Energex

Annual Performance RIN

Schedule 1: Supporting Information

2014 -2015

energex

positive energy

Energex Limited (Energex) is a Queensland Government Owned Corporation that builds, owns, operates and maintains the electricity distribution network in the growing region of South East Queensland. Energex provides distribution services to almost 1.4 million domestic and business connections, delivering electricity to a population base of around 3.2 million people.

Energex's key focus is distributing safe, reliable and affordable electricity in a commercially balanced way that provides value for its customers, manages risk and builds a sustainable future.

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Schedule 1 – Provide Information

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1.1(a)	The information required in the Regulatory Accounting Statement, being the information required in the worksheets in the Microsoft Excel workbook attached at Appendix B, as amended by the AER on 6 August 2014.	Please see attached financial templates for 2014/15.
1.1(b)	The information required in the Non-Financial Regulatory Templates in the Microsoft Excel workbook attached at Appendix C, as amended by the AER on 6 August 2014.	Please see attached financial templates for 2014/15.
1.1(c)	In relation to the information provided in the response to paragraph 1.1(a) and 1.1(b) explain, where application: (i) The assumptions and methodologies underlying the information provided; and	**<u>Financial Templates</u>** **<u>Table 1.1 – Income statement</u>** **1 Assumptions and/or methodologies** Adjustments relate to: • Difference in Depreciation and Amortisation due to different valuation methodologies for statutory and regulatory reporting. • Difference in Loss from Sale of Fixed Assets due to different valuation methodologies for statutory and regulatory reporting. • Adjustment for intercompany transactions for work performed by unregulated business for regulated business which are eliminated

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	(ii)Each instance where the information cannot be provided or is not provided in full:	for statutory reporting purposes but required to be recognised for regulatory reporting purposes. • Specific recognition of the Self Insurance Cost as this cost is not separately recognised in statutory accounts. • Adjustments for the Impairment Losses which are not permitted unless agreed to or required by the AER. • Reclassification of revenue and expense items from the statutory view to the regulatory view. These include: ○ reclassification of Alternative Control Services (ACS) revenue from Other Revenue to Distribution Revenue in accordance with the definitions in the AP RIN; ○ reclassification of written down value of assets disposed from Profit/(Loss) from Sale of Fixed Assets to Loss from Sale of Fixed Assets for the Distribution Business; ○ reclassification of amount from Other Revenue to Capital Contributions for the portion of assets funded via government grant; and ○ reclassification of Debt Raising Costs from Finance Charges to Operating Expenses. • Exclusion of unregulated services from the Distribution Business. These include: ○ Gross Proceeds from Sale of Assets as agreed with the AER for submission of the previous AP RINs; ○ Interest Income from investments and inter-company loans; ○ Sale of Goods Revenue consistent with the previous AP RINs; ○ Government Grant Revenue for the Demand Side Management (DSM) initiatives funded by the Queensland State government and related expenditure; ○ Other Revenue and Other Operating Costs for the provision of other unregulated services; ○ Depreciation and Amortisation for unregulated assets; ○ Full salary sacrifice vehicles; ○ Stock write-offs; ○ Finance Charges for borrowings related to the unregulated activities; and ○ Taxation Expense for the proportion related to unregulated tax profits, consistent with the previous AP RINs. **2 Instances where information cannot be provided or is not provided in full** Not applicable

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		<u>Table 5.1 – Standard control service by Reason</u> **1 Assumptions and/or methodologies** The appropriate disaggregation of the Forecast amounts has been determined based on the AER's Queensland Distribution Determination 2010-11 to 2014-15 (the Final Decision), which is the culmination of: • Energex's proposed expenditure and revenue requirements sourced from Energex's Regulatory Proposal 2010-2015 (the Proposal); • Amendments to the Proposal's capital and operating programs as directed by the AER in the Final Decision; and • Amendments to the Proposal's expenditure and revenue requirements (including escalation factors) as directed by the AER in the Final Decision. Energex prepared detailed Forecast calculations which formed the Forecast totals included in the Final Decision. The detailed information was sourced from the Proposal at the detailed level and updated based on the AER advice. The same mappings and classifications applied in the Forecast amounts have been used for the Actuals. For the AP RIN, the Forecast amounts also include an adjustment for the actual Consumer Price Index (CPI). In accordance with the Final Decision, the CPI applied is for the March to March Weighted Average of Eight Capital Cities as per the Australian Bureau of Statistics. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 5.2 – Material difference explanation</u>** **1 Assumptions and/or methodologies** Not applicable. **2 Instances where information cannot be provided or is not provided in full** Not applicable.

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Table 5.3 – Capex by Asset Class

1 Assumptions and/or methodologies

Refer to Table 5.1 for the methodology applied to derive the Forecast amounts.

The Forecast amounts reported for Substation Bays also includes Distribution Substation Switchgear. At the time the Proposal was prepared, Distribution Substation Switchgear was not material and therefore combined with Substation Bays. The Proposal included 5% of 110KV Circuit Breakers as UG Sub-transmission Cables, with the remaining 95% included as Substation Bays.

However, consistent with prior years, it was determined that 110KV Circuit Breakers should be reclassified as 100% Distribution Substation Switchgear. Accordingly, the actuals have been updated to reflect this change and have been separately reported for Distribution Substation Switchgear – refer to table below.

Similarly, the Proposal included 5% of 33KV Capacitor Banks, Circuit Breakers, Regulators and Terminators as UG Sub –Transmission Cables. The remaining 95% of 33KV Capacitor Banks, Circuit Breakers, Regulators and Terminators were included as Substation Bays. However, consistent with prior years, it was determined that 33KV Capacitor Banks, Circuit Breakers, Regulators and Terminators should be reclassified as 100% Substation Bays. Accordingly, the actuals have been updated to reflect this change – refer to table below.

These changes are summarised in the following table and have been made to provide more accurate reporting of actuals throughout this regulatory control period. This treatment is consistent with the previous RIN proposals and definitions included in the current AP RIN.

Category	Proposal	Actuals
UG Sub-Transmission Cables:		
110KV Circuit Breaker	5%	-
33KV Capacitor Banks, Circuit Breakers, Regulators & Terminators	5%	-
Substation Bays:		
110KV Circuit Breaker	95%	-
33KV Capacitor Banks, Circuit Breakers, Regulators & Terminators	95%	100%
Distribution Substation Switchgear:		
110KV Circuit Breaker	-	100%

Capex projects which do not have specific asset categories assigned are allocated to regulatory asset categories based on the general ledger

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		activity code used for the project. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 5.4 – Alternative control services</u>** **1 Assumptions and/or methodologies** Refer to Table 5.1 for the methodology applied to derive the Forecast amounts. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 5.5 – Other services</u>** **1 Assumptions and/or methodologies** There are no AER forecasts for Negotiated Services and Unregulated Services as these do not form part of the current determination. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 5.5 – Related party transactions</u>** **1 Assumptions and/or methodologies** In accordance with the instructions for this table, only items which are more than 5% of the total standard control or alternative control capex are reported. Energex has no related party transactions in excess of the materiality threshold with its counterparties, being Energy Impact, Ergon and Powerlink. The related party capex reported in this table is for Energex's IT service provider (SPARQ). Most SPARQ transactions are charged via an Asset Usage Fee or Service Level Agreement with the costs included in the general overhead

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		pool. The remainder are project costs booked directly to the relevant projects for both Opex and Capex. Related party costs included in the general overhead pool are allocated to SCS and ACS opex and capex. For this table, an estimate of the related party costs has been allocated based on the allocated proportions of general overheads. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 5.6 – Capital Contributions by Asset Class</u>** **1 Assumptions and/or methodologies** Refer to Table 5.1 for the methodology applied to derive the Forecast amounts. Capital Contributions that do not have specific asset categories recorded against them are allocated to regulatory asset categories based on the proportions of identified asset categories. In instances where this results in an allocation of a capital contributions balance to a regulatory asset category that would not otherwise have capital contributions, the balance is allocated to the most material category with capital contributions. For 2014/15 this adjustment was for $5,955. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 5.7 – Disposals by Asset Class</u>** **1 Assumptions and/or methodologies** Refer to Table 5.1 for the methodology applied to derive the Forecast amounts. **2 Instances where information cannot be provided or is not provided in full** Not applicable.

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		<u>Table 7.1– Tax standard lives and Capex Additions – Standard control services</u> **1 Assumptions and/or methodologies** Tax Standard Lives are based on actual figures extracted from the Ellipse Fixed Asset sub-system module and are consistent with current Australian Taxation Office determinations. In relation to Capex Additions refer to assumptions and methodologies for Table 5.3 above. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 8.1 – Network maintenance expenditure by category</u>** **1 Assumptions and/or methodologies** Refer to Table 5.1 for the methodology applied to derive the Forecast amounts. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 8.2 – Explanation of material difference</u>** **1 Assumptions and/or methodologies** Not applicable. **2 Instances where information cannot be provided or is not provided in full** Not applicable.

