Final Distribution Determination

Aurora Energy Pty Ltd

2012–13 to 2016–17

Constituent Decisions

April 2012

AUSTRALIAN ENERGY REGULATOR

1 Introduction

The National Electricity Rules (NER) require the AER to make a distribution determination for Aurora predicated on several constituent decisions.[1] This document sets out the AER's constituent decisions for the final distribution determination for Aurora.[2] The AER's final distribution determination sets out the AER's reasons for these decisions in accordance with clause 6.12.2 of the NER.

1.1 Service classification

The AER's final determination on the classification of services for Aurora for the 2012–13 to 2016–17 regulatory control period is set out in Table 1.1.[3]

1 National Electricity Rules (NER), clause 6.10.1 and clause 6.12.1.

2 Clause 6.12.1 of the NER sets out the constituent decisions that the AER is required to make as part of a distribution determination.

3 This is the AER's constituent decision under clause 6.12.1 (1) of the NER.

Table 1.1 AER final decision on the classification of Aurora's distribution services

Service category	Direct control services: standard control	Direct control services: alternative control	Negotiated distribution services	Unregulated services
Network services	Standard network services			
Metering services		Type 5–7 metering services		Type 1–4 metering services PAYG metering services provided by Aurora Retail
Public lighting		All public lighting services (except new public lighting technology and alteration and relocation of public lighting assets)	New public lighting technology	
Connection services	Standard connection services and connections requiring augmentation			Capital contributions component of connections requiring augmentation
Fee based services		All fixed fee special services except 'new connection–install services & meters'		
Quoted services		All quoted (non-standard) services including above standard network and metering services Alteration and relocation of public lighting assets		

Source: AER analysis.

1.2 Building block determination

The AER does not accept Aurora's proposed annual revenue requirement for each regulatory year of the forthcoming regulatory control period.[4] The AER's final determination on Aurora's revenue requirements is set out in Table 1.2.

[4] This is the AER's constituent decision under clause 6.12.1(2)(i) of the NER.

Table 1.2 AER determination on Aurora's annual revenue requirement ($million, nominal)

	2012–13	2013–14	2014–15	2015–16	2016–17	Total
Return on capital	119.61	124.58	129.61	134.45	139.54	647.78
Regulatory depreciation	45.81	51.31	48.79	42.66	42.71	231.29
Operating expenditure	75.19	76.09	78.92	80.81	82.24	393.25
Corporate income tax	16.52	17.95	17.25	16.99	16.91	85.62
Under recovery adjustment	52.50					
Annual revenue requirement (unsmoothed)	309.62	269.92	274.57	274.92	281.40	1410.44

Source: AER analysis.

The AER approves the regulatory control period of five years, commencing on 1 July 2012 and ceasing on 30 June 2017 for Aurora.[5]

1.3 Capital expenditure

The AER does not accept Aurora's forecast capex for the forthcoming regulatory control period.[6] The AER's estimate of Aurora's total capex requirement for the forthcoming regulatory control period is set out in Table 1.3. The AER's reasons for its determination on Aurora's capex are set out in attachment 6 to the final determination.

Table 1.3 AER determination on Aurora's total forecast capex ($million, 2009–10)

	2012–13	2013–14	2014–15	2015–16	2016–17	Total
AER's estimate	109.9	113.9	107.8	102.0	101.8	535.4

Source: AER analysis.

1.4 Operating expenditure

The AER does not accept Aurora's forecast opex for the forthcoming regulatory control period.[7] The AER's estimate of Aurora's required opex for the forthcoming regulatory control period is in Table 1.4. The AER's reasons for its determination on opex for Aurora are set out in attachment 7 to the AER's final determination.

5 This is the AER's constituent decision under clause 6.12.1(2)(ii) of the NER.
6 This is the AER's constituent decision under clause 6.12.1(3) of the NER.
7 This is the AER's constituent decision under clause 6.12.1(4) of the NER.

