

Opex rate of change AER draft decision for Victorian DBs

Table 1 Summary of rate of change inputs

| Step change | CP | PAL | UE | AusNet | Jemena | AER decision |
|-------------------------|--------|-------|--------|--------|--------|--|
| Labour price growth | 0.26% | 0.26% | 0.26% | 0.26% | 0.26% | Used DEA only, with added growth for the superannuation guarantee If the BIS Oxford Economics' is updated to account for significant shift in the economic outlook and an effect on wages from superannuation, they will consider averaging |
| Labour weights | 59.2% | 59.2% | 59.2% | 59.2% | 59.2% | Same as previously but adjust for a small error from the Frontier report |
| Non-labour price growth | - | - | - | - | - | Usual approach |
| Non-labour weights | 40.8% | 40.8% | 40.8% | 40.8% | 40.8% | Same as previously but adjust for a small error from the Frontier report |
| Customer number growth | 1.01% | 1.73% | 1.12% | 1.40% | 1.20% | Housing Industry Association's April 2020 dwelling starts forecasts |
| Circuit length | 1.41% | 0.61% | 1.37% | 0.74% | 1.70% | Accepted each distributors' forecasts |
| Maximum demand | - | 0.04% | - | - | - | AEMO's 2019 maximum demand forecasts |
| Energy | -0.23% | 0.42% | -0.21% | -0.4% | -0.18% | CP/PAL/UE/Jemena: 2006–18 historical average; accepted AusNet's forecast |
| Customer number weights | 52.5% | 52.5% | 52.5% | 52.5% | 52.5% | 2020 benchmarking report |
| Circuit length weights | 20.7% | 20.7% | 20.7% | 20.7% | 20.7% | 2020 benchmarking report |
| Maximum demand weights | 25.1% | 25.1% | 25.1% | 25.1% | 25.1% | 2020 benchmarking report |
| Energy weights | 1.7% | 1.7% | 1.7% | 1.7% | 1.7% | 2020 benchmarking report |