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		<u>Table 8.3 – Other network maintenance costs</u> **1 Assumptions and/or methodologies** In accordance with the instructions for this table, only items which are more than 5% of the total standard control or alternative control network maintenance costs are reported. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 8.4 – Related party transactions</u>** **1 Assumptions and/or methodologies** In accordance with the instructions for this table, only items which are more than 5% of the total standard control or alternative control network maintenance costs are reported. Refer to response for Table 5.5 – Related party transactions. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 10.1 – Operating expenditure - operating costs</u>** **1 Assumptions and/or methodologies** Refer to Table 5.1 for the methodology applied to derive the Forecast amounts. Fee Based Services and Quoted Services are also included in Other Operating Costs per definitions in the AP RIN. **2 Instances where information cannot be provided or is not provided in full** Not applicable.

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		<u>Table 10.2 – Explanation of material difference</u> **1 Assumptions and/or methodologies** Not applicable. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 10.3 – Other operating costs</u>** **1 Assumptions and/or methodologies** In accordance with the instructions for this table, only items which are more than 5% of the total standard control or alternative control network operating costs are required to be reported. However, Self Insurance and Network Insurance have also been included in this table to aid transparency for Table 18.1 (EBSS). Accordingly, the total of this table balances to “Other operating costs (itemise in table 3 below)” in Table 10.1. The amount reported for Feed-in-Tariff (FIT) payments represents actual payments made for Solar Photovoltaic (PV). It excludes the CPI applied to the base amount and is consistent with the AER’s preferred methodology to verify actual FIT payments for the annual pass through application. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 10.4 – Related party transactions</u>** **1 Assumptions and/or methodologies** In accordance with the instructions for this table, only items which are more than 5% of the total standard control or alternative control network operating costs are reported. Refer to response for Table 5.5 – Related party transactions.

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		2 Instances where information cannot be provided or is not provided in full Not applicable. **<u>Table 10.5 – Operating expenditure – non-recurrent operating costs</u>** **1 Assumptions and/or methodologies** In accordance with the instructions for this table, only items which are more than +/-5% of the total standard control or alternative control network operating costs are reported. When identifying and reporting on non-recurrent operating costs, only the incremental increase or decrease in actual direct costs are included. Charges arising from overhead costs are excluded because overheads reflect the reallocation of internal costs, as opposed to external factors which affect direct costs. Solar PV Feed-In-Tariff payments are also no included as they do not meet the AER's prescribed definition. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 10.6 – Non–network alternatives (demand management) operating costs that are not captured by the DMIS ($'000 nominal)</u>** **1 Assumptions and/or methodologies** Not applicable. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 16.1 – Avoided cost payments</u>** **1 Assumptions and/or methodologies** Not applicable.

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		2 Instances where information cannot be provided or is not provided in full Not applicable. **<u>Table 17.1 – Alternative control and other services</u>** **1 Assumptions and/or methodologies** Actual costs and revenue for fee based services and quoted services are specifically identified via a segment of the account code. **Fee Based Services** Some further disaggregation was required for the specific services listed in the following table:

Item
Alteration and additions to current metering equipment
Overhead service replacement - single phase
Overhead service replacement - multiple phase
Re-energisation - business hours
Re-energisation - after hours
Re-energisation (visual) - business hours
Re-energisation (visual) - after hours
Re-energisation non-payment (visual) - business hours
Re-energisation non-payment (visual) - after hours
Meter test
Meter Inspection

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		Costs associated with alteration and additions to current metering equipment, overhead service replacement and re-energisation related services were generally allocated based on volumes of services derived from the internal customer billing system. The re-energisation - business hours costs were further refined as some costs can be directly attributed via specified work orders. The remainder of the re-energisation costs are allocated based on numbers of services. Re-energisation revenue was allocated based on data from the internal customer billing system. Meter test and meter inspection was allocated based on volume of services derived from the internal customer billing system. Revenue reported for some Fee Based Services reflects the State government imposed price caps, which override the maximum prices approved by the AER in the annual Pricing Proposal. These services are published in Schedule 8 of the Queensland Electricity Regulations 2006 and include re-energisations, de-energisations, meter tests, temporary connections and special meter reads. **Quoted Services** Contractually, where Energex designs and constructs a Large Customer Connection (LCC) and the asset is funded by the customer, the asset is owned by Energex from the outset, and the transaction is recognised on this basis. The transaction is recognised as an increase in PP&E and a corresponding Cash Contribution upon completion of the project. Operating expenditure is not recognised as Energex assumes ownership of the asset from commencement of the build. This is consistent with the Australian Accounting Standards and is in compliance with item 1.1 (f) of Appendix A of the RIN which requires consistency with the policies applied in the Audited Statutory Accounts except as otherwise required. The contribution due and payable by the customer is determined on the basis of the ACS Quoted Service formula per Energex's Final Determination. The asset is classified as one funded by the customer and it is excluded from the Regulated Asset Base values. Energex intends to revise its basis of providing LCCs such that ownership passes from the customer to Energex on completion of project. This would lead to two distinct transactions for: • recognising the Design and Construction of a LCC as Recoverable ACS opex and the associated revenue; and • the contribution of the resulting asset upon completion of construction. **Other Activities – Unregulated** Direct opex includes the Depreciation, Finance Charges, Cost of Goods Sold and Income Tax Expense so that the total revenue less direct opex and opex overheads reported in Table 17.1 agrees to the Unregulated Profit After Tax in Table 1.1.

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		2 Instances where information cannot be provided or is not provided in full Not applicable. **<u>Table 18.1 – Opex for EBSS purposes</u>** **1 Assumptions and/or methodologies** As noted in the assumptions and methodologies for Table 10.3, Self Insurance and Network Insurance have been separately disclosed in that table to aid transparency for this table. Non-network alternative costs are only that portion of DSM Initiatives costed to the appropriate area. Pass through event costs are those for Solar PV FIT payments and the amount reported is the difference between the Actuals and Forecast. This amount has been used for EBSS exclusion purposes because the underlying opex amount is the actual payments made, without being indexed by CPI. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 18.2 – Explanation of Capitalisation Policy Changes</u>** **1 Assumptions and/or methodologies** Not applicable. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 19.1 – Jurisdictional Scheme Amounts</u>** Not applicable. **1 Assumptions and/or methodologies**

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		Not applicable. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 20.1 – DMIA projects submitted for approval</u>** **1 Assumptions and/or methodologies** Not applicable. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 21.1 – Self Insurance events with an incurred cost of greater than $100 000 per event</u>** **1 Assumptions and/or methodologies** Details of all claimants are kept in a general claims database. The amounts disclosed are for costs incurred in 2014/15; however, the initial event could have occurred in a previous financial year. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 21.2 – Self Insurance events with an incurred cost of less than $100 000 per event</u>** Not applicable. **1 Assumptions and/or methodologies** Not applicable. **2 Instances where information cannot be provided or is not provided in full** Not applicable.

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		<u>Table 21.3 – Total Self Insurance costs that relate to standard control services</u> **1 Assumptions and/or methodologies** Refer to the assumptions and methodologies for Table 21.1. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 22.1 – Aggregate effect of the change in accounting policy on the balance sheet and income statements</u>** **1 Assumptions and/or methodologies** On a regular basis a review is performed to monitor accounting standard updates and new standards issued by the Australian Accounting Standards Board to assess the impact on Energex. Changes are advised to the Audit & Risk Committee and implemented where required and the associated Energex accounting policies are updated accordingly. With effect from 1 July 2014, the Energex changed its accounting policy with respect to regulated revenue under and over recoveries. Previously, Energex accrued or deferred allowed regulated revenues through recognising the full amount of revenue allowed under its revenue determination and recognising any under (or over) recovery of this amount as an asset (or liability) to be adjusted in future revenues to be received from customers. This accounting policy change brings the statutory reporting in line with the regulatory reporting in relation to the under/over recoveries of the SCS regulated revenue (including the Service Target Performance Incentive Scheme (STPIS) reward/penalty and the Solar PV FIT pass through to be included in future revenues). **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Table 22.2 – Reason for the change in accounting policy</u>** **1 Assumptions and/or methodologies** There is no definitive guidance on the accounting treatment for regulatory receivables or provisions within existing accounting standards. However the Australian Accounting Standards Board (AASB) has commented, in response to the International Accounting Standards Board's

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		(IASB) Invitation to Comment ITC32 Reporting the Financial Effects of Rate Regulation; that it has a view that, in most cases, regulatory deferral account balances do not meet the asset and liability recognition criteria as contained in the AASB's Conceptual Framework. To date, consensus has not been achieved and divergent views continue to be debated by the IASB. The new policy, where the accrued (or deferred) revenues are not recognised, results in more reliable and relevant information to users as it reflects a closer correlation between market conditions, shareholder and other regulatory policies and profitability. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Non-Financial Templates</u>** **<u>Template 1a – STPIS - Reliability</u>** **1 Assumptions and/or methodologies** In the provision of this data Energex has used its corporate reporting system EPM (Energex Performance Management). For financial year 2015 EPM contained 248,018 individual transformer records which form the basis for all regulatory reporting. The system values for SAIDI and SAIFI have been derived from the category CML (Customer minutes off supply) and Customers affected (CI). The individual category CML and CI are summated and this placed over the System customer base to obtain the system number. **2 Instances where information cannot be provided or is not provided in full** In sourcing reliability data through EPM Energex only used records having a Category allocation and cause code. Of the 248,018 transformer records used as the base data there were: • 993 having a null category • 309 having a null cause For these outages with null category the normalised CML and CI impact was: • The CML = 511,030 and CI = 3,976 For these outages with null cause the normalised CML and CI impact was: • The CML = 324,110 and CI = 2,856 Energex does not have long rural feeders.

