields within each OMS record are entered both automatically and manually and are subject to quality assurance checks. Information for interruptions affecting single premises is sourced from Ausgrid's Customer Aided Service System (CASS). For other network events, supply restoration and other information is recorded by System Operators in the Sydney control room on Interruption Report Forms (blue forms), or by System Operators in the Newcastle control room on Line Impedance Data (LID) system reports, and on switching sheets. This information is reconciled into OMS post event. Following an outage, an Ausgrid officer validates the existing OMS record against the blue form or LID system report and customer call data. If the existing outage event record can be made to accurately reflect interruption details it is completed. Otherwise, the event is recreated in OMS based on switching details such that the record accurately reflects the restoration switching.

OMS outage event records include the following fields:

- Date of event
- Time of interruption
- Time of restoration
- Event trigger
- Number of Customers Interrupted (CI)
- Number of Customer Minutes Interrupted (CMI)
- Feeder ID
- Event Hierarchy
- Exclusion Flag

- Exclusion Reason

OMS automatically calculates CI and CMI by combining the following information:

- Electrical connectivity details from Ausgrid's Graphical Information System (GIS)
- Interruption and restoration steps as recorded by System Operators
- National Metering Identifier (NMI) information from SAP, Customer Care Solution (CCS) and Business to Business (B2B).

The automatic calculation of CI and CMI is based on NMIs and therefore excludes all unmetered supplies. CI and CMI calculations are automatic based on manually entered interruption and switching steps. SAP, CCS and B2B are used to exclude inactive and permanently disconnected customers from the calculation of CI and CMI. The reporting environment contains data extracted from OMS that has been cleansed to remove redundant data. Relevant calculations such as SAIDI and SAIFI are also added to records within the reporting environment. The reporting environment facilitates the extraction of information using Business Objects reports.

The *Monthly and Daily Reporting - GLOBAL Ver 15.4* report generated on 29/08/2019 for the 2018/19 regulatory year is used as a source to complete table 6.2. The report contains summary tables with SAIDI and SAIFI values.

Methodology & Assumptions

A Business Objects report *Monthly and Daily Reporting - GLOBAL Ver 15.4* has been extracted from the reporting environment on 29/08/19 for the 2018/19 regulatory year. The report provides the summarised results for events as required for the templates and tables described. All the information is copied into the relevant RIN tables, with only minor modification to suit the RIN's formatting and consolidation requirements.

Outage event attribute	**Table 6.2.1 Unplanned Minutes off Supply (SAIDI)**
Total Unplanned SAIDI by feeder category and global	Total sustained minutes off supply by feeder category and whole network (a)
Total Unplanned SAIDI by feeder category and global - after removing excluded events and MED	Total sustained minutes off supply after removing excluded events (b)
Total of excluded events	Total of excluded events (a) - (b)

Outage event attribute	Table 6.2.2 Unplanned Interruptions to Supply (SAIFI)
Total Unplanned SAIFI by feeder category and global	Total sustained interruptions by feeder category and whole network (c)
Total Unplanned SAIFI by feeder category and global - after removing excluded events and MED	Total sustained interruptions after removing excluded events (d)
Total of excluded events by feeder category and global	Total of excluded events (c) - (d)

As the MAIFI component of the STPIS scheme does not apply to Ausgrid, in accordance with the template instructions Ausgrid is not completing Table 6.2.3 - Unplanned Momentary Interruptions to Supply (MAIFI).

Outage event attribute	Table 6.2.4 Distribution Customer Numbers
Customer numbers at the start of period by feeder category and global	Customer numbers at the start of period by feeder category and whole network
Customer numbers at the end of period by feeder category and global	Customer numbers at the end of period by feeder category and whole network

Use of Estimated Information

N/A

Reliability of Information

There was a significant increase in a number of MED days during 2018/19 reporting period compared to the previous period resulting in an increase of total unplanned events and excluded events.

Template - 6.6 Customer Service

Table 6.6.1 - TELEPHONE ANSWERING

Compliance with Requirements of the Notice

Using the required reporting applications, data supplied is true and correct. Extracted data is attached.

Call volumes provided are from our Emergency/Hazards lines and have excluded any major event days.

Source of Information

The Ausgrid Contact Centre reporting is captured in a number of Genesys tables from 6.30am - 10.00pm and in an Alcatel Application (CCSupervision) from 10.00pm - 6.30am.

Interactive Insights is the reporting application that combines both the Genesys and Alcatel data and provides a combined result across all queues and call types.

Methodology & Assumptions

https://www.aer.gov.au/system/files/AER%20-%20Service%20Target%20Performance%20Incentive%20Scheme%20v%202.0%20-%2014%20November%202018%20%28updated%2013%20December%202018%29.pdf

NUMBER OF CALLS AFTER REMOVING EXCLUDED EVENTS

Data for this report is extracted from Interactive Insights, which combines both the Genesys and Alcatel reporting data. The input dates are from 01/07/2018 to 30/06/2019.

Once the report has been run, a filter is applied to exclude all calls except Emergency/Hazard calls as well as declared Major Event Days (MED).

A per Page 29 of the Electricity distribution network service providers Service target performance incentive scheme Version 2.0, calls abandoned within 30 seconds have been deducted from the total calls offered.

TOTAL NUMBER OF CALLS

Data for this report is extracted from Interactive Insights, which combines both the Genesys and Alcatel reporting data. The input dates are from 01/07/2018 to 30/06/2019.

Once the report has been run, a filter is applied to exclude all calls except Emergency/Hazard calls.

A per Page 29 of the Electricity distribution network service providers Service target performance incentive scheme Version 2.0, calls abandoned within 30 seconds have been deducted from the total calls offered.

Use of Estimated Information

Reliability of Information

N/A

Template - 6.7 STPIS Daily Performance

Table 6.7.1 - DAILY PERFORMANCE DATA - UNPLANNED

Compliance with Requirements of the Notice

Using the required reporting applications, data supplied is true and correct. Extracted data is attached.

Call volumes provided are from our Emergency/Hazards lines and have excluded any major event days.

Source of Information

The Ausgrid Contact Centre reporting is captured in a number of Genesys tables from 6.30am - 10.00pm and in an Alcatel Application (CCSupervision) from 10.00pm - 6.30am.