Table 1.4 AER determination on Aurora's forecast opex ($million, 2009–10)

	2012-13	2013-14	2014-15	2015-16	2016-17	Total
Total opex	68.9	67.9	68.7	68.5	68.0	341.9

Source: AER analysis.

1.5 Rate of return

The AER's final determination on the WACC parameters is in Table 1.5.

Table 1.5 AER final determination on WACC parameters

Parameter	AER determination
Nominal risk free rate	3.89%
Equity beta	0.80
Market risk premium	6.00%
Gearing level (debt/debt plus equity)	60%
Debt risk premium	4.11%
Assumed utilisation of imputation credits (gamma)	0.25
Inflation forecast	2.60%
Cost of equity	8.69%
Cost of debt	8.00%
Nominal vanilla WACC	8.28%

Source: AER analysis.

1.6 Regulatory asset base

The AER has determined that the opening asset base for Aurora as at 1 July 2012 is $1,445.2 million (nominal) for standard control services.[8] The AER's forecast roll-forward of Aurora's RAB for the forthcoming regulatory control period is set out in Table 1.5.

[8] This is the AER's constituent decision under clause 6.12.1(6) of the NER.

Table 1.6 AER forecast roll-forward of Aurora's RAB for the forthcoming regulatory control period ($million, nominal)

	2012–13	2013–14	2014–15	2015–16	2016–17
Opening RAB	1,445.2	1,505.3	1,566.0	1,624.6	1,686.1
Capital expenditure[a]	105.9	112.1	107.4	104.1	107.0
Inflation indexation on opening RAB	37.6	39.1	40.7	42.3	43.8
Straight-line depreciation	–83.4	–90.5	–89.5	–84.9	–86.6
Closing RAB	1,505.3	1,566.0	1,624.6	1,686.1	1,750.4

Source: AER analysis.
(a) Net of disposals and capital contributions. In accordance with the timing assumptions of the PTRM, the capex includes a half-WACC allowance to compensate for the average six-month period before capex is added to the RAB for revenue modelling purposes.

1.7 Corporate income tax

The AER's determination on Aurora's corporate income tax allowance for the forthcoming regulatory control period is set out in Table 1.7.[9]

Table 1.7 AER final determination on Aurora's corporate income tax allowance for the forthcoming regulatory control period ($million, nominal)

	2012–13	2013–14	2014–15	2015–16	2016–17	Total
Tax payable	22.0	23.9	23.0	22.7	22.5	114.2
Less value of imputation credits	-5.5	-6.0	-5.8	-5.7	-5.6	-28.5
Net corporate income tax allowance	16.5	17.9	17.3	17.0	16.9	85.6

Source: Aurora.

1.8 Depreciation

The AER does not accept Aurora's proposed forecast depreciation allowance of $227.5 million ($nominal) for the forthcoming regulatory control period.[10] The AER's determination result in a regulatory depreciation allowance of $231.7 million ($nominal) (a 1.86 per cent increase) The AER's final determination on the depreciation allowance for Aurora is set out in Table 1.8.

[9] This is the AER's constituent decision under clause 6.12.1(7) of the NER.
[10] This is the AER's constituent decision under clause 6.12.1(8) of the NER.

Table 1.8 AER final determination on Aurora's depreciation allowance ($million, nominal)

	2012–13	2013–14	2014–15	2015–16	2016–17	Total
Straight-line depreciation	83.4	90.5	89.5	84.9	86.6	434.8
Less: indexation on opening RAB	-37.6	-39.1	-40.7	-42.2	-43.8	-203.5
Regulatory depreciation	45.8	51.3	48.8	42.7	42.7	231.3

Source: AER analysis.

1.9 Schemes

EBSS

The AER's *Electricity distribution network service providers, Efficiency benefit sharing scheme*, June 2008 (EBSS) will apply to Aurora for the forthcoming regulatory control period.[11] The AER's determination on the detailed application of the EBSS is set out in attachment 13 to the AER's final determination.