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		<u>**Template 1b – Table 1 Telephone Answering**</u> **1 Assumptions and/or methodologies** The methods and formula used to complete this table are consistent with the latest national STPIS. Calls that are received on MED days are deducted from the total call count to report the 'Total number of calls' and 'Number of calls answered within 30 seconds'. Energex has a number of phone numbers including a Loss of Supply line, Emergency line and General Enquiry Line. In accordance with the specification, calls reported are calls to the Loss of Supply line only. The Loss of Supply line uses an IVR which has the capability to automatically identify the location of a caller (where Energex recognises through Call Line Identification- CLI) and to provide specific outage advice to those callers. This automated IVR information positively satisfies a large proportion of the callers to the Loss of Supply line. Calls that proceed through the IVR are recorded and timed. **2 Instances where information cannot be provided or is not provided in full** During the 2014/15 period, call information was not able to be provided for a total of seven (7) days as a result of system errors causing partial or complete loss of data and was unable to be retrieved. Energex applied the following estimates to obtain the required information of call data: **Total calls received** 1. The volume of calls received was estimated using an application called iReport which records the number of calls that entered the IVR and also those that transferred from the IVR. In the instances of days where data was not recorded in the Genesys system, Energex have used the calls transferred from the IVR as an estimate of 'total calls received'. **Total calls abandoned** 2. The volume of calls abandoned was determined by calculating the percent of calls abandoned for the days within the month where data was available. This percent was then applied to the total calls received calculated in step 1 above. **Calls answered in 30 seconds** 3. The volume of calls answered in 30 seconds was determined by calculating the percent of calls answered in 30 seconds for the days within the month where data was available. This percent was then applied to the total calls received calculated in step 1 above.

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		<u>Template 1f – STPIS GSL</u> Not applicable. **1 Assumptions and/or methodologies** Not applicable. **2 Instances where information cannot be provided or is not provided in full** Not applicable. **<u>Template 3 – Table 3 Customer Service</u>** **1 Assumptions and/or methodologies** **Timely provision of services** Volumes of new connections to the network are sourced from corporate service order reports which identify each service order's market outcome status (complete, incomplete, and cancelled). Only those with a status of "complete" for the financial year were included in figures reported. **Timely repair of faulty streetlights** Total Streetlights = Rate 1 and 2 streetlights only. **Customer Complaints** With the exception of the Reliability of Supply complaints, the categories required within table 3 of the RIN do not exist within the Energex systems. A process of aligning Energex system with the categories in table 3 was undertaken. Complaints relating to the connection, maintenance or alteration to the network have been categorised within the Connection or Augmentation category (cell H68). Complaints relating to staff behaviour, meter reading, communication and correspondence and marketing or media have been categorised within the Administrative Process or Customer Service category (cell H67).

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		Complaints relating to the driving and/or parking of Energex vehicles and general feedback relating to suppliers or installers have been categorised within the Other category (cell H69). **2 Instances where information cannot be provided or is not provided in full** Not applicable. __**Template 5b– Network data – feeder reliability**__ **1 Assumptions and/or methodologies** Feeders listed in table 1. Annual Feeder Reliability are those having greater than 0 customers and greater than 1 transformer or feeder that has experienced an outage. This produced a baseline list of 1852 feeders. There are a number of feeders not identified resulting in a Feeder ID of unknown. Where these unidentified feeders have a category allocated the SAIFI component is calculated. Those with a null category have CML only. Not all feeders listed have Maximum demand data. **2 Instances where information cannot be provided or is not provided in full** Feeder customer counts are as at end of year as a yearly average is not available. There were 49 feeders that experienced an outage where the feeder customer counts were not available. There are a number of feeders not identified resulting in the “Invalid Asset Type” Feeder identifier. Where these unidentified feeders have a category allocated the SAIFI component is calculated. Not all feeders listed have Maximum demand data or geographical descriptions. __**Template 5d – Outcomes planned outages**__ **1 Assumptions and/or methodologies** The planned system values for SAIDI and SAIFI have been derived from the individual category CML and CI. These values were summated and placed over the system customer base from template 1a. **2 Instances where information cannot be provided or is not provided in full**

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		Not applicable.
1.1(d)	A Microsoft Excel workbook or other information that explains all movements between the Audited Statutory Accounts and the Regulatory Accounting Statements:	**Table 1.1 Income Statement**

Description	Note	Adjustments per Table 1.1 Income Statement $'000 nominal	Regulatory reclassification of revenue and expenses $'000 nominal (A)	Unregulated Services $'000 nominal (B)	Other regulatory adjustments $'000 nominal (C)
Distribution revenue	1	66,563.6	66,563.6	-	-
Profit from sale of fixed assets	2	767.8	19,009.9	(18,242.2)	-
Capital contributions	3	177.2	177.2	-	-
Interest income	4	(19,999.5)	-	(19,999.5)	-
Other revenue	5	(167,035.7)	(66,740.8)	(100,345.2)	50.4
Total revenue		**(119,526.6)**	**19,009.9**	**(138,586.9)**	**50.4**
Network maintenance	6	10.5	-	-	10.5
Operating expenses	7	(31,227.7)	4,779.8	(36,047.4)	39.9
Depreciation	8	(17,910.6)	-	(4,630.7)	(13,280.0)
Finance charges	9	(6,050.1)	(4,779.8)	(1,270.3)	-
Loss from sale of fixed assets	10	23,362.4	19,009.9	(2,005.0)	6,357.5
Impairment losses (nature of impairment loss)	11	(13,786.8)	-	-	(13,786.8)
Other	12	(32,312.6)	-	(32,312.6)	-
Profit before Tax (PBT)		**(41,611.6)**	**-**	**(62,320.9)**	**20,709.3**
Income Tax Expenses / (Benefit)	13	(871.2)	-	(871.2)	-
Profit after tax		**(40,740.5)**	**-**	**(61,449.8)**	**20,709.3**

Notes:

1 The AP RIN reports the amount actually earned (i.e. actual electricity consumed by customers), excluding any over/(under) recovery of the revenue allowed. Due to a change in accounting policy effective from 1 July 2014, the statutory accounts now also excludes over/(under) recoveries. Therefore, there are no adjustments in relation to revenue over/(under) recoveries required for the AP RIN.

1(A) Reclassify Alternative Control Services Revenue to Distribution Revenue in accordance with the definitions in the AP RIN.

2(A) Written down value (WDV) of disposed assets (included in profit on disposal of assets for statutory purposes) is reclassified to Loss from Sale of Fixed Assets.

2(B) Gross proceeds from sale of assets is classified as unregulated in accordance with consultation with the AER on the AP RIN. Energex has elected to disclose the WDV as Loss on Sale of Fixed Assets.