Interactive Insights is the reporting application that combines both the Genesys and Alcatel data and provides a combined result across all queues and call types.

Methodology & Assumptions

Data for this report is extracted from Interactive Insights, which combines both the Genesys and Alcatel reporting data. The input dates are from 01/07/2018 to 30/06/2019.

Once the report has been run, a filter is applied to exclude all calls except Emergency/Hazard calls as well as declared Major Event Days (MED).

A per Page 29 of the Electricity distribution network service providers Service target performance incentive scheme Version 2.0, calls abandoned within 30 seconds have been deducted from the total calls offered.

Use of Estimated Information

Reliability of Information

N/A

Template - 6.9 STPIS GSL

Table 6.9.1 - GUARANTEED SERVICE LEVELS - JURISDICTIONAL GSL SCHEME

Compliance with Requirements of the Notice

Section 6.9.1 of the annual RIN reporting template requires information relating to jurisdiction GSL scheme parameters.

We are required to make payments of $15.00 for each street light fault which is not repaired within the designated time frame. The attached spreadsheet confirms the number of payment requests received and the number of payments made.

We are also required to make payments of $80.00 under the Customer Service Standards for interruptions that exceed the Duration and Frequency criteria under our License conditions.

Source of Information

Reliability of Supply and Streetlights

We receive an automated notification from SAP in regards to all eligible street light claims where repairs have not been carried out within the required time frame. Information of all eligible requests and payments made is recorded in our Lotus Notes claims database and the street light payment spreadsheet.

All claims for Duration and Frequency reliability are recorded on Lotus Notes data base. We also provide the information on a Quarterly basis for Ausgrid's Network Performance Reports.

Other GSL parameters

Information relating to number of new and existing connections, provided by the license holder is sourced from SAP, and analysed as per Ausgrid's - "IDO Procedure Compliance Report N3.9 (C1)" procedure instruction.

Information relating to the number of connections not provided on or before the agreed date is sourced from the Network Customer Investigations Group annual "GSL Report - Financial Year to end June 2019" report. The report lists all payments under the GSL scheme; this year the only payments made related to street lighting - there were no connection-related GSL payments.

Information relating to the number of planned interruptions where four (4) business days' notice was not given is sourced from the NECF Breach Reporting application, with data extracted in the "NECF Breach Reporting FY1819" report.

Methodology & Assumptions

Reliability of Supply and Streetlights

All information provided has been sourced from our dedicated data bases. Each claim is received in hard copy (claim form) and then input to the data base. Copies of all claims are also stored in TRIM.

We are then able to also export all the information from the data bases onto excel spreadsheets when/if required.

Other GSL parameters

'Number of connections made' is defined as the total number of connections provided by the License Holder for existing & new premises where the License Holder undertook the work.

Information is sourced from SAP, and analysed as per Ausgrid's - "IDO Procedure Compliance Report N3.9 (C1)" procedure instruction.

'Number of connections not made on or before agreed date' is defined as the number of connections not provided on or before the agreed date, where the connection was for a new or existing premises, and the License Holder undertook the work.

Information is sourced from the Network Customer Investigations Group annual "GSL Report - Financial Year to end June 2018" report. The report lists all payments under the GSL scheme; this year the only payments made related to street lighting. There were no were no connection-related GSL payments.

Information relating to the number of planned interruptions where four (4) business days' notice was not given is sourced from the NECF Breach Reporting application, with data extracted in the "NECF Breach Reporting FY1819" report.

Use of Estimated Information

N/A

Reliability of Information

N/A

Table 6.9.1 - GUARANTEED SERVICE LEVELS - JURISDICTIONAL GSL SCHEME 1

Compliance with Requirements of the Notice

The actual number of incidents captured and reported responds directly to the requirements of the RIN.

Source of Information

Information relating to the number of planned interruptions where four (4) business days' notice was not given is sourced from the NECF Breach Reporting application, with data extracted in the "H1 NECF Breach Reporting FY1819" and "H2 NECF Breach Reporting FY1819" reports. The reports are attached. Please note these reports also include quarterly breaches as well.

Methodology & Assumptions

Ongoing oversight by General Managers and Branch Managers is required to meet the company's compliance reporting obligations. A internal reporting tool has been developed to assist process owners to keep track of NECF compliance breaches & overall performance in those areas for which they are responsible. This tool supplements the NCRS & is owned by the Compliance Reporting Manager.

The tool is the central repository for all detailed reports on breaches. The contents of the tool are based on the data required by the AER in its reporting template, together with some additional fields to provide management with more detailed information in relation to each breach, including progress with follow up actions to mitigate against recurrences.

Use of Estimated Information

Reliability of Information

Table 6.9.1 - GUARANTEED SERVICE LEVELS - JURISDICTIONAL GSL SCHEME 2

Compliance with Requirements of the Notice

The RIN asks the question: Has Ausgrid completed any connection work in the past FY and has there been any payments made to customers for work that was not completed within any agreed time frames?

Ausgrid has provided data to answer both questions to the best of the business' ability and has supplied supporting evidence.

Source of Information

Data for connections has been sourced from a report generated in Ausgrid's SAP system. The data is attached in the linked documents as an excel spread sheet.

The data re payments made has also been sourced from Ausgrid's SAP system and shows this shows that no payments were made.

Methodology & Assumptions

The methodology in the past was to run and collect data from a specific IDO report that is now redundant. This year the data was collected from a different SAP report based on notification and classifications. Some nomenclature entries are less than optimal but have been reviewed by staff closely associated with the work. Processes are in place to improve the conventions. Confidence in the data accuracy is high.

Use of Estimated Information

The data is estimated as there is no direct report or data available to definitively identify connections made by Ausgrid. Steps are in place to correct this

Reliability of Information

The GSL connections data is understood to be connections that are made by Ausgrid that do not form part of contestable connection works.

In general, Ausgrid does not carry out contestable connection work. There are however instances where safety or extenuating circumstances require Ausgrid to carry out connection work outside of the contestable market place. The data provided (130) represents such work. The linked documentation provides an audit trail for each job listed.