The following cost categories will be excluded from forecast and actual opex for the calculation of EBSS carryover amounts:

- superannuation costs for defined benefits schemes
- Demand Management Incentive Allowance (DMIA) expenditure
- expenditure for non-network alternatives
- recognised pass through events and recognised regulatory change events or service standard events
- Electrical Safety Inspection Levy payments
- National Energy Market (NEM) Levy payments
- NEM and retail contestability operating costs
- movements in provisions.
- debt raising costs
- Guaranteed Service Level (GSL) payments.

The calculation of carryover amounts under the EBSS will include all other opex costs relating to standard control services in accordance with section 2.3.2 of the EBSS.

[11] This is the AER's constituent decision under clause 6.12.1(9) of the NER.

Table 1.9 shows the total controllable opex forecasts that the AER will use to calculate efficiency gains and losses for the forthcoming regulatory control period, subject to adjustments the EBSS requires.

Table 1.9 AER final determination on Aurora's forecast controllable opex for EBSS purposes ($million, 2009–10)

	2012–13	2013–14	2014–15	2015–16	2016–17
Total forecast opex	68.9	67.9	68.7	68.5	68.0
Adjustment for excluded cost categories	–6.9	–7.0	–7.1	–7.2	–7.3
Forecast opex for EBSS purposes	**61.9**	**60.9**	**61.6**	**61.3**	**60.6**

Source: AER analysis.
Note: Both the total forecast opex and the adjustment for excluded cost categories exclude debt raising costs and the demand management incentives scheme allowance.

STPIS

The AER's *Electricity distribution network service providers, Service target performance incentive scheme*, November 2009 (STPIS) will apply to Aurora in the forthcoming regulatory control period.[12] The AER's determination on the detailed application of the STPIS is set out in attachment 12 to the AER's final determination.

The AER will apply the System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) reliability of supply parameters. The AER will apply the telephone answering parameter. The STPIS Guaranteed Service Level (GSL) scheme will not apply to Aurora. Aurora must comply with the existing Tasmanian Electricity Code (TEC) GSL scheme. A beta of 2.5 will be used to calculate the major event day boundary.

The AER's final determination on the SAIDI and SAIFI targets to apply to Aurora in the forthcoming regulatory control period are set out in Table 1.10. The incentive rates are set out in Table 1.11.

The revenue at risk will be capped at ±5 per cent. Within this there will be a cap of ±0.25 per cent on the telephone answering parameter for performance in the first three years of the next regulatory period (2012-13, 2013-14 and 2014-15), and then a cap of ±0.5 per cent for performance in the last two years (2015-16 and 2016-17).

Table 1.10 AER final determination on incentive rates

	Critical infrastructure	High density commercial	Urban	High density rural	Low density rural
SAIFI	0.5351	0.6147	4.4911	1.3871	1.1289
SAIDI	0.0063	0.0089	0.0547	0.0137	0.0100

Source: AER analysis.

[12] This is the AER's constituent decision under clause 6.12.1 (9) of the NER.

Table 1.11 AER determination on Aurora's STPIS targets

	Critical infrastructure	High density commercial	Urban	High density rural	Low density rural
SAIFI	0.22	0.49	1.04	2.79	3.20
SAIDI	20.79	38.34	82.75	259.48	333.16

Source: AER analysis.

DMIS

The *Demand Management Incentive Scheme, Aurora Energy, Regulatory control period commencing 1 July 2012, October 2010* to will apply to Aurora without amendment.[13]

1.10 Other amounts, values or inputs

In accordance with clause 6.12.1(10) of the NER, the AER has determined other values, amounts and inputs. These other values, amounts and inputs relate to Aurora's demand forecasts. The AER's final determination on a realistic expectation of demand is shown in Table 1.12.