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		3(A) Recognise capital contributions for Demand Management assets in accordance with the Australian Accounting Standards. Grants received from the State government's Office of Clean Energy (OCE) for demand management initiatives are mostly excluded from the reported regulated revenue as discussed in point 7(B) below. Only the portion of this grant that is used to acquire supply system assets (included in the regulatory asset base) is recognised as revenue under the regulatory framework. 4(B) Interest income relating to investments and intercompany loans are classified as unregulated in accordance with consultation with the AER on the AP RIN. 5(A) Reclassify Alternative Control Services revenue to Distribution revenue in accordance with the definitions in the AP RIN (Refer to 1(A) above). Reclassify OCE funded Demand Management assets from Government Grants to Capital Contributions (Refer to 3(A) above). 5(B) Revenue from Sale of goods, State government grant revenue received for Demand Management Initiatives and Other Unregulated revenue are classified as unregulated in accordance with consultation with the AER on the AP RIN. 5(C) Adjustment for intercompany transaction performed by unregulated business for regulated business which is eliminated for statutory reporting purposes but required to be recognised for regulatory reporting purposes. 6(C) Adjustment for intercompany transaction performed by unregulated business for regulated business which is eliminated for statutory reporting purposes but required to be recognised for regulatory reporting purposes. 7(A) Reclassify Debt Raising Cost from Finance Charges to Other Operating Costs (which is a subset of Operating Expenses) in accordance with the AP RIN requirements. 7(B) Unregulated adjustments include direct and indirect cost for other Unregulated activities. It also includes adjustment for expenditure on DSM initiatives associated with the OCE grant (refer to item 5(B) above). As this is funded by the State government, outside of the AER framework, it is treated as unregulated. 7(C) Meter reading adjustments and Other Operating Expenditure incurred within the Parent entity (Energex Limited) which is eliminated on consolidation for statutory reporting purposes and needs to be disclosed for regulatory reporting purposes. 8(B) Depreciation on unregulated assets is classified as unregulated. 8(C) Depreciation adjustment due to difference in valuation bases between statutory reporting (income based approach using discounted cash flows) and regulatory reporting (Australian Bureau of Statistics Consumer Price Index adjustments). 9(A) Refer to 7(A) above. 9(B) Finance charges are allocated to services in proportion to Property, Plant and Equipment (PP&E) balances as PP&E and associated borrowings constitute the majority of the balance sheet. This is consistent with Energex's proposal during consultation with the AER. 10(A) Refer to 2(A) above. 10(B) Recognition of the WDV of assets disposed relating to unregulated assets. 10(C) Adjustment is for the difference in the WDV of assets disposed between statutory and regulatory reporting due to different valuation methodologies. 11(C) Impairment losses have been recognised for statutory reporting in accordance with the Australian Accounting Standards. However,

Item No.	Requirement	Energex Response
		impairments are not permitted for regulatory reporting without prior approval by the AER. 12(B) Cost of Sales is recognised as Unregulated under the AER framework. This expense relates to the Sale of Goods which is reported as unregulated revenue. 13(B) Refer to 9 (B). Income tax expense is recognised on a similar basis as that for Finance Charges.
1.1(e)	The Capitalisation Policy for the Relevant Regulatory Year; and	Refer to the Attachment 1 - Capitalisation Policy, which is an extract from Energex's Finance Policy Manual.
1.1(f)	The statement of policy/s for determining the allocation of overheads in accordance with the *Cost Allocation Method* for the Relevant Regulatory Year.	Energex's approved Cost Allocation Method (CAM) serves as a statement of policy for determining the allocation of overheads. This policy is supported by detailed calculations articulating the application of this policy. The allocation of overheads to standard control and alternative control services is via a general overhead rate which reflects the general overhead pool related to Energex's services. The general overhead rate is determined by the size of the pool divided by the relevant direct operating and capital expenditure of the distribution services and is allocated based on direct labour, materials and contractor costs. The overhead cost allocation to unregulated activities is by a three factor method based on unregulated assets, headcount and revenue. Energex has applied the CAM consistently for the Relevant Regulatory Year and the Previous Regulatory Year to ensure that the AP RINs are prepared on the same basis. The application of the CAM is formally monitored and reported through Energex's internal and external audit programs.

Item No.	Requirement	Energex Response
1.2	**For each of the following items, identify each Material difference between that reported in the Regulatory Accounting Statements and that provided for in the 2010-15 Distribution Determination for the Relevant Regulatory Year:**	
1.2(a)	Total actual revenue and total forecast revenue.	(a) **Total actual revenue and total forecast revenue**

Description	Forecast[1]	YTD June Actuals[2]	Difference[3]	Difference
Distribution Revenue	$'000 nominal	$'000 nominal	$'000 nominal	
DUOS	1,925,396.6	1,906,174.4	(19,222.2)	-1.00%
DUOS - STPIS		0.0		
ACS				
Street Lighting	46,128.1	47,456.9	1,328.8	2.88%
Fee Based		4,779.0		
Quoted		14,327.7		
TUOS revenue		405,910.9		
Cross boundary revenue		0.0		
SCS - Capital contributions	75,718.5	60,550.6	(15,167.9)	-20.03%
ACS - Customer contributions		23,227.1		
Other revenue		1,139.8		
Total Revenue	**2,047,243.2**	**2,463,566.4**	**(33,061.3)**	**-1.61%**

[1] Forecasts are provided for revenue items specifically included in the 2010 Final Determination. Items for which Forecasts are not provided did not receive a specific allowance, eg. TUOS (which is a pass-through), price-capped services and STPIS reward.

[2] Actuals are based on revenue excluding under/over recoveries and STPIS reward.

[3] The Total Revenue Difference represents the difference for items which were included in the AER Determination only. It excludes reported items which were not included in the Determination.

Item No.	Requirement	Energex Response
1.2(b)	Total actual Operating Expenditure and total forecast Operating Expenditure;	**(b) Total actual operating expenditure and total forecast operating expenditure**
1.2.(c)	Total actual Maintenance Expenditure and total forecast Maintenance Expenditure; and	**(c) Total actual maintenance expenditure and total forecast maintenance expenditure**

(b) Total actual operating expenditure and total forecast operating expenditure

Description	Forecast	Actual	Difference	Difference
	$'000 nominal	$'000 nominal	$'000 nominal	%
SCS	142,529.7	382,920.0	240,390.3	168.66%
ACS				
Street Lighting		0.0		
Fee Based		19,447.6		
Quoted		14,192.3		
Unregulated services		36,047.5		
Total Operating Expenditure	**142,529.7**	**452,607.5**	**240,390.3**	**168.66%**

(c) Total actual maintenance expenditure and total forecast maintenance expenditure

Description	Forecast	Actual	Difference	Difference
	$'000 nominal	$'000 nominal	$'000 nominal	%
SCS	231,562.0	215,675.9	(15,886.1)	-6.86%
ACS				
Street Lighting	14,030.7	14,306.4	275.7	1.97%
Fee Based		0.0		
Quoted		0.0		
Unregulated services		0.0		
Total Maintenance Expenditure	**245,592.7**	**229,982.3**	**(15,610.4)**	**-6.36%**

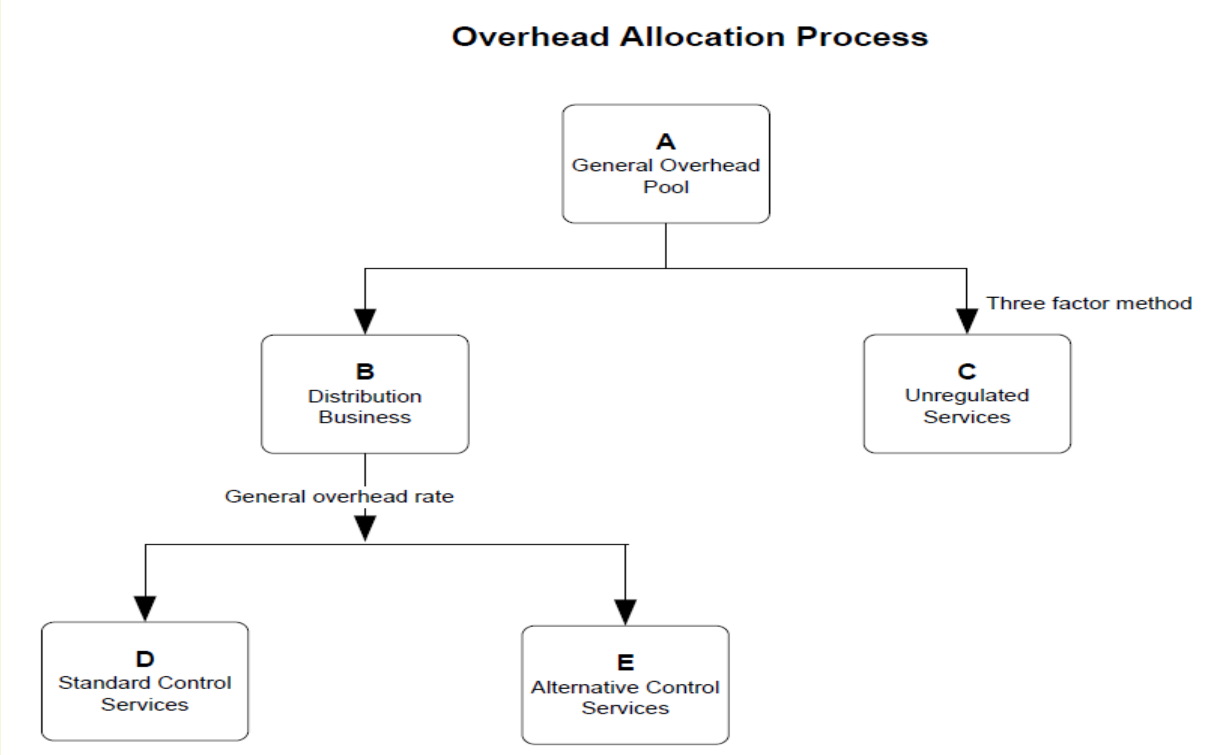
Item No.	Requirement	Energex Response
1.2(d)	Total actual Capital Expenditure and total forecast Capital Expenditure.	**(d) Total actual capital expenditure and total forecast capital expenditure**