Template - 7.8 Avoided TUOS Payments

Table 7.8.1 - AVOIDED TUOS PAYMENTS

Compliance with Requirements of the Notice

Avoided TUoS payments are made by a DNSP in accordance with clause 5.3AA(h) of the NER (version 124), as per below.

"A Distribution Network Service Provider must pass through to a Connection Applicant the amount calculated in accordance with paragraph (i) for the locational component of prescribed TUoS services that would have been payable by the Distribution Network Service Provider to a Transmission Network Service Provider had the Connection Applicant not been connected to its distribution network".

Source of Information

The avoided TUoS reported in Table 7.8 of the Annual Reporting RIN Response 2018-19 is based on the SAP Financial system.

Methodology & Assumptions

The amount of avoided TUoS reported in the SAP Financial system includes both actual payments and accruals.

The amount reported is based on invoices received if available, or an estimation, which is based on either the assumed annual amount pro-rated monthly or the preliminary metered data consumption. The calculation of estimated avoided TUoS payments is derived from SAS, which applies the metered data consumption to the relevant TransGrid transmission prices.

Ausgrid had previously provided for a potential liability for an embedded generator's avoided TUoS in its financial accounts for FY16/17 and FY17/18. During FY18/19 it was determined Ausgrid had no legal liability for this avoided TUoS expense for this embedded generator and as a result the accrual that had been provided for in prior years was reversed. The amount accrued at June 2018 related to monthly values calculated for the period April 2014 to June 2018, totalled $728.3K. As the value of this accrual is comparatively large compared to other sites, the reversal of this accrual in FY18/19 has resulted in a negative total of $364K being reported.

Use of Estimated Information

Estimated amounts arise for new and smaller embedded generators. Due to the unpredictable nature of these embedded generators, the payments would be small and on an irregular basis, hence the payments are estimated and finalised at the end of the financial year.

Reliability of Information

N/A

Template - 7.10 Juris Scheme

Table 7.10.1 - JURISDICTIONAL SCHEME PAYMENTS

Compliance with Requirements of the Notice

24The information provided are the Jurisdictional Schemes, the Solar Bonus Scheme (SBS) and the Climate Change Fund (CCF) which are based on 6.18.7A (d) of the National Electricity Rules (version 124). These are specifically stated as the Jurisdictional schemes for NSW.

6.18.7A Recovery of jurisdictional scheme amounts

Jurisdictional schemes

(d) A scheme is a jurisdictional scheme if:

(1) the scheme is specified in paragraph (e); or

(2) the AER has determined under clause paragraph (l) that the scheme is a jurisdictional scheme,

and the AER has not determined under paragraph (u) that the scheme has ceased to be a jurisdictional scheme.

(e) For the purposes of paragraph (d)(1), the following schemes are jurisdictional schemes:

(1) schemes established under the following laws of participating jurisdictions:

(i) Electricity Feed-in (Renewable Energy Premium) Act 2008 (ACT);

(ii) Division 3AB of the Electricity Act 1996 (SA);

(iii) Section 44A of the Electricity Act 1994 (Qld);

(iv) Electricity Industry Amendment (Premium Solar Feed-in Tariff) Act 2009 (Vic);

(2) the Solar Bonus Scheme established under the Electricity Supply Act 1995 (NSW); and

(3) the Climate Change Fund established under the Energy and Utilities Administration Act 1987 (NSW).

Source of Information

The amount reported in Table 7.10 for Solar Bonus Rebate and Climate Change Fund have been sourced from SAP Financials, SAP Business Intelligence (BI) Tariff Reports and Ausgrid's Regulatory Accounting Income Statement Table 8.1.

The NSW Government's Solar Bonus Scheme was set up for a seven year period commencing 1 January 2010. Irrespective of when a customer joined, the scheme ended on 31 December 2016.

Advice is received from the Minister for the Environment regarding Ausgrid's contribution to the Climate Change Fund for 2018/19.

Methodology & Assumptions

In line with the definition of "Jurisdictional Scheme Payment" in Appendix F of the Regulatory Information Notice issued to Ausgrid on 3 February 2016, the amount reported in Table 7.10.1 represents the following:

Solar Bonus Rebate Scheme - the net difference between the Solar Bonus rebate paid to complying customers less the amount reimbursed via the Solar Bonus reimbursement scheme administered by Office of Environment and Heritage. The difference reported is (0).

Climate Change Fund - the net difference between the amount contributed to the Climate Change Fund for 2018/19 as directed by the Minister for the Environment and Gazettal Notice and the amount recovered from the Ausgrid's network use of system (NUOS) tariffs, i.e. the CCF component of the NUOS charges. The difference reported is -$36,231,453.74.

The CCF amount recorded does not include the interest or opening balance in the calculation and so does not align with the control mechanism used with the recovery of the jurisdictional schemes unders and overs account.

The annual amount reported for Solar Bonus rebate and Climate Change Fund in the Annual Reporting RIN represents both billed and accrued charges.

Use of Estimated Information

N/A

Reliability of Information

N/A

Template - 7.11 DMIS DMIA

Table 7.11.1 - DMIA - PROJECTS SUBMITTED FOR APPROVAL

Compliance with Requirements of the Notice

All data in Table 7.11.1 is provided as per expenditure for nine (9) ongoing DMIA projects for which we incurred costs in 2018/19.

Source of Information

Actual costs incurred are collected from individual project codes for DMIA activities in Ausgrid's SAP financial reporting system.

Early project development costs ($27,897, 3% of total expenditure) were recorded under a general DM Innovation project development code (Order 12920005) and were distributed across five projects in the RIN reporting: Stand Alone Power Systems (11% of allocation) Electric Vehicle Demand Research(41% of allocation), Digital Energy Futures (32% of allocation), Demand Pricing (4% of allocation) and Community Battery (12% of allocation).

A total of $2,016 (0.2%) was misallocated in SAP reporting and was correctly allocated to two projects: Powr2U - DM for Replacement Needs and Battery Demand response.

Methodology & Assumptions

The amounts claimed are those booked to the DMIA project codes in the year. Costs include research and development, implementation, project management and other directly related costs.

Use of Estimated Information

No estimated information has been used.