Table 1.12 AER final determination on demand forecasts for Aurora

	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17
Net new customer connections (#)	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Gross new customer connections (#)	3,150	3,133	3,133	3,142	3,152	3,160	3,171
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Maximum demand (MW)	1047	1082	1101	1124	1145	1168	1196

Source: AER analysis using data from Aurora's regulatory proposal, data provided by Aurora in response to AER request, and data from the ABS.
Note: 1. Net new customer connections is difference in connections measured as at 30 June of current year and 30 June of previous year.
2. Maximum demand measured in calendar years because Aurora experiences winter-peaking demand.

1.11 Control mechanism – standard control services

In accordance with the AER's framework and approach paper for Aurora[14] the AER has decided to apply a revenue cap control mechanism to Aurora's standard control services in the forthcoming regulatory control period.[15] The formula for Aurora's revenue cap is:

$$MAR_t = AR_t \pm passthrough_t \pm ESISC_t \pm NEMC_t \pm transitional_t$$

[13] This is the AER's constituent decision under clause 6.12.1(9) of the NER.
[14] AER, *Framework and approach, Aurora 2012–17*, November 2010, pp. 62–85. (AER, *Framework and approach paper*, November 2010)
[15] This is the AER's constituent decision under clause 6.12.1(11) of the NER.

where:

- t is the regulatory year
- MAR_t is the maximum allowed revenue for each year of the forthcoming regulatory control period
- AR_t is the allowed revenue for regulatory year t. For the first year of the forthcoming regulatory control period, this amount will be equal to the smoothed revenue requirement for 2012-13. The subsequent year's allowed revenue is determined by adjusting the previous year's allowed revenue for actual inflation, the X factor and the other following adjustments:

$$AR_t = AR_{t-1} \times (1 + \Delta CPI_t) \times (1 - X_t) \times (1 + S_t)$$

  where:

  - CPI_t is the annual percentage change in the Australian Bureau of Statistics (ABS) Consumer Price Index All Groups, Weighted Average of Eight Capital Cities from March in year t–2 to March in year t–1[16]
  - X_t is the X factor for each year of the forthcoming regulatory control period as determined by the PTRM
  - S_t is the STPIS factor sum of the raw s-factors for all reliability of supply and customer service parameters (as applicable) to be applied in regulatory year t[17]

- $passthrough_t$ is the approved pass through amounts with respect to regulatory year t, as determined by the AER
- ESISC is the actual under or over recovery of revenues from the estimated ESISC costs in regulatory year t-1
- NEMC is the actual under or over of revenues from the estimated NEMC costs in regulatory year t-1
- $transitional_t$ is to account for revenue adjustments from the application of the current regulatory period control mechanism that were either estimates or not known at the time of the final determination.

Aurora will be required to demonstrate in its pricing proposal that proposed DUOS prices for the next year (t) will meet the following side constraints formula (expressed in percentage terms) for each tariff class:

[16] The AER considers the inflation measure used in the control mechanism should be as up to date as possible for the pricing proposal.

[17] In the formulas in the STPIS appendix C, the AR_{t+1} is equivalent to AR_t in this formula. Calculations of the S factor adjustment are to be made accordingly.

$$\frac{\sum_{j=1}^{m} d\frac{j}{t} \times q\frac{j}{t}}{\sum_{j=1}^{m} d\frac{j}{t-1} \times q\frac{j}{t}} \leq (1+\Delta CPI_t) \times (1-X_t) \times (1+2\%) \times (1+S_t) \pm passthrough_t \pm ESISC_t \pm NEMC_t \pm DUOS_t \pm transitional_t$$

where each tariff class 'j' has up to 'm' components, and where:

- $d\frac{j}{t}$ is the proposed price for component 'j' of the tariff class for year t
- $d\frac{j}{t-1}$ is the price charged by the DNSP for component 'j' of the tariff class in year t–1
- $q\frac{j}{t}$ is the forecast quantity of component 'j' of the tariff class in year t
- ΔCPI_t is the annual percentage change in the ABS Consumer Price Index All Groups, Weighted Average of Eight Capital Cities from March in regulatory year t–2 to March in regulatory year t–1
- X_t is the X factor for each year of the regulatory control period. If X>0, then X will be set equal to zero for the purposes of the side constraint formula
- S_t is the STPIS factor sum of the raw s-factors for all reliability of supply and customer service parameters (as applicable) to be applied in regulatory year t
- $passthrough_t$ is an annual adjustment factor that reflects the pass through amounts approved by the AER with respect to regulatory year t
- ESISC is the actual under or over recovery from the estimated ESISC costs in regulatory year t-1
- NEMC is the actual under or over recovery from the estimated NEMC costs in regulatory year t-1
- $DUOS_t$ is an annual adjustment factor related to the balance of the DUOS unders and overs account with respect to regulatory year t.
- $transitional_t$ is to account for the actual under or over recovery of revenues from the 2011-12 estimated carryover revenues added as a building block to annual revenue requirement and the actual under or over recovery of revenue from the forecast NEM participation and retail contestability costs.

With the exception of the CPI and X factors, the percentage for each of the other factors above can be calculated by dividing the incremental revenues (as used in the MAR formula) for each factor by the expected revenues for regulatory year t–1 (based on the prices in year t–1 multiplied by the forecast quantities for year t).

The AER's determination on the P_0 and X factors to apply to Aurora for the forthcoming regulatory control period are set out in Table 1.13.[18] The P_0 represents the initial increase in 2012–13, and the X factors are the real price changes in each year thereafter.

[18] This is the AER's constituent decision under clause 6.12.1(11) of the NER.

Table 1.13 AER final determination on Aurora's X factors

	2012–13	2013–14	2014–15	2015–16	2016–17
AER final determination (X factors)	–4.56	1.00	1.50	1.50	1.50
Expected revenue (smoothed $million, nominal)	276.40	280.75	283.73	286.74	289.78

Source: AER analysis.

1.12 Control mechanism – alternative control services

In accordance with the AER's framework and approach paper for Aurora,[19] the AER has decided to apply a price cap control mechanism for the forthcoming regulatory control period[20] to:

- standard metering services[21]
- public lighting services[22]
- fee based services[23]
- unit costs of inputs for quoted services.[24]

The AER has determined price caps for public lighting, metering and fee based services for 2012-13.These prices are exclusive of GST.

These price caps are expressed in real 2011-12 dollars and will be escalated for the movement in CPI from March 2011 to March 2012 in the annual pricing approval process.[25]

Price caps for the following years for metering, public lighting and fee based services will be calculated using the following price control formula:

$$P_t = P_{t-1} \times (1 + \Delta CPI_t) \times (1 - X)$$

Where:

- P_t is the price for regulatory year t
- P_{t-1} is the price in regulatory year t-1

19 AER, *Framework and approach paper, Aurora 2012–17*, November 2010, pp. 84–85.

20 This is the AER's constituent decision under clause 6.12.1(12) of the NER.

21 The AER's final decision on the price caps for individual metering services is set out in attachment 16 to the AER's final determination.

22 The AER's final decision on the price caps for individual public lighting services is set out in attachment 17 to the AER's final determination.

23 The AER's final decision on the price caps for individual fee based services is set out in attachment 18 to the AER's final determination.

24 The AER's final decision on the price caps for unit costs of inputs for quoted services is set out in attachment 19 to the AER's final determination.

25 Under NER Clause 6.2.5(d). The CPI index to be used is the annual percentage change in the Australian Bureau of Statistics Consumer Price Index (CPI) All Groups, Weighted Average of Eight Capital Cities.

- *X* is the X–factor for the alternative control service
- ΔCPI_t is the annual percentage change in the Australian Bureau of Statistics Consumer Price Index (CPI) for All Groups, Weighted Average of Eight Capital Cities for the most recent prior year ending in March.