Description	Forecast	Actual	Difference	Difference
	$'000 nominal	$'000 nominal	$'000 nominal	%
SCS				
System assets	1,237,275.5	654,612.7	(582,662.9)	-47.09%
Non-system assets	91,431.0	96,778.7	5,347.7	5.85%
ACS				
Street Lighting	34,666.2	12,876.5	(21,789.7)	-62.86%
Fee Based		151.7		
Quoted		15,533.4		
Unregulated services		5,722.7		
Total Capex Expenditure	**1,363,372.7**	**785,675.7**	**(599,104.9)**	**-43.94%**

Item No.	Requirement	Energex Response
1.3	Explain the reasons for any underlying operational activities or drivers that caused each Material difference identified in the response to paragraph 1.2.	**DUOS** The June full year DUoS position was $19.2M under-recovered (1.0% of forecast revenue) due to a $54.9M under-recovery of demand charges from SAC - Demand customers (medium sized business customers) due to lower than forecast demand growth in the customer group. This was offset in part by a $40.2M over-recovery from SAC - Non Demand customers (residential and small business) as a result of energy volumes being 3.6% higher than forecast. DUoS revenue was also under-recovered by $3.4M in the CAC customer group due to demand being 4.3% lower than forecast and unmetered supply was under-recovered by $1.3M due to actual energy volume being 6.0% below forecast due to predicted growth not eventuating. **Capital Contributions** Capital Contributions arise from customer driven activities and therefore subject to market fluctuations. **Operating Expenditure** Refer to the Regulatory Information Notice (RIN) Template 10, Table 2.

Item No.	Requirement	Energex Response
		Maintenance Expenditure Refer to the Regulatory Information Notice (RIN) Template 8, Table 2. **Capital Expenditure** Refer to the Regulatory Information Notice (RIN) Template 5, Table 2 for SCS Capex.
1.4	Explain the procedures and processes used by Energex to ensure that the distribution services have been classified as determined in the 2010-15 Distribution Determination.	In accordance with clause 6.2.3 of the National Electricity Rules, a classification of services operates for the entire regulatory control period. Prior to the start of current 2010-15 regulatory period a review of all services provided by Energex was undertaken and system changes were made to reflect the new classification of services as approved by the Australian Energy Regulatory (AER) in the Distribution Determination. The new classification of services and system changes were then communicated to the entire organisation. As part of the system changes, Energex reviewed and modified its chart of accounts (CoA) to align with the AER's approved service classifications. The CoA ensures that revenues and costs are correctly captured for each service. During the regulatory control period, any proposed CoA changes are required to be approved by a number of key staff including the Statutory and Regulatory Reporting Manager to ensure compliance with regulatory obligations. The classification of services is also considered in Energex cost allocation method (CAM) and the associated business rules incorporated into Energex's internal financial and operational policies. Compliance with the CAM is subject to audit each year as part of the RIN reporting requirements. Energex monitors the classification of services on an ongoing basis predominantly through its monthly internal management reporting which includes segment reporting based on service classification. Any discrepancies in service classification are identified and rectified during the monthly review. If and when a new service arises, Energex undertakes an internal consultation process with guidance provided by the Energex Regulation and Pricing Group to ensure that the new service is classified in accordance with the AER determined guidelines.
1.5	Explain the procedures and processes used by Energex to ensure that the negotiated distribution service criteria, as set out in the 2010-15 Distribution	Energex does not have any negotiated services under the current classification of services.

Item No.	Requirement	Energex Response
	Determination, have been applied.	
1.6	Describe the process the DNSP has in place to identify negative change events under clause 6.6.1(f) of the NER and the threshold of materiality applied by the DNSP to these events.	The National Electricity Rules define the following events as pass through events: • A regulatory change event; • A service standard event; • A tax change event; • A retailer insolvency event; and • Any other event specified in a distribution determination The AER accepted four nominated pass through events applicable to the Queensland distributors in the 2010/11- 2014/15 distribution determination: • A smart-meter event; • carbon pollution reduction scheme (CPRS); • feed-in tariff event; and • a general nominated pass through With respect to the pass through events defined in the Rules (with the exception of a retailer insolvency event) as well as the smart-meter and CPRS events, Energex actively monitors and reviews government policy changes and the resulting materiality of the change in costs (if any). Feed-in tariffs payments are reviewed annually against the forecasts in the regulatory determination to determine if a change event has taken place i.e. there is variance between actual and forecasts. For general nominated pass though events, Energex monitors actual costs against forecast or budgeted costs on a monthly basis as part of its internal management reporting. Significant variances in costs are investigated to establish the causes of those variances. These monthly reviews are used to determine if some unexpected and uncontrollable event has occurred resulting in a material change in the ongoing costs of delivering the applicable service. Potential pass through events (negative or positive) are brought to the attention and monitored by the Energex's Customer and Strategy Committee. As agreed by the AER in the distribution determination, for general pass through events Energex applies a materiality threshold of 1% of the

Item No.	Requirement	Energex Response
		smoothed revenue allowance in the year an event takes place. For specific pass through events Energex applies a threshold set to the administrative costs of assessing the application.
2.	Cost Allocation to the Regulated Distribution Business	
2.1	**Identify each item in the Regulatory Accounting Statements that is:**	
2.1(a)	not allocated on a directly attributable basis but is allocated	General overheads reported in the following AP RIN template is not allocated on a directly attributable basis but is allocated on a causation

Item No.	Requirement	Energex Response
	on a causation basis from the *distribution business*; and	basis to the distribution business in accordance to the AER approved Cost Allocation Method (CAM): Template 17: Alternative control and other services.
2.1(b)	not allocated on a directly attributable basis and cannot be allocated on a causation basis from the *distribution business.*	Not applicable.
2.2	For each item identified in the response to paragraph 2.1(a):	
2.2.(a)	State the amount of the item that has been allocated;	For completeness, the table below shows the total overheads for the distribution business and unregulated business. However disclosure is only required for Alternative Control and Other Services as a result of various overhead templates being removed from the current AP RIN. A breakdown of the Alternative Control Services overheads is provided below in Table 3.2.

Functional Group Name	Total Overheads $'000 nominal (A)	Less Non-Regulated OH Allocation $'000 nominal (C)	Total Overheads for allocation on a causation basis to the distribution business $'000 nominal	OH allocated to Distribution Business $'000 nominal (D+E)
Customer & Corporate Relation	3,307.1	51.5	3,255.6	3,255.6
Property	55,955.2	870.6	55,084.6	55,084.6
Human Resources	2,525.6	39.3	2,486.3	2,486.3
IT Services	108,488.0	1,688.0	106,800.0	106,800.0
Service Delivery	69,151.0	1,075.9	68,075.1	68,075.1
Asset Management	36,706.0	571.1	36,134.9	36,134.9
Procurement, People and Services	39,985.8	622.1	39,363.7	39,363.7
TOTAL	316,118.7	4,918.5	311,200.2	311,200.2

Item No.	Requirement	Energex Response
2.2(b)	Explain the method of allocation and reasons for choosing that method; and	Indirect costs (overhead) are costs that are necessarily incurred in the provision of distribution services, but are not directly attributed to a specific activity or service. Overhead costs in Energex's context include common or shared functions that support all distribution services. Costs associated with these functions would only be classified as indirect to the extent that they cannot be directly attributed to a service. The general overhead for the distribution business is the remaining overhead expenditure excluding corporate support costs and the cost allocation to the unregulated activities. In accordance with Section 7.6 of the AER approved CAM, the allocation of overheads to the distribution business is based on the regulated general overhead rate. The general overhead rate is determined by the size of the pool divided by the direct operating and capital expenditure of the distribution services (including labour, materials and contractor spend inclusive of on-costs). This rate is used to allocate general overheads to services based on direct spend as this reflects a strong correlation with the consumption of the overhead.
2.2(c)	State the numeric amount of the allocator(s) used.	The general overhead rate applied in the 2014/15 year for the distribution business was 44.10% of the direct costs that attract overhead.
2.3	For each item identified in the response to paragraph 2.1(b):	
2.3(a)	State its amount;	Not applicable
2.3(b)	State whether it was Material;	Not applicable
2.3(c)	Explain the method of allocation and reasons for choosing that methods; and	Not applicable
2.3(d)	Explain the reason(s) why it cannot be allocated on a causation basis.	Not applicable
3.	**Cost Allocation to Service Segments.**	
3.1	**Identify each item in the Regulatory Accounting Statements that is:**	
3.1(a)	Not allocated on a directly attributable basis but is allocated	General overheads reported in the following template is not allocated on a directly attributable basis but are allocated on a causation basis from the distribution business to a service segment:

<table>
<tr><th>Item No.</th><th>Requirement</th><th>Energex Response</th></tr>
<tr><td></td><td>on a causation basis from the distribution business to a service segment; and</td><td>Template 17: Alternative control and other services.</td></tr>
<tr><td>3.1(b)</td><td>Not allocated on a directly attributable basis and cannot be allocated on a causation basis from the distribution business to a service segment.</td><td>Not applicable</td></tr>
<tr><td>3.2</td><td colspan="2">For each item identified in the response to paragraph 3.1(a);</td></tr>
<tr><td>3.2(a)</td><td>State the amount of the item that has been allocated;</td><td>Overheads allocated to service segment
<table>
<tr><th>Functional Group Name</th><th>Standard Control Services</th><th colspan="3">Alternative control services</th><th>Total Distribution Business</th></tr>
<tr><th></th><th>$'000 nominal (D)</th><th>Street lighting $'000 nominal (E)</th><th>Fee based services $'000 nominal</th><th>Quoted services $'000 nominal</th><th>$'000 nominal (D to G)</th></tr>
<tr><td>Customer & Corporate Relation</td><td>3,053.2</td><td>68.6</td><td>64.3</td><td>69.5</td><td>3,255.6</td></tr>
<tr><td>Property</td><td>51,658.7</td><td>1,161.1</td><td>1,088.3</td><td>1,176.5</td><td>55,084.6</td></tr>
<tr><td>Human Resources</td><td>2,331.7</td><td>52.4</td><td>49.1</td><td>53.1</td><td>2,486.3</td></tr>
<tr><td>IT Services</td><td>100,157.7</td><td>2,251.1</td><td>2,110.1</td><td>2,281.1</td><td>106,800.0</td></tr>
<tr><td>Service Delivery</td><td>63,841.2</td><td>1,434.9</td><td>1,345.0</td><td>1,454.0</td><td>68,075.1</td></tr>
<tr><td>Asset Management</td><td>33,887.5</td><td>761.7</td><td>713.9</td><td>771.8</td><td>36,134.9</td></tr>
<tr><td>Procurement, People and Services</td><td>36,915.6</td><td>829.7</td><td>777.7</td><td>840.7</td><td>39,363.7</td></tr>
<tr><td>TOTAL</td><td>291,845.6</td><td>6,559.5</td><td>6,148.4</td><td>6,646.7</td><td>311,200.2</td></tr>
</table></td></tr>
<tr><td>3.2(b)</td><td>Explain the method of allocation and reasons for choosing that method; and</td><td>Allocation of cost to SCS and ACS (Distribution Business) - Refer to D to G

As mentioned above in section 2.2 (b), the general overhead for the distribution business is the remaining overhead expenditure excluding corporate support costs and after the cost allocation to the unregulated activities. The allocation of overheads to service segment is based on the regulated general overhead rate. This rate is used to allocate general overheads to services based on direct spend as this</td></tr>
</table>

Item No.	Requirement	Energex Response
		reflects a strong correlation with the consumption of the overhead.
3.2(c)	State the numeric amount of the allocator(s) used.	The general overhead rate applied in the 2014/15 year for the distribution business was 44.10% of the direct costs that attract overhead.
3.3	For each item identified in the response to paragraph 3.1(b)	
3.3(a)	State its amount;	Not applicable
3.3(b)	Sate whether it was Material;	Not applicable
3.3(c)	Explain the method of allocation and reasons for choosing that methods; and	Not applicable
3.3(d)	Explain the reason(s) why it cannot be allocated on a causation basis.	Not applicable
4	**Related Party Transactions**	
4.1	Identify each Related Party with which a transaction has been conducted.	See table below

Related Party	Comments
Energy Impact Pty Ltd	Not material - the transaction amount is less than 5% of the relevant total expenditure
Ergon Energy	Not material - the transaction amount is less than 5% of the relevant total expenditure
SPARQ Solutions Pty Ltd	Material - the transaction amount is greater than 5% of the relevant total expenditure
Powerlink	TUOS costs not part of Opex

Item No.	Requirement	Energex Response
4.2	Identify each transaction relating to the provision of *standard control services, alternative control services* or *negotiated distribution services* between *Energex* and a Related Party, where the transaction amount is great than five per cent of the relevant total expenditure or revenue category. Relevant categories are standard control revenues, alternative control revenues, negotiated distribution services revenues, standard control capex, alternative control capex, standard control operations expenditure, standard control maintenance expenditure, alternative control operations expenditure, alternative control maintenance expenditure and negotiated distribution services expenditure.	

Name of the Related Party	Other parties involved	Nature and Purpose	State the actual costs incurred not including any profit margin or management fee incurred by Energex ($'000 nominal)	Explain how the actual costs of the good(s) or service(s) incurred was determined	Identify the actual costs of the good (s) or service(s) in the Regulatory Accounting Statement, including the Asset category, Maintenance Cost category or Operating Cost category to which the actual cost (s) is allocated to	Explain the basis upon which the actual cost of the good(s) or service (s) was or were allocated, as identified in the response to paragraph (f), and state the amount of any allocator applied
(4.3a)	(4.3b)	(4.3c)	(4.3d)	(4.3e)	(4.3f)	(4.3g)
GENERAL OVERHEAD POOL						
SPARQ Solutions Pty Ltd	SPARQ costs directly attributable to Energex	Asset Usage Fee - Finance Fee	$ 11,610.2	Finance expense on assets held by Sparq and used by Energex. Calculated on WDV of assets by agreed interest rate between Energex & Sparq (8.5% for assets capitalised pre July 2010, 9.72% for loans capitalised post July 2010). Interest rate is WACC as set in each regulatory determination period.	Costs included in the general overhead pool	Allocated in accordance with the AER approved CAM. General overhead rate is used to allocate overheads to services based on direct spend as this reflects a strong correlation with the consumption of the overhead.
SPARQ Solutions Pty Ltd	SPARQ costs directly attributable to Energex	Asset Usage Fee - Depreciation	$ 47,266.1	Depreciation expense on assets held by Sparq and used by Energex. Calculated using straightline method by Sparq fixed asset register.	Costs included in the general overhead pool	Allocated in accordance with the AER approved CAM. General overhead rate is used to allocate overheads to services based on direct spend as this reflects a strong correlation with the consumption of the overhead.
SPARQ Solutions Pty Ltd	SPARQ costs directly attributable to Energex	Project Opex Costs - Multiple projects including minor ICT requests, business case preparation etc.	$ 2,130.2	General Sparq operational expenses i.e.labour. Labour hours charged to project at standard labour rate.	Costs included in the general overhead pool	Allocated in accordance with the AER approved CAM. General overhead rate is used to allocate overheads to services based on direct spend as this reflects a strong correlation with the consumption of the overhead.
SPARQ Solutions Pty Ltd	SPARQ costs directly attributable to Energex	Project Opex Costs - General Expenses Opex (e.g. Energex ICT relocation expenses)	$ 0.1	Sparq labour cost in Energex ICT relocation. Labour hours charged to Energex property department at standard labour rate.	Costs included in the general overhead pool	Allocated in accordance with the AER approved CAM. General overhead rate is used to allocate overheads to services based on direct spend as this reflects a strong correlation with the consumption of the overhead.