Reliability of Information

N/A

Template - 7.12 Safety and Bushfire

Table 7.12.1 - SAFETY AND BUSHFIRE RELATED ASSET GROUP DEFINITIONS AND ALLOCATION BASIS

Table 7.12.2 - BUSHFIRE RELATED

Table 7.12.2.1 - NUMBER OF ACTIVITIES

Table 7.12.2.2 - EXPENDITURE

Table 7.12.2.3 - UNIT COSTS

Table 7.12.2.4 - CONTINGENT PROJECT APPLICATIONS - VOLUMES APPROVED

Table 7.12.2.5 - CONTINGENT PROJECT APPLICATIONS - EXPENDITURE APPROVED

Table 7.12.3 - SAFETY RELATED

Table 7.12.3.1 - NUMBER OF ACTIVITIES

Table 7.12.3.2 - EXPENDITURE

Table 7.12.3.3 - UNIT COSTS

Table 7.12.4 - SAFETY IMPROVEMENT OUTCOMES REPORTED TO ESV

Table 7.12.5 - RECONCILIATION OF VOLUME OF OUTCOMES REPORTED TO ESV AND AER

Compliance with Requirements of the Notice

N/A

Source of Information

N/A

Methodology & Assumptions

N/A

Use of Estimated Information

N/A

Reliability of Information

N/A

Template - 8.1 Income

Table 8.1.1 - INCOME STATEMENT

Table 8.1.1.1 - REVENUE

Table 8.1.1.2 - EXPENDITURE

Table 8.1.1.3 - PROFIT

Compliance with Requirements of the Notice

The information reported in Table 8.1.1 is consistent with the requirements of AER's Annual Regulatory Reporting RIN issue on 3 February 2016 and are derived from the audited statutory financial statements and in accordance with Ausgrid's Cost Allocation Methodology (CAM).

Source of Information

Actual data for 2018/19 has been based on an extraction of actual financial data directly or via TM1 from our SAP financial system (Ausgrid's financial accounting and reporting system). The TM1 system is used to report the line of business view of the financial information. Ausgrid also has in place finance policies and procedures, a centralised finance function and qualified employees who are able to manage the requirements.

Methodology & Assumptions

Revenue shown in Table 8.1 has been prepared in accordance with Ausgrid's CAM. The revenue and expenditure categories reported in Table 8.1.1.1 & Table 8.1.1. 2 are in accordance with the revenue and costs categories listed in AER's Annual Reporting RIN, Appendix B, Table 8.1.1.

Revenue and expenditure categories listed in tables 8.1.1.1 and 8.1.1.2 have been extracted from SAP via the TM1 system for 2018/19 and have been reported in accordance with the definition of Standard Control Services and Alternative Control Services as set out in the "AER Final Decision - Ausgrid Distribution Determination 2015/16 to 2018/19, April 2015; Attachment 13 - Classification of Services April 2015'. The information shown in the adjustment column mainly relates to the unregulated business, eliminations of intercompany transactions and also incorporates reclassification of some revenue and expense categories. Detail explanation of the revenue and expenditure in the adjustments column categories is highlighted below:

Additional information for FY19 - Ausgrid management has performed the annual impairment testing in accordance with relevant accounting standard and identified $348m as impairment of Network Service Provider (NSP) Cash Generating Unit (CGU). The impairment of the NSP is as a result of the reduced future regulated revenue allowance per the AER Final Determination for the 2020 - 2024 regulatory period. The impairment of $348m has allocated 100% to the SCS business.

Ausgrid

Template 8.1 - Regulatory Information Notice (RIN) - FY2018/19 - Income Stater

8.1.1 - INCOME STATEMENT		
	Adjustments	Note
	$0's, nominal	
8.1.1.1 - REVENUE		
Distribution revenue	-	
Cross boundary revenue	-	
Capital Contributions	(11,062)	1
Interest income	(193,654)	2
Jurisdictional scheme amounts (also known as CCF pass-through)	-	
Profit from sale of fixed assets	-	
TUOS revenue	-	
Pass through revenue (F-factor)		
Other Revenue	(195,144,204)	3
Total revenue	**(195,348,921)**	**4**

8.1.1.2 - EXPENDITURE		
TUOS expenditure	154,593,627	5
Avoided TUOS expenditure	(363,985)	6
Cross boundary expenditure	-	
Depreciation	(27,286,838)	7
Finance charges	(2,198,982)	8
Impairment losses	-	
Jurisdictional scheme amounts	-	
Loss from sale of fixed assets	(1,454,957)	9
Maintenance expenditure	144,554,513	10
Operating expenditure excluding maintenance expenditure	(251,689,718)	11
Other	(361,980)	12
Total expenditure	**15,791,679**	**13**

8.1.1.3 - PROFIT		
Profit/loss before tax	(211,140,600)	14
Income tax expenses (/ benefit)		
Profit after tax	**(211,140,600)**	

Explanation of adjustments

1. Capital contributions reported in the adjustment column of $11,062 is the portion of capital contributions allocated to the unregulated business. This is the release of deferred revenue relating to government grant for the Silberwater learning centre allocated across lines of business according to the Property percentage.

2. The amount reported in the adjustment column of $193,654 represents interest income for unregulated business allocated as per the Net Book Value percentage for Ausgrid.

3. Reconciliation of other revenue

Total other revenue adjustment of $195,144,204 explained as per below:	
Total revenue for unregulated business (excluding capital contributions and interest income)	141,550,904
Financial transfers between TNSPs (TransGrid & Evoenergy)	53,593,301
Total other revenue	**195,144,204**

4. Reconciliation of total revenue reported in the adjustment column of $195,348,921

Total revenue for unregulated business (excluding capital contributions and interest income)	141,550,904
Transmission revenue from TNSPs	53,593,301
Capital Contributions relating to unregulated business (Silverwater government grant deferral revenue)	11,062
Interest income relating to unregulated business	193,654
Total revenue reported in the adjustment column	**195,348,921**

5. The adjustment relates to a notional charge from the Ausgrid transmission business distribution business eliminated on consolidation in the FY1819 statutory accounts.

6. Avoided TUOS costs relating to distribution business not separately disclosed in statutory accounts.

7. The amount reported in the adjustment column represents depreciation expenditure for unregulated business.

8. The adjustment represents interest expense of $5.9m relating to the unregulated business offset by capitalised interest reversed for regulatory accounting purposes of $3.7m.