The following price control formula will apply to quoted services. The prices determined for alternative control services are exclusive of GST.

$$P = \sum_i \left(Units_i \times LR_i\right) + Materials + Contractors + OtherCosts + Overheads$$

Where:

- *P* is the price cap
- $Units_i$ is the number of units of labour type "i" required for the provision of the service
- LR_i is the labour rate for labour type "i" in the year the service is provided. The labour rates for 2012-13 have been determined by the AER and are available in attachment 19. These labour rates are to be escalated for the change in Consumer Price Index (CPI) for the most recent prior year ending in March (March 2011 – March 2012). In subsequent years the AER has set real labour rates in $2011-12. To calculate labour rates for individual regulatory years after 2012-13 these will be adjusted for CPI inflation. The CPI inflation to be used is the annual percentage change in the Australian Bureau of Statistics CPI All Groups, Weighted Average of Eight Capital Cities. The CPI adjustment will be the change in CPI from March 2011 to March in the preceding regulatory year.
- *Materials* are the materials costs incurred in the provision of the service
- *Contractors* are the contractor costs incurrent in the provision of the service
- *Other Costs* are any other costs incurred in the provision of the service
- *Overheads* are the overheads costs incurred in the provision of the service

The prices Table 1.14, Table 1.15, Table 1.16 and Table 1.17 will apply to alternative control services for 2012-13. The X–factors in Table 1.18 will be applied to calculate alternative control service prices for subsequent years.

Table 1.14 Metering services prices ($cents per register per day, 2011–12)[26]

Year	2012–13
Business LV - Single Phase	7.088
Business LV - Multi Phase	14.179
Business LV - CT Meters	18.335
Domestic LV - Single Phase	6.853
Domestic LV - Multi Phase	14.220
Domestic LV - CT Meters	17.598
Other Meters (PAYG)	12.513
Business LV - Single Phase - Remote Read	5.890
Business LV - Multi Phase - Remote Read	13.321
Business LV - CT Meters - Remote Read	19.196
Domestic LV - Single Phase - Remote Read	5.890
Domestic LV - Multi Phase - Remote Read	13.321
Domestic LV - CT Meters - Remote Read	19.196

[26] Note these prices are in $2011-12. As part of the annual tariff approval process Aurora will inflate these prices for movement in the all groups weighted average consumer price index (for March to March quarters). Prices for these services are exclusive of GST.

Table 1.15 AER final determination on prices for Aurora owned public lights (cents per day, $2011–12)[27]

	2012–13
50W Mercury Vapour	32.551
80W Mercury Vapour (Aeroscreen)	32.551
80W Mercury Vapour (Art decorative)	51.565
125W Mercury Vapour	37.481
250W Mercury Vapour	37.915
400W Mercury Vapour	42.123
70W Sodium Vapour	34.667
100W Sodium Vapour	34.925
150W Sodium Vapour	38.604
250W Sodium Vapour	38.722
400W Sodium Vapour	38.915
150W Metal Halide	38.604
250W Metal Halide	38.722
2x20W Fluorescent	36.378
2x40W Fluorescent	36.130
42W Compact Fluorescent	34.612
60W Incandescent	31.949

[27] Note these prices are in $2011-12. As part of the annual tariff approval process Aurora will inflate these prices for movement in the all groups weighted average consumer price index (for March to March quarters). Prices for these services are exclusive of GST.

Table 1.16 AER final determination on prices for private contract public lights (cents per day, $2011-12)[28]

	2012–13
50W Mercury Vapour	22.236
80W Mercury Vapour Aeroscreen	22.225
125W Mercury Vapour	23.225
250W Mercury Vapour	23.294
400W Mercury Vapour	23.346
70W Sodium Vapour	22.412
150W Sodium Vapour	23.902
250W Sodium Vapour	23.870
400W Sodium Vapour	23.940
150W Metal Halide	23.902
250W Metal Halide	23.870
400W Metal Halide	23.870
1x20W Fluorescent	22.287
2x20W Fluorescent	22.400
1x40W Fluorescent	22.295
2x40W Fluorescent	23.401
3x40W Fluorescent	23.521
4x40W Fluorescent	24.310
60W Incandescent	22.223
100W Incandescent	23.210
Pole Surcharge	20.393

[28] Note these prices are in $2011-12. As part of the annual tariff approval process Aurora will inflate these prices for movement in the all groups weighted average consumer price index (for March to March quarters). Prices for these services are exclusive of GST.