Item No.	Requirement	Energex Response						
		Name of the Related Party (4.3a)	Other parties involved (4.3b)	Nature and Purpose (4.3c)	State the actual costs incurred not including any profit margin or management fee incurred by Energex ($'000 nominal) (4.3d)	Explain how the actual costs of the good(s) or service(s) incurred was determined (4.3e)	Identify the actual costs of the good (s) or service(s) in the Regulatory Accounting Statement, including the Asset category, Maintenance Cost category or Operating Cost category to which the actual cost (s) is allocated to (4.3f)	Explain the basis upon which the actual cost of the good(s) or service (s) was or were allocated, as identified in the response to paragraph (f), and state the amount of any allocator applied (4.3g)
		SPARQ Solutions Pty Ltd	SPARQ costs directly attributable to Energex	Project Opex Costs - General Expenses Opex (e.g. Energex ICT expenses)	$ 75.0	Sparq labour cost in Energex ICT. Contractor hours charged to Energex.	Costs included in the general overhead pool	Allocated in accordance with the AER approved CAM. General overhead rate is used to allocate overheads to services based on direct spend as this reflects a strong correlation with the consumption of the overhead.
		SPARQ Solutions Pty Ltd	SPARQ costs directly attributable to Energex	Sparq Resource Costs. Cost of Sparq resources (labour and other employee expenses) to support business	$ 26,720.3	Cost of Sparq resources (labour and other employee expenses) to support Sparq business	Costs included in the general overhead pool	Allocated in accordance with the AER approved CAM. General overhead rate is used to allocate overheads to services based on direct spend as this reflects a strong correlation with the consumption of the overhead.
		SPARQ Solutions Pty Ltd	SPARQ costs directly attributable to Energex	Sparq Licence & Maintenance Fees	$ 14,128.4	Cost of Energex system & program licences and maintenance	Costs included in the general overhead pool	Allocated in accordance with the AER approved CAM. General overhead rate is used to allocate overheads to services based on direct spend as this reflects a strong correlation with the consumption of the overhead.
		SPARQ Solutions Pty Ltd	SPARQ costs directly attributable to Energex	Sparq Telecommunications Expenses	$ 6,099.8	Cost of telecommunications support provided by Sparq and other passthrough items including Legal Costs, Procurement On Costs and Non-Capitalised Borrowing Costs.	Costs included in the general overhead pool	Allocated in accordance with the AER approved CAM. General overhead rate is used to allocate overheads to services based on direct spend as this reflects a strong correlation with the consumption of the overhead.
		TOTAL INCLUDED IN GENERAL OVERHEAD POOL (REFER TO TABLES 5.5, 8.4 and 10.4)			**$ 108,030.0**	**Refer to allocation of related party transactions included in the general overhead pool in Table 5.5 (SCS $72,127.1, ACS$1,672.7), Table 8.4 (SCS $23,604.6, ACS $1,557.6) and Table 10.4 (SCS $5,579.6, ACS $3,488.5)**		

Item No.	Requirement	Energex Response						
		Name of the Related Party	**Other parties involved**	**Nature and Purpose**	**State the actual costs incurred not including any profit margin or management fee incurred by Energex ($'000 nominal)**	**Explain how the actual costs of the good(s) or service(s) incurred was determined**	**Identify the actual costs of the good (s) or service(s) in the Regulatory Accounting Statement, including the Asset category, Maintenance Cost category or Operating Cost category to which the actual cost (s) is allocated to**	**Explain the basis upon which the actual cost of the good(s) or service (s) was or were allocated, as identified in the response to paragraph (f), and state the amount of any allocator applied**
		(4.3a)	**(4.3b)**	**(4.3c)**	**(4.3d)**	**(4.3e)**	**(4.3f)**	**(4.3g)**
		CAPEX						
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	PC Hardware ($100-$999)	$ 509.6	PC Hardware ($100-$999) - purchase price	Capex - IT Systems. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	PC Laptops ($1000 plus)	$ 781.4	PC Hardware ($1000 plus) - purchase price	Capex - IT Systems. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	Geebung 542 Bilsen Rd	-$ 2.7	Minor work	Capex - Non System Buildings. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	Minor ICT Capex	$ 0.9	Minor ICT Capex	Capex - IT Systems. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	Matrix Stage 3 various activities	$ 279.3	G20,Sparq,Data Centre,7705 Upgrade	Capex - Communications. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	ISCS Migration (Interim Secondary Control System)	$ 0.1	New Master Data Concentrators (MDCs) for DMS2 PowerOn and ISCS migration- Labour hours charged to project at standard labour rate.	Capex - Communication. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	POPS (Plant Overload Protection System) Enhancements For ENCAP (Electricity Network Capital Program)	$ 125.5	Labour hours charged to project at standard labour rate.	Capex - Distribution Equipment. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	Construction Works Raceview	$ 9.9	Refurbishment Raceview Depot - ICT Fitout E.g. hardware, software, capitalised labour	Capex - Non System Buildings. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex

Item No.	Requirement	Energex Response						
		Name of the Related Party	Other parties involved	Nature and Purpose	State the actual costs incurred not including any profit margin or management fee incurred by Energex ($'000 nominal)	Explain how the actual costs of the good(s) or service(s) incurred was determined	Identify the actual costs of the good (s) or service(s) in the Regulatory Accounting Statement, including the Asset category, Maintenance Cost category or Operating Cost category to which the actual cost (s) is allocated to	Explain the basis upon which the actual cost of the good(s) or service (s) was or were allocated, as identified in the response to paragraph (f), and state the amount of any allocator applied
		(4.3a)	(4.3b)	(4.3c)	(4.3d)	(4.3e)	(4.3f)	(4.3g)
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	Sub Network Cutover to OTE (operational technology environment)	$ 2.8	Labour hours charged to project at standard labour rate	Capex - Distribution Equipment. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	PC Hardware ($1000 plus)	$ 329.2	PC Hardware ($1000 plus) - purchase price	Capex - IT Systems. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	SOE Licence (PCs)	$ 27.2	SOE Licence (PCs)	Capex - IT Systems. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	PC Hardware ($100-$999)	$ 107.9	PC Hardware ($100-$999) - purchase price	Capex - IT Systems. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	PC Hardware ($100-$999)	$ 10.2	PC Hardware ($100-$999) - purchase price	Capex - IT Systems. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	PC Hardware ($100-$999)	$ 18.1	PC Hardware ($100-$999) - purchase price	Capex - IT Systems. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	Business Information Report	-$ 7.6	M230934 EX- Business Objects	Capex - IT Systems. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	Capital Component	$ 136.4	Capital Component	Capex - Distribution Equipment. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	Geebung Fitout ICT Room/Test Wall/Accom	$ 13.4	Geebung Fitout ICT Room/Test Wall/Accom	Capex - Non System Buildings. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	Geebung MHE Software enhancements	$ 73.6	Geebung MHE Software enhancements	Capex - IT Systems. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
		SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	Geebung Additional software licences	$ 17.0	Geebung Additional software licences	Capex - IT Systems. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex

Item No.	Requirement	Energex Response

Name of the Related Party	Other parties involved	Nature and Purpose	State the actual costs incurred not including any profit margin or management fee incurred by Energex ($'000 nominal)	Explain how the actual costs of the good(s) or service(s) incurred was determined	Identify the actual costs of the good (s) or service(s) in the Regulatory Accounting Statement, including the Asset category, Maintenance Cost category or Operating Cost category to which the actual cost (s) is allocated to	Explain the basis upon which the actual cost of the good(s) or service (s) was or were allocated, as identified in the response to paragraph (f), and state the amount of any allocator applied
(4.3a)	(4.3b)	(4.3c)	(4.3d)	(4.3e)	(4.3f)	(4.3g)
SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	SCADA systems enhancements	$ 26.3	Secondary Systems Development BDT	Capex - Distribution Equipment. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	ICT Infrastructure for VIC PRK Building Services Upgrade	$ 115.6	VIC PRK Building Services Upgrade	Capex - Non System Buildings. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	PC Hardware ($100-$999)	$ 46.4	PC Toughbooks & Accessories ($100-$999)	Capex - IT Systems. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	Mobile Hardware ($100 plus) to be pooled	$ 204.9	Multi Function Devices	Capex - IT Systems. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	PC Hardware ($100-$999)	$ 1.9	PC Hardware ($100-$999) - purchase price	Capex - IT Systems. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
SPARQ Solutions Pty Ltd	SPARQ cost directly attributable to Energex	Changes to Scada base and DMS interface	$ 68.8	Finalise Design VAR - New VVR application	Capex - Communication. Refer to Table 5.5 Related Party Transactions.	Not Allocated - Costs booked directly to Capex
TOTAL CAPEX (REFER TO TABLE 5.5)			**$ 2,896.4**			

4.3	For each transaction identified in the response to paragraph 4.2:	
4.3(a)	State the name of the Related Party;	Information is provided in the table above in response to item 4.2.
4.3(b)	Identify any other parties involved;	Information is provided in the table above in response to item 4.2.

Item No.	Requirement	Energex Response
4.3(c)	Explain the nature and purpose of the transaction, including the good(s) or service(s) provided by the Related Party;	Information is provided in the table above in response to item 4.2.
4.3(d)	State the actual costs incurred by the Related Party in providing good(s) or service(s), not including any profit margin or management fee incurred by *Energex;*	Information is provided in the table above in response to item 4.2.
4.3(e)	Explain how the actual costs of the good(s) or service(s) incurred was determined.	Information is provided in the table above in response to item 4.2.
4.3(f)	Identify the actual costs of the good(s) or service(s) in the Regulatory Accounting Statements, including the Asset category, Maintenance Cost category or Operating Cost category to which the actual cost(s) is allocated to: and	Information is provided in the table above in response to item 4.2.
4.3(g)	Explain the basis upon which the actual costs of the good(s) or service(s) was or were allocated, as identified in the response to paragraph (f) and state the amount of any allocator applied.	Information is provided in the table above in response to item 4.2.