9. The adjustment relates to loss from sale of assets attributed to the unregulated business.

10. The adjustment amount represents maintenance opex for the distribution business not separately reported in statutory accounts.

11. The adjustment amount represents the difference between total opex reported in statutory accounts of $641m and opex reported for distribution business of $389m (which includes SCS and ACS). Total of note 10 & 11 represents the total opex for unregulated business.

12. Other expenditure is made of:

Energy Light charge	329,386
Energy Light pole rental charge	32,594
Total other expenditure	**361,98**

13. Reconciliation of total expenditure

Total revenue for unregulated business	**141,755,620**
Expenditure for unregulated business	
Depreciation expenditure	27,286,838
Finance charges	5,898,983
Loss from sale of fixed assets	1,454,957
Opex	107,135,206
Electricity Purchases	361,980
Sub total for unregulated expenditure	**142,137,963**

14. Reconciliation of total profit after tax

Reconciliation of Profit Before Tax and Profit After Tax of $211,140,600

Total revenue for unregulated business		**141,755,620**
Expenditure for unregulated business		
Depreciation expenditure		27,286,838
Finance charges		5,898,983
Loss from sale of fixed assets		1,454,957
Opex		107,135,206
Electricity Purchases		361,980
Sub total for unregulated expenditure		**142,137,963**
Add back interest expenditure not allowed to be capitalised in to asset base by the AER (GL account 775220 - Borrowing Costs Transferred)		3,700,000
Transmission revenue (included in Ausgrid MAR of $206.8m shown in item 6 above)		53,593,301
Embedded generation charges (reported as avoided TUOS costs in the RIN template)		(363,985)
Notional charge from the Ausgrid transmission business to the Ausgrid distribution business which is eliminated in the consolidated statutory accounts		154,593,627
Total PBT adjustment		**211,140,600**

Use of Estimated Information

N/A as the data source is actuals

Reliability of Information

N/A

Template - 8.2 CAPEX

Table 8.2.1 - CAPEX BY PURPOSE - STANDARD CONTROL SERVICES

Table 8.2.2 - CAPEX BY PURPOSE - MATERIAL DIFFERENCE EXPLANATION

Compliance with Requirements of the Notice

The information provided in template 8.2 has been completed in accordance with the AER RIN requirements and instructions applying to template 8.2 including Appendix E and F, and the instructions in the worksheet. All tables have been completed.

Source of Information

Sources of information for this template are:

a. For actual expenditures, the data is sourced from the same BI version in Ausgrid's corporate system as used in table 2.1.1. Allocation of expenditure to the various voltage levels is based on high level financial asset classes. This may not reconcile to the breakdown provided for the Category Analysis tables (2.2.2, 2.3 (b) and 2.5) where the costs have been analysed at a more detailed level and are allocated at a project level. The detailed tables by driver have different voltage breakdowns inherent in the asset categories for each driver.
b. For CPI Annual Forecast expenditures, the data is sourced from AER Final Decision worksheet.

Reference: 'AER Final decision Ausgrid distribution determination - Ausgrid 2015 - Capex model - April 2015'

c. For CPI, the following assumptions are used to convert the real 13-14 figures from item b) above to CPI adjusted nominal $.

Conversion $30 June 2014 to $31 Dec nominal		
	Transmission	Distribution
FY2019	109.06%	108.99%

Methodology & Assumptions

1. In order to provide a 'Voltage Level' split, the 'Asset Class' attribute is also added to the original BI report that was used to derived table 2.1.1.
2. The following mapping is used to separate each 'Asset Class' into one of the four voltage levels: Sub-Transmission, High Voltage, Low Voltage or Other

Use of Estimated Information

Explain circumstances where Ausgrid cannot provide input for a variable using actual information, and therefore must provide estimated information:

(i) why an estimate was required, including why it was not possible for Ausgrid to provide actual information;

Same as Table 2.1.1 (Please refer to table 2.1.1)

(ii) the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is Ausgrid's best estimate, given the information sought in the Notice.

Same as Table 2.1.1 (Please refer to table 2.1.1)

In addition, Table 8.2.1 stated that:

'Each line item in this table must **INCLUDE** the 'capital contributions'. Total capital contributions should also be identified in the last item in the table.'

It is worthwhile noting that although 'capital contributions' is considered to be 'Connections' driven (i.e. gifted assets and recoverable works), it is separately identified into a 'Capital Contributions' line item to align with table 2.1.1.

Reliability of Information

N/A

Table 8.2.2 - CAPEX BY PURPOSE - MATERIAL DIFFERENCE EXPLANATION

Compliance with Requirements of the Notice

It is challenging to demonstrate this considering that the RIN requirements provided to Ausgrid on the 7th of March 2014 didn't cover template 8.2. Having said that, reasonable/practical assumptions are made so it is largely consistent with the information provided in Template 2.1 and other annual RIN templates.

There is an email correspondence from the AER that a difference in excess of +/-10% is considered to be material.

Source of Information

Sources of information for this template are:

1. Subject matter experts from planning side of the business.
2. Subject matter experts from delivery side of the business.
3. Subject matter experts from financial side of the business.
4. Subject matter experts from non-network side of the business.

Methodology & Assumptions

Subject matter experts within the business provide insights on the material expenditure variance.

1. The Asset Investment team provide comments on planning impacts (i.e. scope, timing, asset risks, customer requirements, etc).
2. The delivery team provide comments on delivery impacts (i.e. cost variations, timing variations, etc).
3. The financial team provide comments on financial impacts (i.e. indirect cost assessments, booking practices, capital contributions, etc).

Use of Estimated Information

Explain circumstances where Ausgrid cannot provide input for a variable using actual information, and therefore must provide estimated information:

(i) why an estimate was required, including why it was not possible for Ausgrid to provide actual information;

Not applicable as table 8.2.2 have no 'variable' (i.e. commentary only).

(ii) the basis for the estimate, including the approach used, assumptions made and reasons why the estimate is Ausgrid's best estimate, given the information sought in the Notice.

Not applicable as table 8.2.2 have no 'variable' (i.e. commentary only).