Table 1.17 AER final determination on prices for fee based services 2012–13[29]

	$2011–12
De-energisation, re-energisation and special reads	
Site visit – no appointment	51.92
Site visit – non scheduled visit	117.04
Site visit – same day premium service	302.35
Site visit – after hours	780.26
Site visit – credit action or site issues	76.10
Site visit - rectification of illegal connection	237.30
Site visit - interval metering	58.51
Site visit - late cancellation	-
Transfer of retailer	-
Tariff alteration – single phase	174.02
Tariff alteration – three phase	237.30
Adjust time clock	56.95
Install pulse outputs	158.20
Remove meter	263.03
Meter alteration – after hours visit	759.36
Meter alteration - late cancellation	-
Meter alteration Wasted visit	94.92
Meter test	
Meter test – single phase	284.76
Meter test – multi phase	569.52
Meter test – CT	632.80
Meter test – after hours	759.36
Meter test – late cancellation	-
Meter test – wasted visit	94.92
Supply establishment	

[29] Note these prices are in $2011-12. As part of the annual tariff approval process Aurora will inflate these prices for movement in the all groups weighted average consumer price index (for March to March quarters). Prices for metering services are exclusive of GST.

New connection – after hours	759.36
Install additional service span - single phase	420.41
Install additional service span - single phase - additional spans	315.20
Install additional service span - multi phase	596.54
Install additional service span - multi phase - additional spans	491.32
New connection - late cancellation	-
New connection – wasted visit	94.92
Remove service & meters	263.03
Supply abolishment – after hours	759.36
Supply abolishment – late cancellation	-
Supply abolishment – wasted visit	157.82
Renewable energy connection	
Renewable energy connection	174.02
Renewable energy connection – after hours	1,367.79
Renewable energy connection – wasted visit	157.82
Renewable energy connection – late cancellation	-
Temporary builders connection	
Temporary supply underground – single phase - temporary position	189.84
Temporary supply underground – three phase - temporary position	284.03
Temporary supply underground – single phase - permanent position	284.03
Temporary supply underground – three phase - permanent position	284.03
Temporary supply overhead – single phase - temporary position	525.63
Temporary supply overhead – three phase - temporary position	701.75
Temporary supply overhead – single phase - permanent position	525.63
Temporary supply overhead – three phase - permanent position	701.75
Temporary supply – after hours	1,367.79
Temporary supply – Late cancellation	-
Temporary supply – wasted visit	157.82
Temporary show & carnival connection	
Temporary supply – underground	316.40
Temporary supply – overhead mains	396.44
Temporary supply – overhead service	816.54
Temporary supply – after hours	759.36

Temporary supply – late cancellation	-
Temporary supply – wasted visit	157.82
Truck tee-up	
Tee-up (initial 30 mins)	126.29
Tee-up (additional 15 min block)	51.90
Tee-up – after hours	1,419.08
Tee-up – no truck – after hours	1,262.58
Tee-up – late cancellation	-
Tee-up – wasted visit	157.82
Open turret	142.38
Addition/alteration to connection point	316.40
Connection of new mains to existing installation	221.48
Data download	316.40
Alteration to unmetered supply	237.30
Miscellaneous service	126.56
Miscellaneous service – after hours	759.36
Miscellaneous service – late cancellation	-
Miscellaneous service – wasted visit	157.82

Table 1.18 X–factors for alternative control services

	2013-14	2014-15	2015-16	2016-17
Metering	0	0	0	0
Public lighting	2.60%	2.60%	2.60%	2.60%
Fee based	1.70%	1.70%	1.70%	1.70%

Table 1.19 AER final determination for price caps for labour charge-out rates for quoted services ($2011-12)[30]