Item No.	Requirement	Energex Response
5	**Efficiency Benefit Sharing Scheme**	
5.1	Identify all changes between the Capitalisation Policy for the Relevant Regulatory Year and the Previous Regulatory Year;	Not applicable.
5.2	For each change identified in the response to paragraph 5.1:	
5.2(a)	State, if any, the financial impact of the change;	Not applicable.
5.2(b)	State the reasons for the change;	Not applicable.
5.2(c)	Explain the effect of the change (excluding changes in accounting policies) if any, on: (i)Forecast Operating and Maintenance Expenditure incurred for the Relevant Regulatory Year; (ii)Forecast Capital Expenditure incurred for the Relevant Regulatory Year; (iii)Actual Operating and Maintenance Expenditure incurred for the Relevant Regulatory Year; (iv)Actual Capital Expenditure	Not applicable.

Item No.	Requirement	Energex Response
	incurred for the Relevant Regulatory Year; and	
5.2(d)	Explain the estimated effected of the change, if any, for the previous *regulatory year* on; (i)Actual Operating and Maintenance Expenditure incurred; and (ii)Actual Capital Expenditure incurred.	Not applicable.
6	**Demand Management Incentive Scheme**	
6.1	**In respect of the Demand Management Innovation Allowance:**	
6.1(a)	Provide an explanation of each demand management project or program for which approval is sought;	Refer to Attachment 2 - Demand Management Innovation Allowance (DMIA) Annual Report.
6.1(b)	Explain, for each demand management project or program identified in the response to paragraph 6.1(a), how it complies with the Demand Management Innovation. Allowance criteria detailed at section3.1.3 of the *demand management incentive*	Refer to Attachment 2 - Demand Management Innovation Allowance (DMIA) Annual Report.

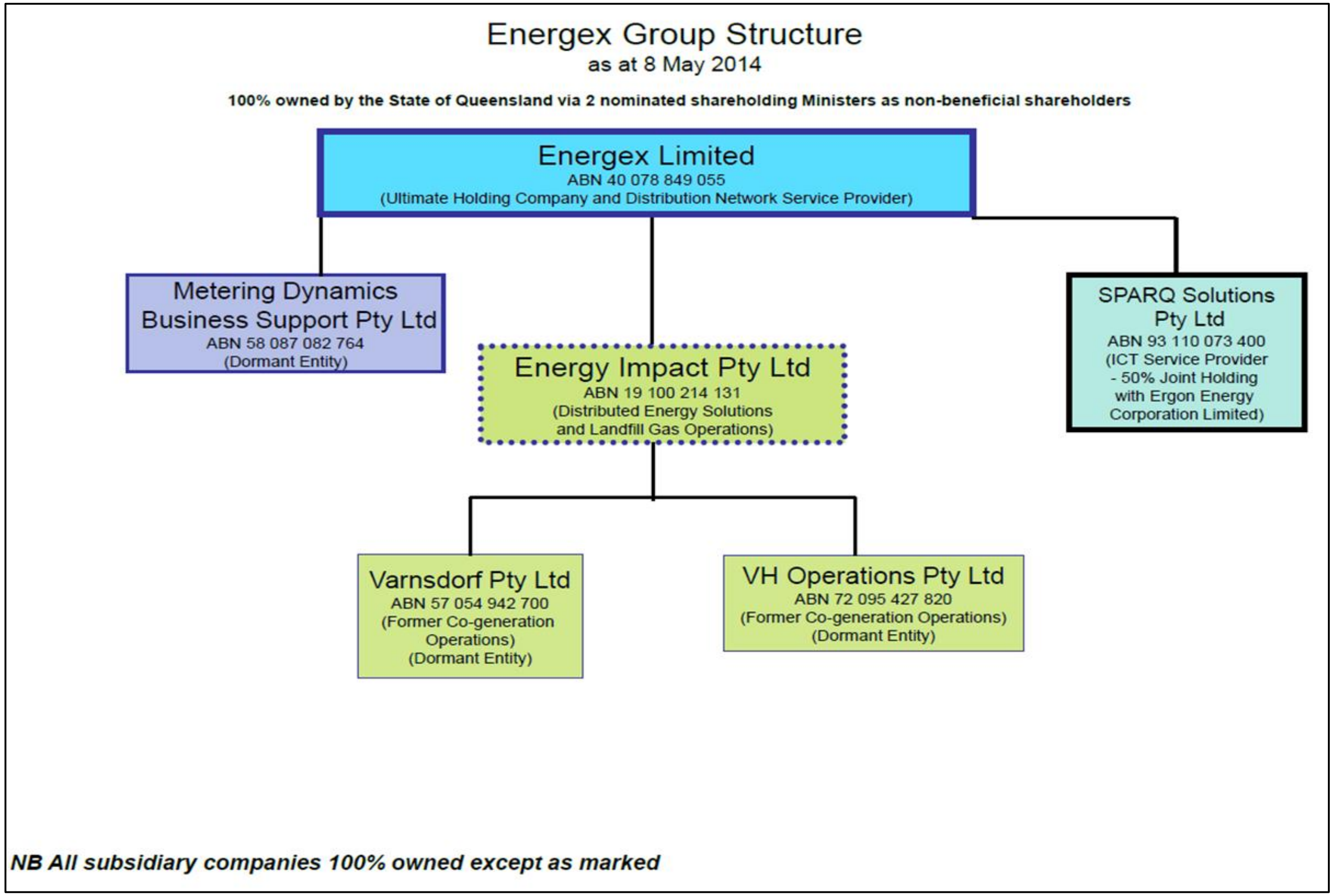
Item No.	Requirement	Energex Response
	scheme, with particular reference to: (i)the nature and scope of each demand management project or program; (ii)the aims and expectations of each demand management project or program; (iii)the process by which each demand management project or program was selected, including the business case for the demand management project and consideration of any alternatives; (iv)how each demand management project or program was/is to be implemented; (v)the implementation costs of the demand management project or program; and (vi)any identifiable benefits that have arisen from the demand management project or program, including any off-peak or peak demand reductions;	

Item No.	Requirement	Energex Response
6.1(c)	Provide an overview of developments in relation to the demand management projects or programs completed in previous years, and any results to date;	Refer to Attachment 2 - Demand Management Innovation Allowance (DMIA) Annual Report.
6.1(d)	State whether the costs associated with each demand management project or program identified in the response to paragraph 6.1(a) are: (i)not recoverable under any jurisdictional incentive scheme; (ii)not recoverable under any other Commonwealth or State Government scheme; (iii)not included as part of: (1)the forecast Capital Expenditure or the forecast Operating Expenditure; or (2)any other incentive scheme applied by the 2010-15 Distribution Determination; and	Refer to Attachment 2 - Demand Management Innovation Allowance (DMIA) Annual Report.
6.1(e)	Provide the total amount of the Demand Management Innovation Allowance spent in the Current	Refer to Attachment 2 - Demand Management Innovation Allowance (DMIA) Annual Report.

Item No.	Requirement	Energex Response
	Regulatory Control Period and how this amount has been calculated.	
7	**Non-Financial Performance Monitoring Information**	
7.1	Explain all Material differences between the target performance measure specified in the *service target performance incentive* scheme and actual performance reported in the response to paragraph 1.1(b) of Schedule 1.	Network performance for 2014/15 produced mixed results unlike the previous financial year where performance was within the six STPIS measures. The less than favourable results applied to CBD SAIFI and Urban SAIDI. The CBD SAIFI target was exceeded due to a single network event. On Monday 9 March parts of the CBD and suburbs around Victoria Park Substation (SSVPK) were affected by an outage of a 110/33kV transformer due to an oil surge protection trip while the network was in an abnormal state. This interrupted 2,225 customers for five minutes including the Royal Brisbane and Women's Hospital and the Clem 7 tunnel, with 510 of these customers supplied from the CBD. The exceedance of the Urban SAIDI measure was predominantly due to adverse weather during the months of July, November, December and March. A high wind event in July caused an exceedance of target with significant STPIS financial cost. November and December both featured storm activity with a Major Event Day (MED) declared in each month. Storm activity continued to disrupt the network in late January with another MED declaration.
8	**Charts**	
8.1	**Provide charts that set out:**	
8.1(a)	The group corporate structure of *Energex* is a part; and	Refer to Appendix 1 – Energex Group Structure
8.1(b)	The organisational structure of *Energex*.	Refer to Appendix 2 – Energex Organisational Structure

Item No.	Requirement	Energex Response
9	**Audit Reports**	
9.1	**Provide Audit Report(s) in the form of:**	
9.1(a)	Special Purpose Financial Report in accordance with the requirements set out at Appendix E of this Notice; and	Please refer to Attachment 3 – Queensland Audit Office (QAO) Audit Report.
9.1(b)	Audit Report(s) for Non-Financial Regulatory Templates information in accordance with the requirements set out at Appendix E of this Notice.	Please refer to Attachment 4 – Parsons Brinckerhoff (PB) Audit Report.

Appendix 1 – Energex Group Structure



Appendix 2 – Energex Organisational Structure