Reliability of Information

N/A

Table 8.2.3 - CAPEX OTHER

Compliance with Requirements of the Notice

The information provided in template 8.2.3 has been completed in accordance with the AER RIN requirements and instructions applying to template 8.2 including definitions in Appendix F. Information reported in table 8.2.3 is in accordance with the annual audited Statutory Financial Statements and Ausgrid's Cost Allocation Methodology (CAM).

Source of Information

Actual data for 2018/19 is sourced from Ausgrid's Corporate Reporting System, SAP Business Intelligence (BI). The BI system reports information directly out of SAP.

Methodology & Assumptions

Capital expenditure is identified as either relating to system assets or non-system assets. Costs incurred for system assets are directly attributed to either standard control services or alternative control services. This attribution is performed based on the asset class.

Costs incurred for non-system assets (if applicable) are either directly attributed to, or allocated between standard control services, alternative control services and/or unregulated services respectively. The attribution or allocation of capital expenditure to the relevant service category is based on the nature of the expenditure and in accordance with the CAM. The table below contains the categories of directly attributable asset classes and the service category to which the capital expenditure is attributed.

Asset class	Description	Service(s) allocated to
System assets		
System assets (excluding public lighting and metering)	Capital expenditure associated with planning, purchasing, replacing and constructing Ausgrid's electricity distribution network (excluding public lighting). Asset classes comprising system assets (excluding public lighting) include: • System land, easements and network buildings. • Sub-transmission substations, transformers, mains, operational technology and network communications. • Distribution substations, transformers and mains.	Standard control services
Public lighting system assets	Capital expenditure associated with the provision of public lighting services.	Alternative control services
Metering system assets	Capital expenditure associated with the provision of type 5 and type 6 metering services.	Alternative control services
Ancillary services assets	Capital expenditure associated with the provision of ancillary network services.	Alternative control services
Non-system assets		
Land and buildings	Capital expenditure associated with non-system land and buildings which directly and entirely supports the provision of standard control services, alternative control services or unregulated services. Directly attributed based on the purpose and use of the asset.	Standard control services, alternative control services or unregulated services
IT	Capital expenditure associated with IT infrastructure and systems which directly and entirely supports the provision of standard control services, alternative control services or unregulated services. Directly attributed based on the assessment of the business case and the divisions of the business benefiting from the project.	Standard control services, alternative control services or unregulated services
Fleet	Capital expenditure associated with fleet directly and entirely supports the provision of standard control services, alternative control services or unregulated services Directly attributed based on the purpose and use of the asset.	Standard control services, alternative control services or unregulated services

Use of Estimated Information

There has been no change.

Reliability of Information

There has been no change.

Table 8.2.4 - CAPEX BY ASSET CLASS

Compliance with Requirements of the Notice

The information provided in template 8.2.4 has been completed in accordance with the AER RIN requirements and instructions applying to template 8.2 including definitions in Appendix F. Information reported in table 8.2.4 is in accordance with the annual audited Statutory Financial Statements and Ausgrid's Cost Allocation Methodology (CAM).

Source of Information

Actual data for 2018/19 is sourced from Ausgrid's Corporate Reporting System, SAP Business Intelligence (BI). The BI system reports information directly out of SAP. Total capex numbers for Ausgrid have been verified against the Statutory Accounts. Capex does not include capital contributions. The asset classes specified in table 8.2.4 match the asset classes in Ausgrid's Roll Forward and Post-tax Revenue Model.

Methodology & Assumptions

Capital expenditure is identified as either relating to system assets or non-system assets. Costs incurred for system assets are directly attributed to either standard control services or alternative control services. This attribution is performed based on the asset class.

Costs incurred for non-system assets are either directly attributed to, or allocated between standard control services, alternative control services and/or unregulated services respectively. The attribution or allocation of capital expenditure to the relevant service category is based on the nature of the expenditure and in accordance with the CAM. The table below contains the categories of directly attributable asset classes and the service category to which the capital expenditure is attributed.

Asset class	Description	Service(s) allocated to
System assets		
System assets (excluding public lighting and metering)	Capital expenditure associated with planning, purchasing, replacing and constructing Ausgrid's electricity distribution network (excluding public lighting). Asset classes comprising system assets (excluding public lighting) include: • System land, easements and network buildings. • Sub-transmission substations, transformers, mains, operational technology and network communications. • Distribution substations, transformers and mains.	Standard control services
Public lighting system assets	Capital expenditure associated with the provision of public lighting services.	Alternative control services
Metering system assets	Capital expenditure associated with the provision of type 5 and type 6 metering services.	Alternative control services
Ancillary services assets	Capital expenditure associated with the provision of ancillary network services.	Alternative control services
Non-system assets		
Land and buildings	Capital expenditure associated with non-system land and buildings which directly and entirely supports the provision of standard control services, alternative control services or unregulated services. Directly attributed based on the purpose and use of the asset.	Standard control services, alternative control services or unregulated services
IT	Capital expenditure associated with IT infrastructure and systems which directly and entirely supports the provision of standard control services, alternative control services or unregulated services. Directly attributed based on the assessment of the business case and the divisions of the business benefiting from the project.	Standard control services, alternative control services or unregulated services
Fleet	Capital expenditure associated with fleet directly and entirely supports the provision of standard control services, alternative control services or unregulated services Directly attributed based on the purpose and use of the asset.	Standard control services, alternative control services or unregulated services

Use of Estimated Information

N/A as based on actual financial data

Reliability of Information

There has been no change.

Table 8.2.5 - CAPITAL CONTRIBUTIONS BY ASSET CLASS

Compliance with Requirements of the Notice

The information provided in template 8.2.5 has been completed in accordance with the AER RIN requirements and instructions applying to template 8.2 including definitions in Appendix F. Information reported in table 8.2.5 is in accordance with the annual audited Statutory Financial Statements and Ausgrid's Cost Allocation Methodology (CAM).

Source of Information

Actual data for 2018/19 is sourced from SAP. Total capital contributions numbers for Ausgrid have been verified against Statutory Accounts. The Asset Classes specified in table 8.2.5 match the asset classes in Ausgrid's Roll Forward and Post-tax Revenue Model.