	2012–13	2013–14	2014–15	2015–16	2016–17
Apprentice	77.35	72.35	68.08	64.37	64.92
Cable Joiner	59.49	57.81	56.48	54.86	53.30
CC Commercial Metering	66.71	64.82	63.02	61.32	59.71
CC Service Crew	60.07	58.37	56.76	55.24	53.80
Designer	74.73	72.70	70.79	68.98	67.28
Distribution Electrical Technician	59.85	58.15	56.52	54.96	53.49
Distribution Linesman	54.69	53.15	51.68	50.30	48.99
Distribution Linesman LL	59.65	57.96	56.36	54.84	53.40
Distribution Operator	64.58	62.47	60.96	59.84	57.98
Electrical Inspectors	63.69	61.96	60.48	58.64	57.34
Field Service Co-ordinator	83.44	81.00	79.03	76.33	74.16
Labourer OH	50.27	48.85	47.62	46.46	45.31
Meter Reader	45.80	44.59	43.42	42.33	41.31
Pole Tester	49.95	48.60	47.33	46.14	45.01
Project Manager	74.88	72.76	71.74	69.82	67.77

1.13 Compliance with control mechanisms

The AER determines that compliance with the relevant control mechanisms for direct control services is to be demonstrated as follows:

- Standard control services—compliance with the control mechanism will be monitored through the annual pricing proposal process[31]
- Alternative control services—compliance with the control mechanisms will be demonstrated through the annual pricing proposal process.[32]

30 Note these prices are in $2011-12. As part of the annual tariff approval process Aurora will inflate these prices for movement in the all groups weighted average consumer price index (for March to March quarters). Prices for metering services are exclusive of GST.

31 This is the AER's constituent decision under clause 6.12.1(13) of the NER.

32 This is the AER's constituent decision under clause 6.12.1(13) of the NER.

1.14 Pass through events

The AER has decided to nominate the following as pass through events for Aurora for the forthcoming regulatory control period:[33]

- natural disaster event
- insurer credit risk event
- liability above insurance cap

Definitions of these pass through events are set out in attachment 14 to the determination.

1.15 Negotiating framework

The AER's final determination on the negotiating framework is set out in appendix B to the determination. [34]

1.16 Negotiated distribution services criteria

The AER has decided that the proposed negotiated distribution services criteria (NDSC) published November 2011 will apply to Aurora in the forthcoming regulatory control period.[35] This is set out in appendix B to the determination.

1.17 Assigning customers to tariff classes

The AER's final determination on the procedures for assigning customers to tariff classes, or reassigning customers from one tariff class to another, is set out in appendix C to the determination.[36]

1.18 Depreciation for establishing the RAB as at the commencement of the following regulatory control period

The AER has decided that depreciation based on actual capex will be used to determine Aurora's regulatory asset base as at the commencement of the 2017–22 regulatory control period.[37]

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33 This is the AER's constituent decision under clause 6.12.1(14) of the NER.
34 This is the AER's constituent decision under clause 6.12.1(15) of the NER.
35 This is the AER's constituent decision under clause 6.12.1(16) of the NER. AER, Draft decision: Aurora Energy Pty Ltd 2012-13 to 2015-16, November 2011, p.303.
36 This is the AER's constituent decision under clause 6.12.1(17) of the NER.
37 This is the AER's constituent decision under clause 6.12.1(18) of the NER.

1.19 Recovery of TUOS charges

The AER's final determination on how Aurora is to report to the AER on its recovery of Transmission Use of System (TUOS) charges for each regulatory year of the forthcoming regulatory control period is set out in attachment 2 of the AER's final distribution determination.[38]

1.20 Jurisdictional scheme amounts

There are no jurisdictional scheme amounts relating to Aurora.[39]

[38] This is the AER's constituent decision under clause 6.12.1(19) of the NER.
[39] This is the AER's constituent decision under clause 6.12.1(20) of the NER.