Methodology & Assumptions

Capital contributions are entered into the SAP general ledger as assets and not as capital expenditure. Capital contributions are coded in SAP as relating to either standard control services and/or alternative control services.

Capital contributions represent non-cash contributions (i.e. gifted assets) received from customers and developers, mainly towards the capital cost of electricity infrastructure connection assets. Ausgrid is responsible for the ownership and ongoing maintenance of the asset when the asset is energised. Customer funded assets are assets funded by capital contributions. These assets are separately identified in the SAP fixed asset module and are recognised when the definition of an asset is satisfied (i.e. Ausgrid gains control of the asset).

Contestable connection works relates to connecting the customer to the network which became contestable under the Electricity Supply (customer contracts) Regulations since 1997/98. Customers can choose an Accredited Service Provider to carry out the connection work for them and are required to fund the costs. These works are mainly classified into the two accreditation levels for the purpose of recognising capital contributions.

Accreditation	Type of Work	Category
Level 1	Construction of transmission and distribution works, including high and low voltage, overhead and underground reticulation and substations.	• Underground (UG) • Overhead (OH) • Substations • Public Lighting
Level 2	Service Work: Construction and/or installation of the service line interface between the distribution system and consumer terminals, including metering services.	• Disconnection and reconnection • Underground (UG) service lines • Overhead (OH) service lines • Metering and energising new installations • Installation of contestable metering

Use of Estimated Information

N/A as based on actual financial data

Reliability of Information

There has been no change.

Table 8.2.6 - CASH PROCEEDS FOR AUSGRID

Compliance with Requirements of the Notice

The information provided in template 8.2.6 has been completed in accordance with the AER RIN requirements and instructions applying to template 8.2 including definitions in Appendix F. Information reported in table 8.2.6 is in accordance with the annual audited Statutory Financial Statements and Ausgrid's Cost Allocation Methodology (CAM).

Source of Information

Actual data for 2018/19 is sourced from Ausgrid's Corporate Reporting System, SAP Business Intelligence (BI). The BI system reports information directly out of SAP. Total disposals (i.e. cash proceeds) for Ausgrid have been verified against Statutory Accounts. The Asset Classes specified in table 8.2.6 match the asset classes in Ausgrid's Roll Forward and Post-tax Revenue Model

Methodology & Assumptions

Cash proceeds (or disposals) by asset class were sourced from SAP. All system assets are allocated to standard control services, except for the public lighting asset class.

Non system disposals are allocated to standard control services, alternative control services and unregulated services respectively based on cost allocators. The table below listed shared capital costs and description of cost allocators.

Shared cost	Description	Service(s) allocated to	Basis of allocations (driver)	Casual/ Non-casual	Reason for allocator
Non-system land and buildings	Capital expenditure associated with non-system land and buildings which are used by Ausgrid personnel in the provision of standard control services, alternative control services and unregulated services.	• Standard control • Alternative control • Unregulated	Allocated between the relevant services on the basis of floor space weighted by premium / non-premium rent.	Causal	Reflects the strong causality between the size and value of the properties in Ausgrid's property portfolio and capital expenditure on non-system land and buildings to support Ausgrid's existing properties.
Furniture	Capital expenditure associated with furniture which is used by Ausgrid personnel in the provision of standard control services, alternative control services and unregulated services.	• Standard control • Alternative control • Unregulated	Allocated between the relevant services on the basis of FTE splits.	Causal	Reflects the strong causality between the number of staff and the need and use of furniture by Ausgrid personnel.
Plant and tools	Capital expenditure associated with plant and tools which are used by Ausgrid personnel in the provision of standard control services, alternative control services and unregulated services.	• Standard control • Alternative control • Unregulated	Allocated between the relevant services on the basis of FTE splits.	Causal	Reflects the strong causality between the number of staff and the need and use of plant and tools by Ausgrid personnel.
Fleet	Capital expenditure associated with the purchase and fit-out of vehicles.	• Standard control • Alternative control • Unregulated	Allocated between the relevant services on the basis of fleet charges which have been directly attributed to a category of service.	Causal	Reflects the strong causality between fleet costs which have been directly attributed to a category of service and the need and use of vehicles.
IT	Capital expenditure associated with IT infrastructure and systems which are used by Ausgrid personnel in the provision of standard control services, alternative control services and unregulated services.	• Standard control • Alternative control • Unregulated	Allocated between the relevant services on the basis of FTE splits.	Causal	Reflects the strong causality between the number of staff and the need and use of IT infrastructure by Ausgrid personnel.

Use of Estimated Information

N/A based on actual financial data

Reliability of Information

There has been no change.

Template - 8.4 OPEX

Table 8.4.1 - OPERATING & MAINTENANCE EXPENDITURE - BY PURPOSE

Compliance with Requirements of the Notice

Operating expenditure shown in Table 8.4.1 has been prepared in accordance with Ausgrid's CAM and aligns to operating expenditure categories reported in Ausgrid's 2014-19 Regulatory Proposal. Ausgrid's CAM and 2014-19 Regulatory proposal are in compliance with RIN.

Source of Information

Actual data for 2018/19 has been based on an extraction of actual financial data directly or via TM1 from our SAP financial system (Ausgrid's financial accounting and reporting system). The TM1 system is used to report the line of business view of the financial information. Ausgrid also has in place finance policies and procedures, a centralised finance function and qualified employees who are able to manage the requirements.

Methodology & Assumptions

Operating expenditure shown in Table 8.4.1 has been prepared in accordance with Ausgrid's CAM and aligns to operating expenditure categories reported in Ausgrid's 2014-19 Regulatory Proposal. Operating expenditure categories include the following:

- Contact Centre
- Customer Operations
- Data Operations
- Engineering, Planning & Project Management
- Finance Function
- Information Communication & Technology
- Insurance
- Management
- Metering
- System Control
- Network maintenance
- Demand Management
- Operational Technology
- Other
- Property Management
- Training & Development

Costs relating to operating expenditure categories listed above have been extracted from SAP via the TM1 for FY 2018/19 according to profit centre mapping for each operating expenditure category for standard control and alternative control services.

Cost objects aggregate to form a profit centre which identifies the division in Ausgrid for operating and capital expenditure incurred.

Profit centres are grouped into different divisions that reflect Ausgrid's organisational structure and are used for reporting purposes only. Costs incurred for operations work are directly attributed to, or allocated between, standard control services, alternative control services and/or unregulated services respectively. This is based on the nature of the expenditure and in accordance with the CAM. Operating expenditure attributed and/or allocated to standard control services is further disaggregated between distribution standard control services and transmission standard control services. Operating costs attributed to alternative control services are further disaggregated between public lighting, metering, ancillary metering related and ancillary connection related service. Costs are allocated between categories of service according to cost objects in SAP. Cost objects are the lowest level at which transactions are aggregated in SAP. Cost objects aggregate to form a profit centre which identifies the division in Ausgrid. The table attached below outlines cost objects utilised by Ausgrid.

Cost Object Description

Project specific cost objects	
Network activities and Work Breakdown Structure ("WBS") elements	Network activities and WBS elements are used to collect costs related to operational and capital projects. Costs recorded and posted to these cost objects combine to provide the total cost for a specific project.
Plant maintenance work orders	Plant maintenance work orders are used to collect costs related to system maintenance and service processing. These cost objects are predominantly operational in nature with the exception of one particular plant maintenance order type that captures minor capital expenditure.
Service orders	Service orders are used to collect costs related to customer service work (external or third party activities). These cost objects are part of total business operating expenditure.
Other cost objects	
Internal orders	Internal orders are used to collect, monitor and settle direct and indirect costs at a lower level for relatively uncomplicated activities. These cost objects are part of operating expenditure. Each internal order is linked to a cost centre upon creation.
Cost Centre	Cost centres are business units that perform or engage in specific types of work. Cost centres enable Ausgrid to capture costs according to their source within the organisation.

The operating expenditure categories are consistent between alternative control services and standard control services and agree to the Ausgrid Regulatory Proposal for 2014-19.

Forecast Opex is sourced from the AER Final decision relating to Ausgrid's 2014-19 Regulatory Proposal.

Indexation used to convert real 2014-15 distribution determination figures to nominal dollars is shown in the table below:

	TRANS	DIST
INDEXATION	1.090633	1.089902
FY 18/19 (lagged FY18 CPI)	1.91%	1.95%

Use of Estimated Information

Reliability of Information

On the 24th of January 2019, the AER released their final decision on Ausgrid's 2014-19 remade electricity distribution determination. As a consequence, the value of the Opex allowance for FY19 was not known for the majority of the year. Material deviations between the operating expenditure allowance for FY19 and Ausgrid's actual expenditure outturn were in part driven by Ausgrid not having a view on what the remade operating expenditure constituent decision would be. As the AER has not provided Ausgrid with the split of the "CPI adjusted Forecast" between Opex categories. Ausgrid is unable to determine in which categories were overspent.

Table 8.4.2 - OPERATING & MAINTENANCE EXPENDITURE - BY PURPOSE - MARGINS ONLY

Compliance with Requirements of the Notice

Operating expenditure shown in Table 8.4.2 has been prepared in accordance with Ausgrid's CAM and aligns to operating expenditure categories reported in Ausgrid's 2014-19 Regulatory Proposal. Ausgrid's CAM and 2014-19 Regulatory proposal are in compliance with RIN.

Source of Information

Actual data for 2018/19 has been based on an extraction of actual financial data directly or via TM1 from our SAP financial system (Ausgrid's financial accounting and reporting system). The TM1 system is used to report the line of business view of the financial information. Ausgrid also has in place finance policies and procedures, a centralised finance function and qualified employees who are able to manage the requirements.

Methodology & Assumptions

Operating expenditure shown in Table 8.4.2 has been prepared in accordance with Ausgrid's CAM and aligns to operating expenditure categories reported in table 8.4.1 Opex for SCS and ACS. This represents transactions with Ausgrid affiliated entity Plus ES.

Costs relating to operating expenditure categories listed in 8.4.1 have been extracted from SAP via the TM1 for FY 2018/19 according to profit centre mapping for each operating expenditure category for standard control and alternative control services.

Cost objects aggregate to form a profit centre which identifies the division in Ausgrid for operating and capital expenditure incurred.

Profit centres are grouped into different divisions that reflect Ausgrid's organisational structure and are used for reporting purposes only. Costs incurred for operations work are directly attributed to, or allocated between, standard control services, alternative control services and/or unregulated services respectively. This is based on the nature of the expenditure and in accordance with the CAM. Operating expenditure attributed and/or allocated to standard control services is further disaggregated between distribution standard control services and transmission standard control services. Operating costs attributed to alternative control services are further disaggregated between public lighting, metering, ancillary metering related and ancillary connection related service. Costs are allocated between categories of service according to cost objects in SAP. Cost objects are the lowest level at which transactions are aggregated in SAP. Cost objects aggregate to form a profit centre which identifies the division in Ausgrid. The table attached below outlines cost objects utilised by Ausgrid.

Cost Object Description

The operating expenditure categories are consistent between alternative control services and standard control services and agree to the Ausgrid Regulatory Proposal for 2014-19.

Use of Estimated Information

Reliability of Information

Table 8.4.3 - OPERATING & MAINTENANCE EXPENDITURE - EXPLANATION OF MATERIAL DIFFERENCE

Compliance with Requirements of the Notice

The information provided in template 8.4.3 has been completed in accordance with the AER RIN requirements and instructions applying to template 8.4 including definitions in Appendix F.

Source of Information

Sources of information for this template are from the subject matter experts from the business.

Methodology & Assumptions

Sources of information for this template are from the subject matter experts from the business.

Use of Estimated Information

N/A

Reliability of Information

On the 24th of January 2019, the AER released their final decision on Ausgrid's 2014-19 remade electricity distribution determination. As a consequence, the value of the Opex allowance for FY19 was not known for the majority of the year. Material deviations between the operating expenditure allowance for FY19 and Ausgrid's actual expenditure outturn were in part driven by Ausgrid not having a view on what the remade operating expenditure constituent decision would be. As the AER has not provided Ausgrid with the split of the "CPI adjusted Forecast" between Opex categories. Ausgrid is unable to determine in which categories were overspent.